

***ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH
SCHOOL***

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2011

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

***Academy for Urban Leadership Charter High School
Board of Trustees
Perth Amboy, New Jersey***

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Prepared By
Academy for Urban Leadership Charter High School
Finance Department**

**And
Barre & Company, CPA's**

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INTRODUCTORY SECTION

***Academy for Urban Leadership Charter High School
612 Amboy Avenue
Perth Amboy, New Jersey 08861
848-203-3742***

October 26, 2011

Honorable President and
Members of the Board of Trustees
Academy for Urban Leadership Charter High School
Perth Amboy, New Jersey

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Academy for Urban Leadership Charter High School (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 Academy for Urban Leadership 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 thirteen members: nine 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 Principal, School Business Administrator/Board Secretary, Parent Representative and a Student Representative.

The Principal 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 Parent Representative serves as a parent liaison and provides additional input stemming from the Parent-Teacher Organization (PTO). The Student Representative serves as a liaison to the Board on student issues.

1. REPORTING ENTITY AND ITS SERVICES: The Academy for Urban Leadership 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.

The Academy for Urban Leadership provides a full range of educational services appropriate to Grade 9. 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 100 students. In year two, the charter school will be adding 100 students to Grade 9 with the current students moving onto Grade 10 for a total of 200 students. The school will continue to increase by 100 students until the capacity of 400 students is reached in 2014 for Grades 9 through 12.

2. MAJOR INITIATIVES: Major initiatives for the 2010-2011 school year centered on activities associated with the continued implementation of the charter school's program and the challenges of the school's growth expansion for year two 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
- facility and infrastructure enhancements
- institutionalizing the school's discipline and academic culture
- promoting student achievement outcomes/improving program design.

3. INTERNAL ACCOUNTING CONTROLS: Management of the Charter School is responsible for establishing and maintaining an internal control 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). Internal control 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.

As a recipient of federal and state financial assistance, the Charter School is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the Charter School's management.

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of internal controls, 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 and regulations.

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 cancelled 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 Basic 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 Board carries various forms of insurance, including but not limited to general liability, directors and officers insurance and workmen’s compensation.

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, Certified Public Accountants, was selected by the Board of Trustees. 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-Profit Organization*” and State Treasury Circular Letter 04-04 OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid.*” The auditors’ 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 Academy for Urban Leadership Charter High School 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,


Dr. Deborah Egan
Lead Executive Officer

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2011**

MEMBERS OF THE BOARD OF TRUSTEES

Shirley Smoyak, Board President

Luis Vargas, Vice President

Robert Fink, Secretary

Reinaldo Aviles, Member

Jorge Cruz, Member

Maria Garcia, Member

Eloisa Hernandez, Member

Lisa Nanton, Member

Idania Vazquez, Member

OTHER OFFICIALS

Paul Velelis, Board Secretary/Business Administrator

Dr. Deborah Egan, Lead Executive Officer

Patricia Bombelyn, Esq., Board Attorney

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

Barre & Company
Certified Public Accountants
2204 Morris Avenue, Suite 206
Union, New Jersey 07083

Attorney

Perez & Bombelyn, P.C.
Attorneys at Law
402 Livingston Avenue
New Brunswick, New Jersey 08901

Official Depository

Investors Savings Bank
101 JFK Parkway
Short Hills, New Jersey 07078

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
Academy for Urban Leadership Charter High School
County of MiddlesexCounty of MiddlesexCounty of Middlesex
Perth Amboy, 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 Academy for Urban Leadership Charter High School (Charter School), in the County of MiddlesexCounty of Middlesex, 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, 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 basic 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Academy for Urban Leadership Charter High School, in the County of Middlesex, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2011 on our consideration of the Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our 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 Budgetary Comparison Information starting on pages 12 and 57, 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 have 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 stated 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

October 26, 2011

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY**

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

The discussion and analysis of Academy for Urban Leadership Charter High School'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 an 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. However, since this is the first year of the Charter School, no prior year information is available, and will be presented when available.

Financial Highlights

Key financial highlights for 2011 are as follows:

- ❖ General revenues accounted for \$1,573,162 or 99% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$14,800 or 1% of total revenues of \$1,587,962.
- ❖ The Charter School had \$1,459,369 in expenses; only \$14,800 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$1,573,162 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$1,231,184 in revenues and \$1,102,591 in expenditures.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR 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 Academy for Urban Leadership Charter High School 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 Academy for Urban Leadership Charter High School, 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.

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 has 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.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR 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 Activity — This service is 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 is reconciled in the financial statements.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY**

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

Enterprise Fund

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

Notes to the 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 financial statements can be found starting on page 33 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 \$128,593.

