

***PAUL ROBESON CHARTER SCHOOL FOR THE
HUMANITIES***

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2011

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES

***Paul Robeson Charter School for the Humanities
Board of Trustees
Trenton, New Jersey***

***Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2011***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
TRENTON, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Prepared by

***Paul Robeson Charter School for the Humanities
Finance Department***

And

Barre & Company, CPAs

STATE BOARD OF EDUCATION

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**Christopher D. Cerf, Acting Commissioner
Secretary, State Board of Education**

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INTRODUCTORY SECTION

September 7, 2011

Honorable President and
Members of the Board of Trustees
Paul Robeson Charter School for the Humanities
643 Indiana Avenue
Trenton, New Jersey 08638

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Paul Robeson Charter School for the Humanities (Charter School) for the fiscal year ended June 30, 2011. This CAFR includes the Charter School's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34.

The Charter School has elected to adopt this new financial reporting model which we believe will provide all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (Board).

To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Charter School. This report will provide the taxpayers of the Paul Robeson Charter School for the Humanities with comprehensive financial data in a format enabling them to gain an understanding of the Charter School's financial affairs.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;

- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget (OMB) Circular A-133, “Audits of States, Local Governments and Non-Profit Organizations”, and the New Jersey State Office of Management and Budget (OMB) Circular 04-04, “Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid”. Information related to this single audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

Charter School Organization

The Board of Trustees is comprised of nine members: five are voting members and are elected to oversee that the charter school operates in compliance with statute and administrative code. Voting members of the Board serve as the official governing body of the school charged with policy making, fiscal oversight, and accountability for student academic achievement results of the charter school. Voting members adopt the annual budget and directly approve all expenditures which serve as the basis for control for the authorization of all expenditures of charter school tax money which in turn support the school’s business to promote academic achievement. Non-voting members include the school’s Lead Executive Officer, School Business Administrator/Board Secretary, Treasurer of School Monies, and a Teaching Staff Representative. The charter school’s principal also attends all board meetings.

The Lead Executive Officer is the chief executive officer of the charter school and is responsible to the board for the implementation and administration of all educational and support operations. The School Business Administrator/Board Secretary is the chief financial officer of the charter school and is responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the charter school, acting as custodian of all charter school funds, and investing idle funds as permitted by New Jersey Law. The Treasurer of School Monies is responsible for providing the board with a monthly detailed account of all receipts, the amounts of warrants issued by the charter school and on which account they were drawn, and the reconciled balance of each account held by the charter school. The Teaching Staff Representative serves as a liaison to the Board on staff or student issues and provides additional input or reporting on instructional program initiatives and outcomes.

1. REPORTING ENTITY AND ITS SERVICES: Paul Robeson Charter School for the Humanities is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the Charter School are included in this report. The Charter School’s Board of Trustees, constitutes the Charter School’s reporting entity.

REPORTING ENTITY AND ITS SERVICES (CONTINUED):

The Paul Robeson Charter School for the Humanities provides a full range of educational services appropriate to grade levels Grade 4 through Grade 8. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2010-2011 school year with an enrollment of 270.4 students. The following details the student enrollment of the Charter School:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-2011	201	25.52%
2009-2010	135	N/A

2. MAJOR INITIATIVES: Major initiatives for the 2010-2011 school year centered around activities associated with the continued implementation of the charter school’s program and the challenges of the school’s growth expansion for year three of operation. Specifically, the following were areas of focus for operational activity:

- fiscal controls/compliance and financial stability
- increasing student enrollment
- expanding staff to accommodate program growth and student needs
- building competency in staff to perform required deliverables
- providing systemic professional development for staff
- institutionalizing the school’s discipline and academic culture
- promoting student achievement outcomes/improving program design
- increasing the staff size, reducing staff turnover, and improving instructional capacity was another area of focus for the 2010-2011 school year.
- another area of focus was the board of trustee’s focus on its own capacity to govern in compliance with New Jersey statutes and administrative code.

3. INTERNAL ACCOUNTING CONTROLS: Management of the Board of Trustees is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

INTERNAL ACCOUNTING CONTROLS (CONTINUED):

As a recipient of Federal and State financial assistance, the Charter School is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by the Charter School management.

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to Federal and State financial assistance programs, as well as to determine that the Charter School has complied with applicable laws, regulations, contracts, and grants.

4. BUDGETARY CONTROLS: In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

5. CASH MANAGEMENT: The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Financial Statement" Note 3. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

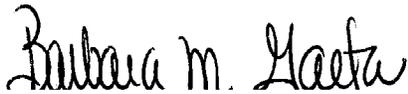
6. RISK MANAGEMENT: The Charter School carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive collision, hazard and theft insurance on property and contents.

7. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, CPA's, was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the Single Audit Act Amendment of 1996 and the related OMB Circular A-133, "*Audits of State, Local Governments and Non-Profits Organizations*" and New Jersey Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports, related specifically to the single audit, are included in the single audit section of this report.

8. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Paul Robeson Charter School for the Humanities Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our staff.

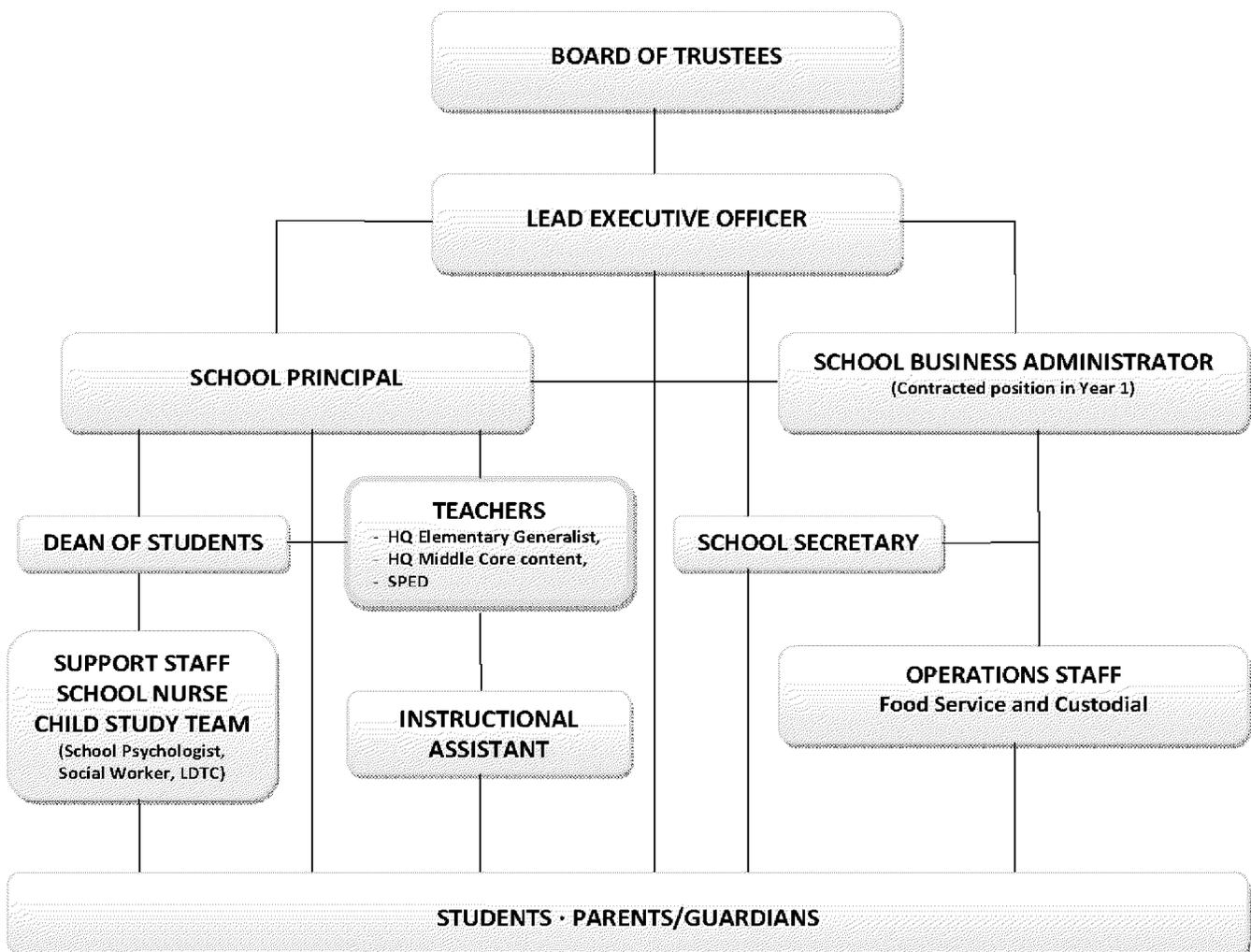
Respectfully submitted,



Barbara Gaeta
Lead Executive Officer

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES

ORGANIZATIONAL CHART



**PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
TRENTON, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2011**

OFFICIO MEMBERS

TITLE

Monique Bonnier	President
Mary Alice Cameron	Vice-resident
Cynthia DiLeo	Trustee-Community Rep
Vern Hoffman	Trustee-Parent Rep
Shanique Talia Ferro	Trustee-Parent Rep

EX-OFFICIO MEMBERS

Barbara Gaeta	Lead Executive Officer
Gerald Truehart, QPA	Business Administrator/Board Secretary
Cynthia Taylor	Lead Teacher
Holly Winiesky	Treasurer

**PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
TRENTON, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

Barre & Company
Certified Public Accountants
2204 Morris Avenue
Union, New Jersey 07083

Attorney

Parker McCay P.A.
Paul C. Kalac, Esq.
1009 Lenox Drive
Lawrenceville, New Jersey 08648

Official Depository

PNC Bank
PO Box 609
Pittsburgh, Pennsylvania 15230

FINANCIAL SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

Independent Auditor's Report

Honorable President
Members of the Board of Trustees
Paul Robeson Charter School for the Humanities
643 Indiana Avenue
Trenton, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Paul Robeson Charter School for the Humanities (Charter School), in the Mercer County, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Charter School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Paul Robeson Charter School for the Humanities, in the Mercer County, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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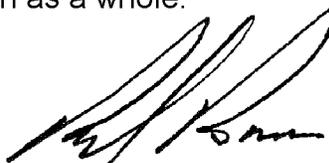
5 Independence Way ♦ Suite 300 ♦ Princeton, NJ 08540 ♦ (609) 275-4810
Metro Park Center ♦ 33 Wood Avenue So. ♦ Iselin, NJ 08830 ♦ (732) 603-2100

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2011 on our consideration of the 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Information on pages 14 and 58 respectively are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, "*Audits of States, Local Governments and Non-Profit Organizations*," and New Jersey OMB's Circular 04-04, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*," respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's

September 7, 2011

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The discussion and analysis of Paul Robeson Charter School for the Humanities's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 — *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2010-2011) and the prior year (2009-2010) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2011 are as follows:

- ❖ General revenues accounted for 4,231,946 in revenue or 95% percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$237,755 or 5% percent of total revenues of \$4,469,701.
- ❖ The Charter School had \$3,606,541 in expenses; only \$237,755 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$4,231,946 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$4,033,453 in revenues and \$3,168,633 in expenditures. The General Fund's fund balance increased \$864,820 over 2009. This increase was anticipated by the Board of Trustees.

**PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(CONTINUED)**

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Paul Robeson Charter School for the Humanities as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole Charter School, presenting both an aggregate view of the Charter School's finances and a longer-term view of those finances. 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 Charter School's most significant funds with all other non-major funds presented in total in one column. In the case of Paul Robeson Charter School for the Humanities, the General Fund is by far the most significant fund.

Reporting the Charter School as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2011?" The *Statement of Net Assets* 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 businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Statement of Net Assets and the Statement of Activities

These two statements report the Charter School's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

**PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(CONTINUED)**

Statement of Net Assets and the Statement of Activities (Continued)

In the *Statement of Net Assets* and the *Statement of Activities*, the Charter School is divided into two kinds of activities:

- ❖ **Governmental Activities** — All of the Charter School's programs and services are reported here including instruction, administration, support services and capital outlay.
- ❖ **Business-Type Activities** — These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Charter School's funds. The Charter School uses many funds to account for a multitude of financial transactions. The Charter School's governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

The Charter School's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Charter School's general government operations and the basic 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 educational programs. The relationship (or differences) between governmental activities (reported in the *Statement of Net Assets* and the *Statement of Activities*) and governmental funds are reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

**PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(CONTINUED)**

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 36 of this report.

The Charter School as a Whole

Recall that the *Statement of Net Assets* provides the perspective of the Charter School as a whole. Net assets may serve over time as a useful indicator of a government's financial position.

The Charter School's financial position is the product of several financial transactions including the net results of activities.

The Charter School's combined net assets were \$1,525,339 for 2011 and \$662,179 for 2010.

Governmental Activities

The Charter School's total revenues were \$4,338,146 for 2011 and \$3,270,258 for 2010, this includes \$100,131 for 2011 and \$93,894 for 2010 of state reimbursed TPAF social security contributions.

The total cost of all program and services was \$3,474,986 for 2011 and \$2,617,177 for 2010. Instruction comprises 57% for 2011 and 51% for 2010 of Charter School expenditures.

Business-Type Activities

Revenues for the Charter School's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service revenues equaled expenses for 2011 and 2010.
- ❖ Charges for services represent \$6,360 for 2011 and \$9,240 for 2010 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches were \$103,387 for 2011 and \$78,094 for 2010.

**PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(CONTINUED)**

Governmental Activities

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Administration includes expenses associated with administrative and financial supervision of the Charter School.

Support services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development and the costs associated with operating the facility.

Capital Outlay represents school equipment purchased under the \$2,000 threshold.

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$4,338,146 for 2011 and \$3,270,258 for 2010 and expenditures were \$3,473,326 for 2011 and \$2,619,816 for 2010. The net change in fund balance for fiscal years 2011 and 2010 was most significant in the general fund, an increase of \$864,820 for 2011 and an increase of \$650,442 in 2010.