Governmental Activities

The Charter School's total revenues were \$1,543,516 for 2011.

The total cost of all program and services were \$1,414,923 for 2011. Instruction comprises \$486,589 for 2011 of Charter School expenses.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY**

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

Business-Type Activities

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

- ❖ Food service expenses equaled revenues for 2011.
- ❖ There were no charges for services and no revenue in 2011.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches were \$3,355 for 2011.

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 \$1,543,516 for 2011 and expenditures were \$1,414,923 for 2011. The net change in fund balance was \$128,593 in 2011.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY**

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

The Charter School's Funds (Continued)

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.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Sources	\$ 184,111	11.93%
State Sources	1,132,073	73.34%
Federal Sources	<u>227,332</u>	<u>14.73%</u>
Total	<u>\$ 1,543,516</u>	<u>100.00%</u>

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2011, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>
Instruction	\$ 445,137	31.46%
Administration	580,152	41.00%
Support Services	384,634	27.18%
Capital Outlay	<u>5,000</u>	<u>0.36%</u>
Total	<u>\$ 1,414,923</u>	<u>100.00%</u>

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY**

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

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 (Net of Depreciation)

At the end of fiscal year 2011, the Charter School had no capital assets invested in building improvements.

For the Future

The Academy for Urban Leadership Charter High School is in stable 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, Academy for Urban Leadership Charter High School has committed itself to financial stability 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 Academy for Urban Leadership Charter High School, 612 Amboy Avenue, Perth Amboy, New Jersey 08861.

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.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Statement of Net Assets
June 30, 2011
(Initial Year)

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents:			
Unrestricted	\$ 29,234	\$ -	\$ 29,234
Interfund Receivables	31,096		31,096
Receivables	78,389	3,355	81,744
Other Assets	15,210		15,210
Total Assets	153,929	3,355	157,284
LIABILITIES:			
Interfund Payable	25,336	3,355	28,691
Total Liabilities	25,336	3,355	28,691
NET ASSETS:			
Unrestricted	128,593		128,593
Total Net Assets	\$ 128,593	\$ -	\$ 128,593

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Statement of Activities
 For The Fiscal Year Ended June 30, 2011
(Initial Year)

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	\$ 445,137	\$ 41,452	\$ -	\$ 11,445	\$ -	\$ (475,144)	\$ -	\$ (475,144)
Administration	508,640	30,060				(538,700)		(538,700)
Support Services	384,634					(384,634)		(384,634)
Capital Outlay	5,000					(5,000)		(5,000)
Total Governmental Activities	1,343,411	\$ 71,512	-	11,445	-	(1,403,478)	-	(1,403,478)
BUSINESS-TYPE ACTIVITIES:								
Food Service	44,446			3,355		-	(41,091)	(41,091)
Total Business-Type Activities	44,446			3,355		-	(41,091)	(41,091)
Total Primary Government	\$ 1,387,857			\$ 14,800	\$ -	\$ (1,403,478)	\$ (41,091)	\$ (1,444,569)
GENERAL REVENUES								
General Purposes						\$ 167,711	\$ -	\$ 167,711
Federal and State Aid Not Restricted						1,320,120		1,320,120
Miscellaneous Income						16,400	41,091	57,491
Total General Revenues						1,504,231	41,091	1,545,322
Change in Net Assets						100,753	-	100,753
Net Assets - Beginning						-	-	-
Net Assets - Ending						\$ 100,753	\$ -	\$ 100,753

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Governmental Funds
 Combining Balance Sheet
 June 30, 2011
(Initial Year)

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash and Cash Equivalents:	\$ 29,234	\$ -	\$ 29,234
Receivables:			
Interfund Receivables	31,096		31,096
Receivables From Other Governments	53,053	25,336	78,389
Other Assets	15,210		15,210
	<u>\$ 128,593</u>	<u>\$ 25,336</u>	<u>\$ 153,929</u>
Total Assets			
	<u>\$ 128,593</u>	<u>\$ 25,336</u>	<u>\$ 153,929</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfund Payables	\$ -	\$ 25,336	\$ 25,336
	<u>-</u>	<u>25,336</u>	<u>25,336</u>
Total Liabilities			
	<u>-</u>	<u>25,336</u>	<u>25,336</u>
Fund Balances:			
Unreserved:			
General Fund	128,593		128,593
	<u>128,593</u>	<u>-</u>	<u>128,593</u>
Total Fund Balances			
	<u>128,593</u>	<u>-</u>	<u>128,593</u>
Total Liabilities and Fund Balances			
	<u>\$ 128,593</u>	<u>\$ 25,336</u>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

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

-

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

-

Net Assets of Governmental Activities

\$ 128,593

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2011
(Initial Year)

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 167,711	\$ -	\$ 167,711
Miscellaneous	6,400	10,000	16,400
Total Local Sources	174,111	10,000	184,111
State Sources	1,029,233	75,000	1,104,233
Federal Sources		227,332	227,332
Total Revenues	1,203,344	312,332	1,515,676
EXPENDITURES:			
Instruction	420,889	24,248	445,137
Administration	552,312		552,312
Support Services	96,550	288,084	384,634
Capital Outlay	5,000		5,000
Total Expenditures	1,074,751	312,332	1,387,083
NET CHANGE IN FUND BALANCES	128,593	-	128,593
FUND BALANCES, JULY 1	-	-	-
FUND BALANCES, JUNE 30	\$ 128,593	\$ -	\$ 128,593

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 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 funds (B-2)	\$	128,593
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense in the current fiscal year.

Repayment of mortgage principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

	-	
	<hr/>	
Change in net assets of governmental activities	\$	<u><u>128,593</u></u>

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

PROPRIETARY FUNDS

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Proprietary Fund
 Statement of Net Assets
 June 30, 2011
(Initial Year)

	Business-Type Activities Enterprise Fund	Food Service
ASSETS:		
Intergovernmental Accounts Receivable:		
Federal	\$	3,234
State		121
Total Assets	\$	3,355
LIABILITIES AND NET ASSETS:		
Liabilities:		
Interfund Accounts Payable	\$	3,355
Total Liabilities and Net Assets	\$	3,355

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Proprietary Fund
 Statement of Revenues, Expenses, and Changes in Fund Net Assets
 For the Fiscal Year Ended June 30, 2011
(Initial Year)

	<u>Business-Type Activities Enterprise Fund Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales Reimbursable Program	\$ -
Total Operating Revenues	<u>-</u>
OPERATING EXPENSES:	
Cost of Sales	<u>44,446</u>
Total Operating Expenses	<u>44,446</u>
OPERATING LOSS	<u>(44,446)</u>
NONOPERATING REVENUES:	
State Source:	
State School Breakfast/Lunch Program	121
Federal Source:	
National School Breakfast/Lunch Program	<u>3,234</u>
Total Nonoperating Revenues	<u>3,355</u>
CHANGE IN NET ASSETS BEFORE OTHER FINANCING SOURCES	<u>(41,091)</u>
OTHER FINANCING SOURCES:	
Board Contributions	<u>41,091</u>
Total Other Financing Sources	<u>41,091</u>
CHANGE IN NET ASSETS	-
TOTAL NET ASSETS, JULY 1	<u>-</u>
TOTAL NET ASSETS, JUNE 30	<u><u>\$ -</u></u>

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011
(Initial Year)

	Business-Type Activities Enterprise Fund
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ -
Cash Payments to Suppliers and Employees	(44,446)
	(44,446)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received From State And Federal Reimbursements	3,355
Board Contributions	41,091
	44,446
Net Cash Provided By Noncapital Financing Activities	44,446
Net Increase (Decrease) In Cash And Cash Equivalents	-
Cash And Cash Equivalents, Beginning Of Year	-
Cash And Cash Equivalents, End Of Year	\$ -
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating Loss Used for Operating Activities	\$ (44,446)
Change In Assets And Liabilities:	
Increase In Receivables From Other Governments	(3,355)
Increase In Interfund Payable	3,355
	(44,446)
Net Cash Used In Operating Activities	\$ (44,446)

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

FIDUCIARY FUNDS

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Fiduciary Funds
 Statement of Fiduciary Net Assets
 June 30, 2011

	<u>Agency Funds</u>
ASSETS:	
Cash and Cash Equivalents	\$ 11,204
Total Assets	\$ 11,204
LIABILITIES:	
Interfund Accounts Payable	\$ 2,405
Payroll Deductions and Withholdings	8,799
Total Liabilities	\$ 11,204

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

NOTES TO BASIC FINANCIAL STATEMENTS

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Trustees (Board) of Academy for Urban Leadership Charter High School (Charter School) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Board's accounting policies are described below.

A. Reporting Entity

The Charter School is an instrumentality of the State of New Jersey, established to function as an educational institution. The school is governed by an independent Board of Trustees, which consists of parents, founders and other community representatives in accordance with its charter, which was appointed by the State Department of Education. An administrator is appointed by the board and is responsible for the administrative control of the Charter School.

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

The combined financial statements include all funds and account groups for the Charter School over which the Board of Trustees' exercises operating control.