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2011.

Revenues	Amount	Percent of Total
Local Sources	\$ 369,213	8.51%
State Sources	3,664,240	84.47%
Federal Sources	304,693	7.02%
Total	\$ 4,338,146	100.00%

**PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2011.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>
Instruction	\$ 1,712,493	49.30%
Administration	1,202,286	34.62%
Support Services	<u>558,547</u>	<u>16.08%</u>
Total	<u><u>\$ 3,473,326</u></u>	<u><u>100.00%</u></u>

General Fund Budgeting Highlights

The Charter School's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the Charter School revised the annual operating budget in accordance with state regulations. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

Capital Assets

At the end of the fiscal year 2011, the Charter School had \$4,184 (net of depreciation) invested in equipment.

**PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
TRENTON, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(CONTINUED)**

For the Future

The Paul Robeson Charter School for the Humanities is in good financial condition presently. The Charter School is proud of its community support. A major concern is the continued enrollment growth of the Charter School with the increased reliance on federal and state funding.

In conclusion, the Paul Robeson Charter School for the Humanities has committed itself to financial excellence for many years. In addition, the Charter School's system for financial planning, budgeting, and internal financial controls are well regarded. The Charter School plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Barbara Gaeta, Lead Executive Officer at Paul Robeson Charter School for the Humanities, 643 Indiana Avenue, Trenton, New Jersey 08638.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL–WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the Charter School. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,413,723	\$ 3,628	\$ 1,417,351
Interfund Receivables	140,640		140,640
Receivables	121,409	6,147	127,556
Security Deposit	64,264		64,264
Prepaid Expenses	16,420		16,420
Capital Assets, Net	4,184		4,184
Total Assets	1,760,640	9,775	1,770,415
LIABILITIES:			
Interfund Payable	106,916	9,297	116,213
Payable to Local Governments	101,220		101,220
Accounts Payable	27,643		27,643
Total Liabilities	235,779	9,297	245,076
NET ASSETS:			
Invested in Capital Assets	4,184		4,184
Unrestricted	1,520,677	478	1,521,155
Total Net Assets	\$ 1,524,861	\$ 478	\$ 1,525,339

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES

Statement of Activities
For The Fiscal Year Ended June 30, 2011

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 1,712,493	\$ 256,130	\$ -	\$ 128,008	\$ -	\$ (1,840,615)	\$ -	\$ (1,840,615)
Administration	834,587	111,569				(946,156)		(946,156)
Support Services	558,547					(558,547)		(558,547)
Unallocated Depreciation	1,660					(1,660)		(1,660)
Total Governmental Activities	3,107,287	\$ 367,699	-	128,008	-	(3,346,978)	-	(3,346,978)
BUSINESS-TYPE ACTIVITIES:								
Food Service	131,555		6,360	103,387		(21,808)		(21,808)
Total Business-Type Activities	131,555		6,360	103,387	-	(21,808)		(21,808)
Total Primary Government	\$ 3,238,842		\$ 6,360	\$ 231,395	\$ -	\$ (3,346,978)	\$ (21,808)	\$ (3,368,786)
GENERAL REVENUES								
General Purposes			\$	366,459	\$	-	\$	366,459
Federal and State Aid Not Restricted				3,840,925				3,840,925
Board Contributions						21,808		21,808
Investment Income				1,822				1,822
Miscellaneous Income				932				932
Total General Revenues				4,210,138		21,808		4,231,946
Change in Net Assets				863,160		-		863,160
Net Assets - Beginning				661,701		478		662,179
Net Assets - Ending				\$ 1,524,861		\$ 478		\$ 1,525,339

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

SECTION B – FUND FINANCIAL STATEMENTS

The individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

GOVERNMENTAL FUNDS

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
 Governmental Funds
 Combining Balance Sheet
 June 30, 2011

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,413,723	\$ -	\$ 1,413,723
Interfund Receivables	140,640		140,640
Receivables From Other Governments	14,493	106,916	121,409
Security Deposit	64,264		64,264
Prepaid Expenses	16,420		16,420
Total Assets	\$ 1,649,540	\$ 106,916	\$ 1,756,456
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfund Accounts Payable	\$ -	\$ 106,916	\$ 106,916
Payable to Local Governments	101,220		101,220
Accounts Payable	27,643		27,643
Total Liabilities	128,863	106,916	235,779
Fund Balances:			
Unreserved:			
General Fund	1,520,677		1,520,677
Total Fund Balances	1,520,677	-	1,520,677
Total Liabilities and Fund Balances	\$ 1,649,540	\$ 106,916	

Amounts reported for *governmental activities* in the statement of net assets are different:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$7,504 and the accumulated depreciation is \$3,320.

4,184

Net Assets of Governmental Activities

\$ 1,524,861

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
 Governmental Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 For The Fiscal Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 366,459	\$ -	\$ 366,459
Interest on Investments	1,822		1,822
Miscellaneous	932		932
Total Local Sources	369,213	-	369,213
State Sources	3,664,240		3,664,240
Federal Sources		304,693	304,693
Total Revenues	4,033,453	304,693	4,338,146
EXPENDITURES:			
Instruction	1,461,319	251,174	1,712,493
Administration	1,202,286		1,202,286
Support Services	505,028	53,519	558,547
Total Expenditures	3,168,633	304,693	3,473,326
NET CHANGE IN FUND BALANCES	864,820	-	864,820
FUND BALANCE, JULY 1	655,857	-	655,857
FUND BALANCE, JUNE 30	<u>\$ 1,520,677</u>	<u>\$ -</u>	<u>\$ 1,520,677</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For The Fiscal Year Ended June 30, 2011

Total net change in fund balances - governmental fund (from B-2)	\$	864,820
Amounts reported for governmental activities in the statement of activities (A-2)		
<p>Capital outlays are reported in governmental funds as expenditures. However, on 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 exceeded capital outlays in the current fiscal year.</p>		
Depreciation Expense	\$	(1,660)
		(1,660)
Change in net assets of governmental activities	\$	863,160

The accompanying Notes to Basic Financial Statements are integral part of this statement.