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.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
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 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 taxes, 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 activities 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 activities 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, including all taxes, 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.

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

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

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, district taxes, 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.

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 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).

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

Debt Service Fund: Not Applicable.

The Charter School reports the following proprietary funds:

Enterprise (Food Service and After-Care) Fund: This enterprise fund accounts for all revenues and expenses pertaining to the cafeteria operations and after-care program. 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 include the Payroll Agency Fund, Net Payroll Account and Student Activities.

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 Charter School-wide 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.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

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.

C. 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 as described later. 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.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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.

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)		\$ 312,332
Adjustments:		
Less Encumbrances at June 30, 2011		-
Total Revenues and Expenditures (GAAP Basis)		\$ 312,332

D. 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.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrances Accounting (Continued)

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.

E. 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. 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.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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

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 entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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 the enabling legislation 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.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Revenues — Exchange and Non-exchange 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.

Non-exchange 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 is 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 yearend: 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.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
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 accounting principles generally accepted in the United States of America 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.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes petty cash, change funds, 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".

Deposits

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.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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

Deposits (Continued)

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%.

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	<u>\$ 29,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,204</u>	<u>\$ 40,438</u>

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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

Investments (Continued)

The investments recorded in the Charter School-wide 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 \$40,438 and the bank balance was \$86,476. 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.

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.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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

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.

NOTE 3: RECEIVABLES

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

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	\$ 78,389	\$ 78,510
Federal Aid	-	3,234
Gross Receivables	<u>78,389</u>	<u>81,744</u>
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 78,389</u>	<u>\$ 81,744</u>

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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	\$ 31,096	\$ -
Special Revenue Fund		25,336
Proprietary Funds		3,355
Fiduciary Funds		2,405
Total	\$ 31,096	\$ 31,096

NOTE 5: CAPITAL ASSETS

There were no capital assets for the fiscal year ended June 30, 2011.

In January 11, 2001, the New Jersey State Department of Education announced that effective July 1, 2001, the capitalization threshold used by Charter Schools in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the Charter School has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

There was no depreciation expense for the year ending June 30, 2011.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 6: RENTAL LEASE

The school is currently leasing its facilities at 622 Amboy Avenue, Perth Amboy, New Jersey for a period of four (4) years from St. Michael's Byzantine Catholic Church commencing July 1, 2010. The annual rental for the first year is \$64,000 and \$110,000 for the second year. The rent will increase by 5% per year after the second year. The lease can be extended for five (5) periods of five (5) years each. Rent for the year ended June 30, 2011 amounted to \$64,000.

NOTE 7: OBLIGATIONS UNDER EQUIPMENT LEASE

The school is currently leasing a Canon 3025 copier for a period of 36 months at \$125 per month commencing September 2010.

NOTE 8: PENSION PLANS

Description of Plans

All required employees of the Charter 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 Charter School and the system's other related

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 8: PENSION PLANS (Continued)

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.

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.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 8: PENSION PLANS (Continued)

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 Charter Schools' normal contributions to the Fund may be reduced based on the revaluation of assets.

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 Charter School is a noncontributing employer of TPAF.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 8: PENSION PLANS (Continued)

Three-Year Trend Information for PERS

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

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

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

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 prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 9: POST-RETIREMENT BENEFITS (Continued)

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.

New Jersey Unemployment Compensation Insurance

The charter school has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the charter school is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The charter school is billed quarterly for amounts due to the State. The table is summary of charter school contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the charter school's expendable trust fund for the current year:

<u>Fiscal Year</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ -	\$ -	\$ -	\$ -

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 11: FUND BALANCE APPROPRIATED

General Fund

The General Fund fund balance in the financial statement at June 30, 2011 is \$128,593 and is unreserved and undesignated.

NOTE 12: OPERATING PERIOD

The financial statements have been prepared for the period of January 1, 2010 to June 30, 2011. The activity from January 1, 2010 to June 30, 2010 includes revenue from a start up grant and start up costs of the Charter School.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 General Fund
 Budgetary Comparison Schedule
 For The Fiscal Year Ended June 30, 2011
 (Initial Year)

C-1
 Sheet 1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Levy Budget:					
"Local Levy" Local Share-Charter School Aid	\$ 145,402	\$ 22,309	\$ 167,711	\$ 167,711	\$ -
Total Local Levy Budget	145,402	22,309	167,711	167,711	-
Categorical Aid:					
"Local Levy" State Share-Charter School Aid	844,333	78,917	923,250	923,250	-
Special Education	21,903	(10,458)	11,445	11,445	-
Security Aid		94,538	94,538	94,538	-
Total Categorical Aid	866,236	162,997	1,029,233	1,029,233	-
Revenues From Other Sources:					
Miscellaneous Revenue	100,000	(80,000)	20,000	6,400	(13,600)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)					
Total Revenues From Other Sources	100,000	(80,000)	20,000	6,400	(13,600)
Total Revenues	1,111,638	105,306	1,216,944	1,203,344	(13,600)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	376,000	43,464	419,464	360,301	59,163
Purchased Prof/Tech Services	18,000	(4,100)	13,900	13,764	136
Other Purchased Services		5,120	5,120	288	4,832
General Supplies	70,000	(26,437)	43,563	43,280	283
Textbooks	88,060	(84,676)	3,384	1,495	1,889
Miscellaneous	10,000	(7,250)	2,750	1,761	989
Total Instruction	562,060	(73,879)	488,181	420,889	67,292
Administration:					
Salaries - General Administration	85,000	65,350	150,350	150,165	185
Salaries of Secretarial/Clerical Assistants	28,000	83,122	111,122	111,118	4
Total Benefits Cost	130,000	(27,464)	102,536	71,512	31,024
Purchases Prof/Tech Services	205,000	(55,389)	149,611	159,286	(9,675)
Other Purchased Services	14,000	40,712	54,712	53,932	780
Supplies and Materials	10,838	(3,710)	7,128	6,299	829
Miscellaneous Expenses		8,188	8,188		8,188
Total Administration	472,838	110,809	583,647	552,312	31,335

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 General Fund
 Budgetary Comparison Schedule
 For The Fiscal Year Ended June 30, 2011
 (Initial Year)

C-1
 Sheet 2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Support Services:					
Rental of Land and Buildings	48,000	16,010	64,010	64,010	-
Transportation-Other Than To/From School	1,740	30	1,770	1,770	-
Insurance for Property, Liability and Fidelity	10,000	12,702	22,702	20,292	2,410
Energy Costs (Heat and Electricity)		14,990	14,990	10,478	4,512
Total Support Services	59,740	43,732	103,472	96,550	6,922
Capital Outlay:					
Instructional Equipment	7,000	(2,000)	5,000	5,000	-
Non-Instructional Equipment	10,000	(10,000)	-		-
Total Capital Outlay	17,000	(12,000)	5,000	5,000	-
Reimbursed TPAF Social Security Contributions (Non-Budgeted)					-
Total Expenditures	1,111,638	68,662	1,180,300	1,074,751	105,549
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	36,644	36,644	128,593	91,949
FUND BALANCE, JULY 1	-	-	-	-	-
FUND BALANCE, JUNE 30	<u>\$ -</u>	<u>\$ 36,644</u>	<u>\$ 36,644</u>	<u>\$ 128,593</u>	<u>\$ 91,949</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$ -</u>	<u>\$ 36,644</u>	<u>\$ 36,644</u>	<u>\$ 128,593</u>	<u>\$ 91,949</u>
Total	<u><u>\$ -</u></u>	<u><u>\$ 36,644</u></u>	<u><u>\$ 36,644</u></u>	<u><u>\$ 128,593</u></u>	<u><u>\$ 91,949</u></u>

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2011
(Initial Year)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Local	\$ -	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
State	10,812	64,188	75,000	75,000	-
Federal		227,332	227,332	227,332	-
Total Revenues	10,812	301,520	312,332	312,332	-
EXPENDITURES:					
Instruction:					
General Supplies		36,023	36,023	24,248	11,775
Total Instruction	-	36,023	36,023	24,248	11,775
Support Services:					
Salaries	7,450	31,437	38,887	41,954	(3,067)
Personal Services - Employee Benefits	800		800	800	-
Purchased Technical Services	152	55,197	55,349	55,349	-
Other Purchased Prof/Tech Services				3,333	(3,333)
Other Purchased Services		70,429	70,429	71,602	(1,173)
Supplies and Materials	2,410	108,434	110,844	115,046	(4,202)
Total Support Services	10,812	265,497	276,309	288,084	(11,775)
Total Expenditures	10,812	301,520	312,332	312,332	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 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**

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 1,203,344	[C-2] \$ 312,332
 Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		-
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ 1,203,344	[B-2] \$ 312,332
 Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 1,074,751	[C-2] \$ 312,332
 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.		-
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 1,074,751	[B-2] \$ 312,332

OTHER SUPPLEMENTARY INFORMATION

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

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2011
 (Initial Year)