PROPRIETARY FUNDS

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
 Proprietary Fund
 Statement of Fund Net Assets
 June 30, 2011

	<u>Food Service</u>
ASSETS:	
Cash and Cash Equivalents	\$ 3,628
Intergovernmental Accounts Receivable:	
Federal	6,034
State	<u>113</u>
Total Assets	<u>9,775</u>
LIABILITIES:	
Interfund Accounts Payable	<u>9,297</u>
Total Liabilities	<u>9,297</u>
NET ASSETS:	
Unrestricted	<u>478</u>
Total Net Assets	<u><u>\$ 478</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES

Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Assets

For the Fiscal Year Ended June 30, 2011

	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales Non-reimbursable Program	<u>\$ 6,360</u>
Total Operating Revenues	<u>6,360</u>
OPERATING EXPENSES:	
Salaries	34,820
Cost of Sales	<u>96,735</u>
Total Operating Expenses	<u>131,555</u>
OPERATING LOSS	<u>(125,195)</u>
NONOPERATING REVENUES:	
Interest Earned	
State Source:	
State School Lunch Program	1,779
Federal Source:	
National School Breakfast Program	7,426
National School Lunch Program	91,915
National School Snack Program	2,267
Board Contributions	<u>21,808</u>
Total Nonoperating Revenues	<u>125,195</u>
CHANGE IN NET ASSETS	-
TOTAL NET ASSETS, JULY 1	<u>478</u>
TOTAL NET ASSETS, JUNE 30	<u><u>\$ 478</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES

Proprietary Fund

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2011

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 6,360
Cash Payments to Suppliers and Employees	<u>(128,044)</u>
Net Cash Used In Operating Activities	<u>(121,684)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received From State And Federal Reimbursements	103,387
Board Contributions	<u>21,808</u>
Net Cash Provided By Noncapital Financing Activities	<u>125,195</u>
Net Increase In Cash And Cash Equivalents	3,511
Cash And Cash Equivalents, Beginning Of Year	<u>117</u>
Cash And Cash Equivalents, End Of Year	<u><u>\$ 3,628</u></u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating Loss Used In Operating Activities	\$ (125,195)
Change In Assets And Liabilities:	
Increase In Receivables From Other Governments	(1,268)
Increase in Interfund Accounts Payable	5,204
Decrease In Accounts Payable	<u>(425)</u>
Net Cash Used In Operating Activities	<u><u>\$ (121,684)</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
 Fiduciary Funds
 Statement of Fiduciary Net Assets
 June 30, 2011

	Agency Fund
ASSETS:	
Cash and Cash Equivalents	\$ 39,579
Total Assets	\$ 39,579
LIABILITIES:	
Liabilities:	
Interfund Accounts Payable	\$ 24,427
Payroll Deductions and Withholdings	13,183
Due to Student Groups	1,969
Total Liabilities	\$ 39,579

The accompanying Notes to Basic Financial Statements are integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Paul Robeson Charter School for the Humanities have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accounting standard-setting body responsible for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Charter School are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (Statement No. 34). This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal year ending 2002 (for larger governments). In addition, the Charter School has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*. The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2004.

A. Reporting Entity

The Charter School is an instrument of the State of New Jersey, established to function as an educational institution. Its mission is to establish a charter school to serve as a neighborhood resource and as a model for other similar schools. The Paul Robeson Charter School for the Humanities is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students. The Charter School will integrate a holistic curriculum, utilize learner center techniques, family and care giver centered approaches, comprehensive community involvement, cutting edge technology and an intimate nurturing environment that will enhance positive self-images.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the Charter School management. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the Charter School.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation, Basis of Accounting

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

Basis of Presentation

Charter school-wide Statements: The statement of net assets and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the Charter School. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activity of the Charter School at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Charter School.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

Fund Financial Statements: During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds. Separate statements for each fund category — *governmental*, *proprietary*, and *fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.

The Charter School reports the following governmental funds:

General Fund: The general fund is the general operating fund of the Charter School and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay subfund.

As required by the New Jersey State Department of Education, the Charter School includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

**PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

Special Revenue Fund: The special revenue fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: Not applicable.

The Charter School reports the following proprietary fund:

Enterprise (Food Service) Fund: The enterprise fund accounts for all revenues and expenses pertaining to the cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the Charter School reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the Charter School on behalf of others and includes Student Activities Fund, Payroll and Payroll Agency Funds.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Charter School-wide, Proprietary, and Fiduciary Fund Financial Statements: The financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the Charter School follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting except for special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

The following presents a reconciliation of the Special Revenue Funds from the budgetary basis of accounting to the GAAP basis of accounting:

Total Revenues & Expenditures (Budgetary Basis)		\$ 304,693
Adjustments:		
Less Encumbrances at June 30, 2011		-
Plus Encumbrances at June 30, 2010		-
Total Revenues and Expenditures (GAAP Basis)		\$ 304,693

C. Encumbrances Accounting

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenues fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the Charter School has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

D. Assets, Liabilities, and Equity

Interfund Transactions:

Transfers between governmental and business-type activities on the Charter School – wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds.

**PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Capital Assets:

The Charter School has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Charter School does not possess any infrastructure. The capitalization threshold used by Charter Schools in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Office & Computer Equipment	5-10

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlement received before the eligibility requirements are met are recorded as deferred revenue.

Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the Charter School – 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.

Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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. Net assets are reported as restricted when there are limitations imposed on their use either through restrictions adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available

Fund Balance Reserves:

The Charter School reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Revenues — Exchange and Nonexchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Charter School, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the Charter School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Charter School, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Allocation of Indirect Expenses:

The Charter School reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management 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 revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Accrued Salaries and Wages:

Certain Charter School employees who provide services to the Charter School over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 3 requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments. Category 1 includes deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 2 includes uninsured and unregistered deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 3 includes uninsured or unregistered deposits/investments held by a broker or dealer, or held by the Board's custodial bank trust department or agent but not in the Board's name. These categories are not broad representations that deposits or investments are "safe" or "unsafe".

New Jersey statutes require that charter schools deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Charter schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least five percent of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

**PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase
- c. Bonds or other obligations of the charter school.

As of June 30, 2011, cash and cash equivalents and investments of the Charter School consisted of the following:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Proprietary Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Operating					
Account	\$ 1,413,723	\$ -	\$ 3,628	\$39,579	\$ 1,456,930

The investments recorded in the statements have been recorded at amortized cost. In accordance with GASB 31, participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost. For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the Charter school-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2011 was \$1,456,930 and the bank balance was \$1,620,895. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Risk Category

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. In general, bank deposits are classified as to credit risk by three categories described below:

Category 1 — Insured or collateralized with securities held by the Board or by its agent in the Board's name.

Category 2 — Collateralized with securities held by the pledging public depository's trust department or agent in the Board's name.

Category 3 — Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Board's name.

As of June 30, 2011, the Board had funds invested and on deposit in checking accounts. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

New Jersey Cash Management Fund

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2011, the Charter school had no funds on deposit with the New Jersey Cash Management Fund.

Receivables at June 30, 2011 consisted of accounts, intergovernmental, grants, and miscellaneous.

**PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3: RECEIVABLES

All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 14,493	\$ 14,606
Federal Aid	106,916	112,950
Other	-	-
Gross Receivables	121,409	127,556
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	\$ 121,409	\$ 127,556

NOTE 4: INTERFUND TRANSFERS AND BALANCES

Transfers between funds are used to repay expenses paid by another fund.

The following interfund balances remained on the fund financial statements at June 30, 2011:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 140,640	\$ -
Special Revenue Fund		106,916
Proprietary Fund		9,297
Fiduciary Fund		24,427
Total	\$ 140,640	\$ 140,640

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ 7,504	\$ -	\$ -	\$ 7,504
Totals at Historical Cost	7,504	-	-	7,504
Less Accumulated Depreciation For:				
Machinery and Equipment	1,660	1,660	-	3,320
Total Accumulated Depreciation	1,660	1,660	-	3,320
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	5,844	(1,660)	-	4,184
Government Activity Capital Assets, Net	\$ 5,844	\$ (1,660)	\$ -	\$ 4,184

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5: CAPITAL ASSETS

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500.