	NCLB Title I	NCLB Title II Part A	NCLB Title II Part D	Start-up Grant	Local Grant	CSP Grant	Grand Total
REVENUE SOURCES:							
Local	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ 10,000
State				75,000			75,000
Federal	24,248	3,014	70			200,000	227,332
Total Revenues	24,248	3,014	70	75,000	10,000	200,000	312,332
EXPENDITURES:							
Instruction:							
General Supplies	24,248						24,248
Total Instruction	24,248	-	-	-	-	-	24,248
Support Services:							
Salaries				10,517		31,437	41,954
Personal Services - Employee Benefits				800			800
Other Purchased Prof/Tech Services				45,349	10,000		55,349
Purchased Property Services				3,333			3,333
Other Purchased Services		3,014	70	7,499		61,019	71,602
Supplies and Materials				7,502		107,544	115,046
Total Support Services	-	3,014	70	75,000	10,000	200,000	288,084
Total Expenditures	24,248	3,014	70	75,000	10,000	200,000	312,332
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 STATEMENT**

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

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

Student Activity Fund – This agency fund is used to account for students funds held at the schools.

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Trust and Agency Funds
Combining Statement of Fiduciary Net Assets
June 30, 2011
(Initial Year)

	Agency		Total Agency Funds
	Payroll Agency	Net Payroll	
ASSETS:			
Cash and Cash Equivalents	\$ 11,204	\$ -	\$ 11,204
Total Assets	<u>\$ 11,204</u>	<u>\$ -</u>	<u>\$ 11,204</u>
LIABILITIES:			
Interfund Accounts Payable	\$ 2,405	\$ -	\$ 2,405
Payroll Deductions and Withholdings	8,799		8,799
Total Liabilities	<u>\$ 11,204</u>	<u>\$ -</u>	<u>\$ 11,204</u>

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2011
(Initial Year)

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
ASSETS:				
Cash and Cash Equivalents	\$ -	\$ 242,673	\$ 231,469	\$ 11,204
Total Assets	<u>\$ -</u>	<u>\$ 242,673</u>	<u>\$ 231,469</u>	<u>\$ 11,204</u>
LIABILITIES:				
Interfund Accounts Payable	\$ -	\$ 4,253	\$ 1,848	\$ 2,405
Payroll Deductions and Withholdings		<u>238,420</u>	<u>229,621</u>	<u>8,799</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 242,673</u>	<u>\$ 231,469</u>	<u>\$ 11,204</u>

**STATISTICAL SECTION
(UNAUDITED)**

Academy for Urban Leadership Charter High School has been in operation for one (1) year. 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 one (1) year is available and has 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, 2008; schedules presenting charter school-wide information include information beginning in that year.*

FINANCIAL TRENDS

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Net Assets by Component
 June 30, 2011
(Initial Year)
(accrual basis of accounting)

	<u>2011</u>
Governmental Activities	
Unrestricted	\$ 128,593
Total Governmental Activities Net Assets	<u>\$ 128,593</u>
 Charter School-wide	
Unrestricted	\$ 128,593
Total Charter School-wide Net Assets	<u>\$ 128,593</u>

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Changes in Net Assets
 June 30, 2011
(Initial Year)
(accrual basis of accounting)

	<u>2011</u>
Expenses	
Governmental Activities:	
Instruction	\$ 486,589
Administration	538,700
Support Services	384,634
Capital Outlay	<u>5,000</u>
Total Governmental Activities Expenses	<u>1,414,923</u>
Business-Type Activities:	
Food Service	<u>44,446</u>
Total Business-Type Activities Expenses	<u>44,446</u>
Total Charter School Expenses	<u>\$ 1,459,369</u>
Program Revenues	
Governmental Activities:	
Operating Grants and Contributions	<u>\$ 11,445</u>
Total Governmental Activities Revenues	<u>11,445</u>
Business-Type Activities:	
Operating Grants and Contributions	<u>\$ 3,355</u>
Total Business-Type Activities Revenues	<u>3,355</u>
Total Charter School-Wide Program Revenues	<u>\$ 14,800</u>
Net (Expense)/Revenue	
Governmental Activities	\$ (1,403,478)
Business-Type Activities	<u>(41,091)</u>
Total Charter School-Wide Net Expense	<u>\$ (1,444,569)</u>
General Revenues and Other Changes in Net Assets	
Governmental Activities:	
General Purposes	\$ 167,711
Federal and State Aid Not Restricted	1,347,960
Miscellaneous Income	<u>16,400</u>
Total Governmental Activities	<u>1,532,071</u>
Business-Type Activities:	
Miscellaneous Income	<u>\$ 41,091</u>
Total Business-Type Activities	<u>41,091</u>
Total Charter School-wide	<u>\$ 1,573,162</u>
Change in Net Assets	
Governmental Activities	\$ 128,593
Business-Type Activities	<u>-</u>
Total Charter School	<u>\$ 128,593</u>

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Fund Balances - Governmental Funds

June 30, 2011

*(Initial Year)**(modified accrual basis of accounting)*

	Fiscal Year Ending June 30, 2011
General Fund Unreserved	<u>\$ 128,593</u>
Total General Fund	<u><u>\$ 128,593</u></u>

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Changes in Fund Balances - Governmental Funds

June 30, 2011

*(Initial Year)**(modified accrual basis of accounting)*

	<u>2011</u>
Revenues:	
Local Sources:	
Local Tax Levy	\$ 167,711
Miscellaneous	16,400
State Sources	1,132,073
Federal Sources	<u>227,332</u>
Total Revenues	<u>1,543,516</u>
Expenditures:	
Instruction	445,137
Administration	580,152
Support Services	384,634
Capital Outlay	<u>5,000</u>
Total Expenditures	<u>1,414,923</u>
Net Change in Fund Balance	<u><u>\$ 128,593</u></u>

Source: Charter School records

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

General Fund - Other Local Revenue by Source

June 30, 2011

*(Initial Year)**(modified accrual basis of accounting)*

Fiscal Year Ending June 30,	Donations	Miscellaneous Revenue	Annual Total
2011	\$ -	\$ 16,400	\$ 16,400

Source: Charter School records

DEMOGRAPHIC AND ECONOMIC INFORMATION

OPERATING INFORMATION

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Full-Time Equivalent Charter School Employees by Function
June 30, 2011
(Initial Year)

<u>Function</u>	<u>2011</u>
Instruction	9
Administrative	4
Support Services	<u>2</u>
Total	<u><u>15</u></u>

Source: Charter School Personnel Records

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Operating Statistics
June 30, 2011
(Initial Year)

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	High School				
2011	100	\$ 1,409,923	\$ 14,099	0.00%	9	11:1	100	100	0.00%	100.00%	

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).

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

School Building Information

June 30, 2011

(Initial Year)

	<u>2011</u>
<u>Charter School Building</u>	
612 Amboy Avenue	
Square Feet	23,500
Capacity (students)	N/A
Enrollment	100

Source: Charter School Facilities Office

Note: Increases in square footage and capacity are the result of and additions.

Enrollment is based on the annual October Charter School count.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Insurance Schedule
 June 30, 2011
 (Initial Year)

	<u>Coverage</u>	<u>Deductible</u>
PACKAGE		
Western World		
NPP8000644		
07/15/10-11		
\$6,645.25		
 <u>Property</u>		
Business Property - All Risk	\$50,000	\$1,000
 <u>General Liability</u>		
Aggregate	\$2,000,000	
Products/Completed Operations Aggregate	\$2,000,000	
Sexual Abuse per Occurrence	\$100,000	
Personal Injury/Advertising Injury	\$1,000,000 each occurrence	
Premise Medical Payments (Any One Person)	\$5,000	
Fire Legal Liability (Any One Fire)	\$100,000	
 <u>Automobile Liability</u>		
Hired and Non Owned Occurrence	\$100,000	
 <u>Student Accident</u>		
Chubb-Federal Insurance Company	\$25,000 Medical Benefit	
9906-88-52		
7/21/10-11		
\$1,200		
 <u>Educators E&O</u>		
Professional Government Underwriters	\$1,000,000	\$2,500
0202-2474	Educator Management Occurrence	
7/15/10-11		
\$2,465		
 <u>WORKERS' COMPENSATION</u>		
Castlepoint Insurance Company	\$1,000,000 each accident	
WCC 0015150	\$1,000,000 each employee	
08/01/10-11	\$1,000,000 policy limit	
\$10,767		
 <u>D&O/EPLI</u>		
PHSD500006	\$1,000,000 D&O Aggregate	\$5,000
03/04/10-11	\$1,000,000 D&O each occurrence	
\$1,542	\$1,000,000 EPLI Aggregate	\$5,000
	\$1,000,000 EPLI each occurrence	

SINGLE AUDIT SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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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
Academy for Urban Leadership Charter High School
County of Middlesex
Perth Amboy, New Jersey

We have audited the financial statements of the Academy for Urban Leadership Charter High School (Charter School), in the County of Middlesex, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated October 26, 2011. 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.

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 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 solely for the information and use of management, the audit committee, Academy for Urban Leadership Charter High School 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 these specified parties.