Depreciation expense of \$1,660 was charged to an unallocated function.

NOTE 6: RENTAL LEASES

The school leased space at 643 Indiana Avenue, Trenton, New Jersey under a lease agreement for four (4) years commencing July 1, 2008 and ending June 30, 2012. The lease requires annual rental payments of \$257,056 for the first year and thereafter shall be adjusted by the percentage difference between the Base Index and the Price Index. The lease can be renewed for two (2) occasions for five (5) years. Rent expense amounted to \$363,248 for the year.

The minimum annual rental payments are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 257,056

NOTE 7: OBLIGATIONS UNDER EQUIPMENT LEASES

The Charter School is leasing a copier under a three (3) year lease commencing September, 2008 with monthly payments in the amount of \$147. The following is a schedule of the future minimum lease payments under the capital lease at June 30, 2011:

<u>Year</u>	<u>Amount</u>
2012	\$ 294

**PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 8: PENSION PLANS

Description of Plans

All required employees of the school are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the School and the system's other related noncontributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established as of January 1, 1955 under the provisions of N.J.S.A. 43:1 5A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 8: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for two percent of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

Legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of one percent to 4.5 percent for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Schools' normal contributions to the Fund may be reduced based on the revaluation of assets.

**PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 8: PENSION PLANS (CONTINUED)

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of five percent of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the School is a noncontributing employer of TPAF.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/11	None	100%	None
06/30/10	None	100%	None
06/30/09	N/A	N/A	N/A

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/11	None	100%	None
06/30/10	None	100%	None
06/30/09	N/A	N/A	N/A

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987 c. 384 and P.L. 1990, c. 6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

NOTE 10: RISK MANAGEMENT

The charter 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.

Property and Liability Insurance

The charter school maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

NOTE 11: FUND BALANCE APPROPRIATED

General Fund

The General Fund fund balance at June 30, 2011 is \$1,520,677, which is unreserved and undesignated.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULES

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
"Local Levy" Local Share-Charter School Aid	\$ 377,338	\$ (10,879)	\$ 366,459	\$ 366,459	\$ -
Total Local Sources	377,338	(10,879)	366,459	366,459	-
Categorical Aid:					
"Local Levy" State Share-Charter School Aid	3,107,665	213,239	3,320,904	3,320,904	-
Special Education	143,923	(15,915)	128,008	128,008	-
Security Aid	111,951	3,246	115,197	115,197	-
Total Categorical Aid	3,363,539	200,570	3,564,109	3,564,109	-
Other Sources:					
Interest Income				1,822	1,822
Miscellaneous Revenue				932	932
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				100,131	100,131
Total Other Sources	-	-	-	102,885	102,885
Total Revenues	3,740,877	189,691	3,930,568	4,033,453	102,885
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,505,690		1,505,690	1,215,485	290,205
Purchased Prof/Tech Services	15,000		15,000	9,015	5,985
Other Purchased Services	42,000		42,000	31,592	10,408
General Supplies	140,000	(40,000)	100,000	58,479	41,521
Textbooks	100,000	15,000	115,000	102,703	12,297
Miscellaneous	22,500	25,000	47,500	44,045	3,455
Total Instruction	1,825,190	-	1,825,190	1,461,319	363,871
Administration:					
Salaries - General Administration	477,376	(2,856)	474,520	449,353	25,167
Salaries of Secretarial/Clerical Assistants	77,252	2,856	80,108	80,108	-
Total Benefits Cost	422,124	(17,800)	404,324	267,568	136,756
Other Purchased Professional Services	158,840	12,660	171,500	163,940	7,560
Other Purchased Services	60,100	366	60,466	58,874	1,592
Communications/Telephone	39,000	(6,000)	33,000	32,999	1
Supplies and Materials	21,600	(11,790)	9,810	9,810	-
Interest on Current Loans	4,200		4,200		4,200
Miscellaneous Expenses	81,500	(3,100)	78,400	39,503	38,897
Total Administration	1,341,992	(25,664)	1,316,328	1,102,155	214,173

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued From Prior Page)					
Support Services:					
Rental of Land and Buildings	400,200	(17,318)	382,882	363,248	19,634
Insurance for Property, Liability and Fidelity	53,000	19,217	72,217	55,160	17,057
Supplies and Materials	15,000	26,765	41,765	41,765	-
Energy Costs (Heat and Electricity)	60,000	(3,000)	57,000	44,855	12,145
Total Support Services	528,200	25,664	553,864	505,028	48,836
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				100,131	(100,131)
Total Expenditures	3,695,382	-	3,695,382	3,168,633	526,749
Excess (Deficiency) of Revenues Over (Under) Expenditures	45,495	189,691	235,186	864,820	629,634
FUND BALANCE, JULY 1	655,857	-	655,857	655,857	-
FUND BALANCE, JUNE 30	\$ 701,352	\$ 189,691	\$ 891,043	\$ 1,520,677	\$ 629,634
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures: Budgeted Fund Balance	\$ 701,352	\$ 189,691	\$ 891,043	\$ 1,520,677	\$ 629,634
Total	\$ 701,352	\$ 189,691	\$ 891,043	\$ 1,520,677	\$ 629,634

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Federal	\$ 304,693	\$ -	\$ 304,693	\$ 304,693	\$ -
Total Revenues	304,693	-	304,693	304,693	-
EXPENDITURES:					
Instruction:					
Salaries	145,926		145,926	145,926	-
Salaries of Teachers	22,024		22,024	22,024	-
Purchased Prof/Tech Services	30,000		30,000	30,000	-
General Supplies	53,224		53,224	53,224	-
Total Instruction	251,174	-	251,174	251,174	-
Support Services:					
Personal Services - Employee Benefits	31,113		31,113	31,113	-
Purchased Technical Services	12,478		12,478	12,478	-
Other Purchased Services	5,653		5,653	5,653	-
Supplies and Materials	4,275		4,275	4,275	-
Total Support Services	53,519	-	53,519	53,519	-
Total Expenditures	304,693	-	304,693	304,693	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 Fiscal Year Ended June 30, 2011

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
 GAAP Revenues and Expenditures**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 4,033,453	[C-2] \$ 304,693
 Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	<hr/>	<hr/> -
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ <u>4,033,453</u>	[B-2] \$ <u>304,693</u>
 Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 3,168,633	[C-2] \$ 304,693
 Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.	<hr/>	<hr/> -
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>3,168,633</u>	[B-2] \$ <u>304,693</u>

OTHER SUPPLEMENTARY INFORMATION

**SECTION E – SPECIAL REVENUE FUND
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific sources (other than expandable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2011

	NCLB Title I	NCLB Title I Carryover	I.D.E.A. Part B	I.D.E.A. Part B Carryover	NCLB Title II Part A	NCLB Title II Part D	NCLB Title IV	Grand Total
REVENUE SOURCES:								
Federal	\$ 165,646	\$ 94,322	\$ 38,748	\$ 354	\$ 778	\$ 2,059	\$ 2,786	\$ 304,693
Total Revenues	165,646	94,322	38,748	354	778	2,059	2,786	304,693
EXPENDITURES:								
Instruction:								
Salaries	101,731	39,679	26,540					167,950
Purchased Prof/Tech Services	30,000			354				30,000
General Supplies	894	48,691	3,285					53,224
Total Instruction	132,625	88,370	29,825	354	-	-	-	251,174
Support Services:								
Personal Services - Employee Benefits	21,113	5,952	4,048			2,059		31,113
Purchased Professional Services	7,500							9,559
Other Purchased Prof/Tech Services	2,919							2,919
Other Purchased Services			4,875		778			5,653
Supplies and Materials	1,489						2,786	4,275
Total Support Services	33,021	5,952	8,923	-	778	2,059	2,786	53,519
Total Expenditures	165,646	94,322	38,748	354	778	2,059	2,786	304,693
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SECTION G – PROPRIETARY FUND
DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the charter school’s board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all schools within the school district.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, AND
B-6.**

**SECTION H – FIDUCIARY FUNDS
DETAIL STATEMENTS**

Fiduciary Funds are used to account for funds received by the school for a specific purpose.

Agency Funds are used to account for assets held by the school as an agent for individuals, private organizations, other governments and/or other funds.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
 Fiduciary Funds
 Combining Statement of Fiduciary Net Assets
 June 30, 2011

	Agency			Total Agency Fund
	Payroll Agency	Net Payroll	Student Activities	
ASSETS:				
Cash and Cash Equivalents	\$ 33,620	\$ 3,990	\$ 1,969	\$ 39,579
Total Assets	<u>\$ 33,620</u>	<u>\$ 3,990</u>	<u>\$ 1,969</u>	<u>\$ 39,579</u>
LIABILITIES:				
Interfund Accounts Payable	\$ 20,437	\$ 3,990	\$ -	\$ 24,427
Payroll Deductions and Withholdings	13,183			13,183
Due to Student Groups			1,969	1,969
Total Liabilities	<u>\$ 33,620</u>	<u>\$ 3,990</u>	<u>\$ 1,969</u>	<u>\$ 39,579</u>

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES

Fiduciary Fund

Student Activity Agency Fund

Schedule of Receipts and Disbursements

For the Fiscal Year Ended June 30, 2011

	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2011</u>
School Activities	\$ 109	\$ 6,613	\$ 4,753	\$ 1,969
Total	<u>\$ 109</u>	<u>\$ 6,613</u>	<u>\$ 4,753</u>	<u>\$ 1,969</u>

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For The Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Cash Receipts	Cash Disbursements	Balance June 30, 2011
Interfund Accounts Payable	\$ 671	\$ 19,766	\$ -	\$ 20,437
Payroll Deductions and Withholdings	12,513	690,444	689,774	13,183
Total	\$ 13,184	\$ 710,210	\$ 689,774	\$ 33,620

STATISTICAL SECTION

(UNAUDITED)

Paul Robeson Charter School for the Humanities has been in operation for three (3) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for three (3) years is available and have been presented. Each year thereafter, an additional year's data will be included until ten years.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the charter school's financial performance and well being have changed over time.

Revenue Capacity (Not Applicable To Charter School)

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the charter school's current levels of outstanding debt and the charter school's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the charter school's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the charter school's financial report relates to the services the district provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting charter school-wide information include information beginning in that year.*

FINANCIAL TRENDS

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES

Net Assets by Component
Last Three Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,		
	2011	2010	2009
Governmental Activities			
Invested in Capital Assets	\$ 4,184	\$ 5,844	\$ 3,205
Unrestricted	1,520,677	655,857	5,415
Total Governmental Activities Net Assets	<u>\$ 1,524,861</u>	<u>\$ 661,701</u>	<u>\$ 8,620</u>
Business-Type Activities			
Unrestricted	\$ 478	\$ 478	478
Total Business-Type Activities Net Assets	<u>\$ 478</u>	<u>\$ 478</u>	<u>\$ 478</u>
Charter School-wide			
Invested in Capital Assets	\$ 4,184	\$ 5,844	\$ 3,205
Unrestricted	1,521,155	656,335	5,893
Total Charter School-wide Net Assets	<u>\$ 1,525,339</u>	<u>\$ 662,179</u>	<u>\$ 9,098</u>

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES

Changes in Net Assets
Last Three Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,		
	2011	2010	2009
Expenses			
Governmental Activities:			
Instruction	1,968,623	\$ 1,343,129	\$ 1,055,612
Administration	946,156	740,808	589,505
Support Services	558,547	527,701	534,103
Capital Outlay		4,679	21,113
Unallocated Depreciation	1,660	860	800
Total Governmental Activities Expenses	<u>3,474,986</u>	<u>2,617,177</u>	<u>2,201,133</u>
Business-Type Activities:			
Food Service	131,555	118,934	141,386
Total Business-Type Activities Expenses	<u>131,555</u>	<u>118,934</u>	<u>141,386</u>
Total Charter School Expenses	<u>\$ 3,606,541</u>	<u>\$ 2,736,111</u>	<u>\$ 2,342,519</u>
Program Revenues			
Governmental Activities:			
Operating Grants and Contributions	\$ 128,008	\$ 95,817	51,280
Total Governmental Activities Expenses	<u>128,008</u>	<u>95,817</u>	<u>51,280</u>
Business-Type Activities:			
Charges for Services	6,360	9,240	13,062
Operating Grants and Contributions	103,387	78,094	24,680
Total Business-Type Activities Expenses	<u>109,747</u>	<u>87,334</u>	<u>37,742</u>
Total Charter School Program Revenues	<u>\$ 237,755</u>	<u>\$ 183,151</u>	<u>\$ 89,022</u>
Net (Expense)/Revenue			
Governmental Activities	\$ (3,346,978)	\$ (2,521,360)	\$ (2,149,853)
Business-Type Activities	(21,808)	(31,600)	(103,644)
Total Charter School-wide Net Expense	<u>\$ (3,368,786)</u>	<u>\$ (2,552,960)</u>	<u>\$ (2,253,497)</u>
General Revenues and Other Changes in Net Assets			
Governmental Activities:			
General Purposes	\$ 366,459	\$ 300,501	\$ 222,879
Federal and State Aid Not Restricted	3,840,925	2,870,799	1,935,594
Investment Income	1,822		
Miscellaneous Income	932	3,141	
Total Governmental Activities	<u>4,210,138</u>	<u>3,174,441</u>	<u>2,158,473</u>
Business-Type Activities:			
Board Contributions	21,808	31,586	104,122
Miscellaneous Income		14	
Total Business-Type Activities	<u>21,808</u>	<u>31,600</u>	<u>104,122</u>
Total Charter School-wide	<u>\$ 4,231,946</u>	<u>\$ 3,206,041</u>	<u>\$ 2,262,595</u>
Change in Net Assets			
Governmental Activities	\$ 863,160	\$ 653,081	\$ 8,620
Business-Type Activities			478
Total Charter School	<u>\$ 863,160</u>	<u>\$ 653,081</u>	<u>\$ 9,098</u>