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

October 26, 2011

BARRE & COMPANY
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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
Academy for Urban Leadership Charter High School
County of Middlesex
Perth Amboy, New Jersey

Compliance

We have audited the compliance of the Academy for Urban Leadership Charter High School (Charter School), in the County of Middlesex, 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 year ended June 30, 2011. The Academy for Urban Leadership Charter High School Board of Trustees' 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 obtain reasonable assurance about whether noncompliance with types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

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 Academy for Urban Leadership Charter High School, in the County of Middlesex, 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

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 the 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 the 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 a deficiencies, in internal control over compliance, such that there is 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 solely for the information and use of management, the audit committee, the Academy for Urban Leadership Charter High School 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.

A handwritten signature in black ink, appearing to read 'R. Barre', written in a cursive style.

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

October 26, 2011

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June, 30, 2011
(Initial Year)

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at 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	84.010	NCLB 2011	\$ 36,023	9/1/10 8/31/11	\$ -	\$ -	\$ 1,942	\$ (24,248)	\$ -	\$ -	\$ (22,306)	\$ -
CSP Grant	N/A	NCLB 2011	200,000	9/1/10 8/31/11			200,000	(200,000)				
Title II Part A	84.367	NCLB 2011	3,014	9/1/10 8/31/11				(3,014)			(3,014)	
Title II Part D	84.318	NCLB 2011	70	9/1/10 8/31/11			54	(70)			(16)	
Total Special Revenue Fund							201,996	(227,332)			(25,336)	
U.S. Department of Agriculture												
Passed-through State Department of Education												
Enterprise Fund:												
National School Lunch Program	10.555	N/A	3,234	7/1/10 6/30/11				(3,234)			(3,234)	
Total Enterprise Fund								(3,234)			(3,234)	
Total Federal Financial Awards							\$ 201,996	\$ (230,566)	\$ -	\$ -	\$ (28,570)	\$ -

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June, 30, 2011
(Initial Year)

State Grantor/Program Title	Grant Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2010			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2011		MEMO
				Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/ (Waikover) Amount				(Accounts Receivable)	Interfund Payable/ Deferred Revenue	
State Department of Education:												
General Fund:												
"Local Levy" State Share - Charter School Aid	11-495-034-5120-071	\$ 923,250	7/1/10 6/30/11	\$ -	\$ -	\$ -	\$ 923,250	\$ (923,250)	\$ -	\$ -	\$ -	\$ 923,250
Special Education Aid	11-495-034-5120-089	11,445	7/1/10 6/30/11	-	-	11,445	11,445	(11,445)	-	-	-	11,445
Security Aid	11-495-034-5120-084	94,538	7/1/10 6/30/11	-	-	94,538	94,538	(94,538)	-	-	-	94,538
Reimbursed TPAF - Social Security	11-495-034-5095-002	27,840	7/1/10 6/30/11	-	-	-	(27,840)	(27,840)	-	-	-	27,840
Total General Fund						1,029,233	(1,029,233)	(1,029,233)				1,029,233
Special Revenue Fund:												
Start-up Grant	11-495-034-5120-063	75,000	7/1/10 6/30/11	-	-	-	75,000	(75,000)	-	-	-	75,000
Total Special Revenue Fund						75,000	(75,000)	(75,000)				75,000
State Department of Agriculture												
Enterprise Fund:												
National School Lunch Program (State Share)	11-100-010-3350-023	121	7/1/10 6/30/11	-	-	-	-	(121)	-	-	-	121
Total Enterprise Fund						-	(121)	(121)				121
Total State Financial Assistance						\$ 1,104,233	\$ (1,132,194)	\$ (27,961)	\$ -	\$ -	\$ -	\$ 1,132,194

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
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 award activity of the Board of Trustees, Academy for Urban Leadership Charter High School. 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 (GASB 34).

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.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2011

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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 GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,057,073	\$ 1,057,073
Special Revenue Fund	227,332	75,000	302,332
Proprietary Fund	3,234	121	3,355
Total Awards & Financial Assistance	<u>\$ 230,566</u>	<u>\$ 1,132,194</u>	<u>\$ 1,362,760</u>

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 LOAN OUTSTANDING

Academy for Urban Leadership Charter High School 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.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
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		<u>Unqualified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	<u> X </u> No
2) Significant deficiencies identified?	_____ 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?	_____ Yes	<u> X </u> No
Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	<u> X </u> No
2) Significant deficiencies that are not considered to be material weaknesses?	_____ Yes	_____ None Reported <u> X </u>
Type of auditor’s 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
_____ 11-495-034-5120-071 _____	_____ Local Levy – State Share _____
_____	_____
_____	_____
_____	_____

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section II – 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.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

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

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

STATE AWARDS

Findings

There were no matters reported.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Summary Schedule of Prior Year Audit Findings
And Questioned Costs As Prepared by Management
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.