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES

Fund Balances - Governmental Funds

Last Three Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund Unreserved	<u>\$ 1,520,677</u>	<u>\$ 655,857</u>	<u>5,415</u>
Total General Fund	<u><u>\$ 1,520,677</u></u>	<u><u>\$ 655,857</u></u>	<u><u>\$ 5,415</u></u>

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
 Changes in Fund Balances - Governmental Funds
 Last Three Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	2011	2010	2009
Revenues:			
Local Sources:			
Local Tax Levy	\$ 366,459	\$ 300,501	\$ 222,879
Interest In Investments	1,822	-	-
Miscellaneous	932	3,141	7,600
State Sources	3,664,240	2,743,640	1,655,497
Federal Sources	304,693	222,976	323,777
Total Revenues	<u>4,338,146</u>	<u>3,270,258</u>	<u>2,209,753</u>
Expenditures:			
Instruction	1,712,493	1,140,210	927,874
Administration	1,202,286	943,727	717,243
Support Services	558,547	527,701	534,103
Capital Outlay	-	8,178	25,118
Total Expenditures	<u>3,473,326</u>	<u>2,619,816</u>	<u>2,204,338</u>
Excess of Revenues Over Expenditures	<u>864,820</u>	<u>650,442</u>	<u>5,415</u>
Net Change in Fund Balance	<u>\$ 864,820</u>	<u>\$ 650,442</u>	<u>\$ 5,415</u>

Source: Charter School records

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES

General Fund - Other Local Revenue by Source

Last Three Fiscal Years

(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Investment Income	Donations	Miscellaneous Revenue	Annual Total
2011	\$ 1,822	\$ -	\$ 932	\$ 2,754
2010	-	-	3,141	3,141
2009	-	5,000	2,600	7,600

Source: Charter School records

DEMOGRAPHIC AND ECONOMIC INFORMATION

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
 Principal Employers
 This Year and Nine Years Ago
 (Unaudited)

Employer	2011		Employer	2002	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
State of New Jersey	21,000	65.3%	State of New Jersey	21,076	64.9%
Capital Health Systems (formerly Helene Fuld & Mercer Medical)	3,000	9.3%	Trenton School System	1,945	6.0%
Trenton School System	1,897	5.9%	City of Trenton	1,700	5.2%
City of Trenton	1,700	5.3%	County of Mercer	1,696	5.2%
County of Mercer	1,625	5.1%	Helene Fuld Center	1,600	4.9%
St. Francis Medical Center	1,250	3.9%	St. Francis Medical Center	1,450	4.6%
The Trenton Times	750	2.3%	Mercer Medical Center	1,300	4.0%
The Hibbert Company	353	1.1%	The Trenton Times	721	2.2%
Mercer Street Friends Center	340	1.1%	Federal Government	526	1.6%
Water's Edge Convalescent Center	230	0.7%	Carter Wallace	438	1.4%
	<u>32,145</u>	<u>100%</u>		<u>32,452</u>	<u>100%</u>

Source: City of Trenton

OPERATING INFORMATION

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
 Full-Time Equivalent Charter School Employees by Function
 Last Two Fiscal Years

Function	2011	2010	2009
Instruction	30	28	22
Administrative	6	4	3
Support Services	7	3	4
Food Service	5	1	
Total	<u>48</u>	<u>36</u>	<u>29</u>

Source: Charter School Personnel Records

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES

Operating Statistics
Last Three Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	Percent Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary/Middle	School				
2011	270	\$ 3,473,326	\$ 12,864	-0.99%	30	9:1	270.4	250.1	25.52%	92.49%	
2010	201	2,611,638	12,993	-19.51%	28	7:1	201.4	188.3	32.97%	93.50%	
2009	135	2,179,220	16,142	0.00%	22	6:1	135.0	128.0	100.00%	94.81%	

Sources: Charter School records

Note: Enrollment based on annual final Charter School count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certified staff.
- c Average daily enrollment and average daily attendance are obtained from School Register Summary (SRS).

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
 School Building Information
 Last Three Fiscal Years

<u>Charter School Building</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
643 Indiana Avenue			
Square Feet	35,000	35,000	35,000
Capacity (students)	340	340	340
Enrollment	270	201	135

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
 Insurance Schedule
 June 30, 2011

PACKAGE POLICY DECLARATION	<u>Coverage</u>	<u>Deductible</u>
Stonington Insurance Company		
<i>Article I - Property</i>		
Blanket Real and Personal Property	\$1,000,000 per occurrence	\$1,000 per occurrence
Rented to You Limit	\$100,000 any one premises	
Medical Expense Limit	\$5,000 any one person	
Personal & Advertising Injury Limit	\$1,000,000 any one person or organization	
General Aggregate Limit	\$3,000,000	
Products/Completed Operations Aggregate Limit	\$3,000,000	
<i>Article II - Automobile</i>		
Any Auto		
Combined Single Limit for Bodily Injury and Property Damage	\$1,000,000 per accident	
Uninsured/Underinsured Motorists - Private Passenger Auto	N/A Combined Single Limit	
Uninsured/Underinsured Motorists - All Other Vehicles	Bodily Injury Per Person	
	Bodily Injury Per Accident	
	Property Damage Per Accident	
Personal Injury Protection (including pedestrians)	N/A	
Medical Payments	N/A private passenger vehicles	
Comprehensive		N/A
Collision		N/A
Hired Car Physical Damage		N/A
 SCHOOL LEADERS ERRORS & OMISSIONS LIABILITY POLICY DECLARATIONS		
Philadelphia Indemnity Insurance Company		
Limits of Liability:		
Part 1, D&O Liability	\$1,000,000 each policy period	\$5,000
Part 2, Employment Practices	\$1,000,000 each policy period	\$5,000
Part 4, Workplace Violence	\$1,000,000 each policy period	\$5,000
Aggregate, All Parts	\$1,000,000 each policy period	-

SINGLE AUDIT SECTION

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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**

Honorable President and
Members of the Board of Trustees
Paul Robeson Charter School for the Humanities
643 Indiana Avenue
Trenton, New Jersey

We have audited the financial statements of the Paul Robeson Charter School for the Humanities (Charter School), in the Mercer County, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated September 7, 2011. We conducted our audit 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 audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Charter School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Charter School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over financial reporting.

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

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

Compliance and Other Matters

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

This report is intended for the information and use of management, the audit committee, Paul Robeson Charter School for the Humanities Board of Trustees, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's

September 7, 2011

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH NEW
JERSEY OMB CIRCULAR 04-04**

Honorable President and
Members of the Board of Trustees
Paul Robeson Charter School for the Humanities
643 Indiana Avenue
Trenton, New Jersey

Compliance

We have audited the compliance of the Paul Robeson Charter School for the Humanities (Charter School), in the Mercer County, State of New Jersey, with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major state programs for the fiscal year ended June 30, 2011. The Charter School's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Charter School's management. Our responsibility is to express an opinion on the Charter School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04, 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 state program occurred.

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An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

In our opinion, the Paul Robeson Charter School for the Humanities, in the Mercer County, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Charter School's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 04-04, 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 Charter School's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a state 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 state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. The Charter School's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Charter School's responses and, accordingly, we express no opinion on the responses.

This report is intended for the information and use of management, the audit committee, the Paul Robeson Charter School for the Humanities Board of Trustees, the New Jersey State Department of Education, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's

September 7, 2011

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June, 30, 2011

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Deferred Revenue (Accounts Receivable) June 30, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2011	
											Accounts Receivable	Deferred Revenue
U.S. Department of Education												
Passed-through State Department of Education												
Special Revenue Fund:												
Title I Part A	84.010	N/A	\$ 185,679	9/1/10 8/31/11	\$ -	\$ -	\$ 98,256	\$ (165,646)	\$ -	\$ -	\$ (67,390)	\$ -
Title I Carryover	84.010	N/A	233,755	9/1/09 8/31/10	(75,795)	-	170,117	(94,322)	-	-	-	-
ARRA - Title I Carryover	84.389	N/A	96,098	9/1/09 8/31/10	(4,312)	-	4,312	-	-	-	-	-
Title II Part A	84.281	N/A	2,938	9/1/10 8/31/11	-	-	-	(778)	-	-	(778)	-
Title II Part A Carryover	84.281	N/A	-	9/1/09 8/31/10	(5,314)	-	5,314	-	-	-	-	-
Title II Part D Carryover	84.281	N/A	2,059	9/1/09 8/31/10	-	-	2,059	(2,059)	-	-	-	-
Title IV Carryover	84.186	N/A	2,786	9/1/09 8/31/10	-	-	2,786	(2,786)	-	-	-	-
I.D.E.A. Basic	84.027	N/A	46,571	9/1/10 8/31/11	-	-	354	(38,748)	-	-	(38,748)	-
I.D.E.A. Basic Carryover	84.027	N/A	354	9/1/10 8/31/11	(12,953)	-	12,953	(354)	-	-	-	-
I.D.E.A. Basic - ARRA Carryover	84.391	IDEA 2010	41,321	9/1/09 8/31/10	-	-	-	-	-	-	-	-
Total Special Revenue Fund					(98,374)	-	296,151	(304,693)	-	-	(106,916)	-
U.S. Department of Agriculture												
Passed-through State Department of Education												
Enterprise Fund:												
School Breakfast Program	10.553	N/A	7,866	7/1/10 6/30/11	-	-	6,902	(7,426)	-	-	(524)	-
School Breakfast Program	10.553	N/A	7,572	7/1/09 6/30/10	(441)	-	441	-	-	-	-	-
School Snack Program	10.554	N/A	2,267	7/1/10 6/30/11	-	-	2,267	(2,267)	-	-	-	-
National School Lunch Program	10.555	N/A	96,157	7/1/10 6/30/11	-	-	86,405	(91,915)	-	-	(5,510)	-
National School Lunch Program Carryover	10.555	N/A	67,347	7/1/09 6/30/10	(4,241)	-	4,241	-	-	-	-	-
Total Enterprise Fund					(4,682)	-	100,256	(101,608)	-	-	(6,034)	-
Total Federal Financial Awards					(103,056)	\$ -	\$ 396,407	\$ (406,301)	\$ -	\$ -	\$ (112,950)	\$ -

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June, 30, 2011

State Grantor/Program Title	Grant Number	Program or Award Amount	Grant Period		Balance at June 30, 2010		Carryover/ (Waikover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2011		MEMO
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Interfund Payable/ Deferred Revenue	
State Department of Education:													
General Fund:													
"Local Levy" State Share - Charter School Aid	11-495-034-5120-071	\$ 3,320,904	7/1/10	6/30/11	\$ -	\$ -	\$ -	\$ 3,320,904	\$ (3,320,904)	\$ -	\$ -	\$ -	\$ 3,320,904
Special Education Aid	11-495-034-5120-089	128,008	7/1/10	6/30/11	-	-	128,008	(128,008)	-	-	-	-	128,008
Security Aid	11-495-034-5120-084	115,197	7/1/10	6/30/11	-	-	115,197	(115,197)	-	-	-	-	115,197
Reimbursed TPAF - Social Security	11-495-034-5095-002	100,131	7/1/10	6/30/11	(4,393)	-	89,138	(100,131)	(10,993)	-	-	-	100,131
Reimbursed TPAF - Social Security	10-495-034-5095-002	93,894	7/1/09	6/30/10	-	-	4,393	-	-	-	-	-	-
Total General Fund					(4,393)	-	3,657,640	(3,664,240)	(10,993)	-	-	-	3,664,240
State Department of Agriculture													
Enterprise Fund:													
School Breakfast Program Carryover	10-100-010-3350-021	546	7/1/09	6/30/10	(31)	-	31	-	-	-	-	-	-
National School Lunch Program	11-100-010-3350-023	1,944	7/1/10	6/30/11	-	-	1,666	(1,779)	(113)	-	-	-	1,779
National School Lunch Program Carryover	10-100-010-3360-023	2,629	7/1/09	6/30/10	(166)	-	166	-	-	-	-	-	-
Total Enterprise Fund					(197)	-	1,863	(1,779)	(113)	-	-	-	1,779
Total State Financial Assistance					(4,590)	\$ -	\$ 3,659,503	\$ (3,666,019)	\$ (11,106)	\$ -	\$ -	\$ -	\$ 3,666,019

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2011

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Trustees, Paul Robeson Charter School for the Humanities. The Board of Trustees is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2011

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to GAAP basis is none for the general fund and none for the special revenue fund. See *Note 1* (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Charter School's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ -	\$ 3,664,240	\$ 3,664,240
Special Revenue Fund	304,693	-	304,693
Food Service Fund	0	1,779	1,779
Total Awards & Financial Assistance	\$ 304,693	\$ 3,666,019	\$ 3,970,712

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Paul Robeson Charter School for the Humanities has no loan balances outstanding at June 30, 2011.

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements		<u>Unqualified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	<u> X </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None Reported <u> X </u>
Noncompliance material to basic financial statements noted?	_____ Yes	<u> X </u> No

State Awards

Dollar threshold used to distinguish between Type A and Type B programs:		\$300,000
Auditee qualified as low-risk auditee?	<u> X </u> Yes	_____ No
Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	<u> X </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None Reported <u> X </u>
Type of auditors’ report issued on compliance for major programs		<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04?	_____ Yes	<u> X </u> No

Identification of major state programs:

GMIS Number(s)	Name of State Program
<u>11-495-034-5120-071</u>	<u>"Local Levy" State Share</u>

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section II – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit. See paragraphs 13.15 and 13.35.

Finding

There were no matters reported.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

***Section III – Federal Awards and State Financial Assistance
Findings and Questioned Costs***

This section identifies audit findings required to be reported by NJOMB Circular Letter 04-04.

STATE AWARDS

Finding

There were no matters reported.

PAUL ROBESON CHARTER SCHOOL FOR THE HUMANITIES
Summary Schedule of Prior Year Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

STATUS OF PRIOR YEAR FINDINGS

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB Circular A-133 (.315(a)(b)) and NJOMB's Circular 04-04.

Findings

There were no matters reported.