

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2013

***BERGEN ARTS AND SCIENCE
CHARTER SCHOOL***

***Bergen Arts and Science Charter School
Board of Trustees
Elmwood Park, New Jersey***

***Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2013***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Prepared by

***Bergen Arts and Science Charter School
Finance Department***

And

Barre & Company, CPAs

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INTRODUCTORY SECTION

***BERGEN ARTS AND SCIENCE CHARTER SCHOOL
465 BOULEVARD
ELMWOOD PARK, NEW JERSEY 07407***

November 7, 2013

Honorable President and
Members of the Board of Trustees
Bergen Arts and Science Charter School
Elmwood Park, New Jersey

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of Bergen Arts and Science Charter School (Charter) for the fiscal year ended June 30, 2013. This CAFR includes the Charter's Basic Financial Statement 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 Bergen Arts and Science Charter School 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

An appointed ten member Board of Trustees (the “Board”) serves as the policy maker for the Charter School. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of Charter School tax money.

The Lead-Person is the chief executive officer of the Charter School, responsible to the Board for total educational and support operations. The School Business Administrator is the chief financial officer of the Charter School, 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.

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

Bergen Arts and Science Charter School provides a full range of educational services appropriate to Grades K-10. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2012-2013 school year with an enrollment of 660 students. The following details the student enrollment of the Charter School.

<u>Average Daily Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012-2013	660	9.16%
2011-2012	600	16.30%
2010-2011	498	14.46%

2. ECONOMIC CONDITION AND OUTLOOK: Bergen Arts and Science Charter School continues to experience a period of development and expansion that is expected to continue through the Twenty-First Century. The increasing number of businesses within the community results in an increase in the employment level which results in an increased tax base, both residential and industrial. This expansion is expected to continue which suggests Bergen will continue to prosper.

3. MAJOR INITIATIVES: The Bergen Arts and Science Charter School Mission is to provide the ideal environment for the intellectual and social development for its students by utilizing a combined effort of students, educators, families, and the community as a whole.

Bergen Arts and Science Charter School believes an effective and adequate education necessary for citizens of the future relies heavily on a multidimensional academic curriculum in which all core subjects will be blended together through various teaching methods while promoting the development of a strong character that supports and respects society.

Bergen Arts and Science Charter School believes that focusing on an overall high academic achievement includes providing opportunities for individual skills and talents to develop to higher levels. This inspires in students a lifelong love of learning and desire for self-improvement and creativity.

Bergen Arts and Science Charter School focuses on high academic achievement, allowing opportunities for all students, from the academically challenged, to the students with academic talents who want to compete in academic Olympiads. The curriculum has its basis in the New Jersey Core Curriculum Content Standards, transcending the requirements and infusing technology into the curriculum. Every child is encouraged to meet his or her potential, with adaptations or additions made to programs to accommodate individual needs.

At BASCS, we believe that family involvement is an integral component of our school culture. Our goal is to continue fostering close and positive relationships and constant communication between school, family and community. Our Parent-Teacher Organization (PTO) maintains a strong presence at the school, and they are a vital component of enriching the experience of students. They make the purchase of sports equipment, musical instruments, yearbooks and classroom materials a reality for our school district. Additionally, the PTO fundraises to defray the cost of field trips for the students.

In the 2012-2013 Academic Year, BASCS reached out to both the parents and the community with myriad programs and activities. Likewise, the PTO offered a wide array of activities and fundraisers which enhanced the experience of the students and school community as a whole. Percentage rates of participation were not tracked for activities this year; a strong showing of students, staff and families is the norm at BASCS. A selection of these activities is provided below.

Discussion of Progress

During the 2012/2013 school year, BASCS served through 10th grade; the graduates will be attending the following school BASCS High School, Bergen Academy and Englewood Academy.

Summary of Curriculum Development Progress

The procedures used to develop the BASCS curriculum was as follows:

- Over 75% of the BASCS teaching staff was hired to write/design curriculum during the summer of 2010, in their content/grade level areas of expertise under the supervision of Lead Teachers, Curriculum Supervisor and an outside consultant/specialist in Curriculum and Instruction
- The procedural requirements included effectively training teachers to write and use the conceptual framework of UbD; Grant/Wiggins Backwards Design curriculum mapping by month
- Teachers incorporated 21st Century Skills and Themes and a strong emphasis was placed on multiculturalism and the integration of technology as part of a multi-dimensional approach to curriculum development
- Department meetings, grade level meetings, staff meetings, articulation dialogues across grade/content cohort meeting, professional learning communities, mentor mentee meetings and semi-annual self-evaluation accountability meetings remained as the vehicles used to further discuss and develop the BASCS curriculum and exceptional education program for all students
- Teachers selected resources and materials that supported the implementation of the NJCCCS
- A continued requirement for the curriculum development and delivery system was for all teachers to design Annual Plans, UbD unit plans and lesson plans
- Annual Plans required listing the NJCCCS/indicators taught by week/month and identified assessments used by week/month/quarterly and semiannually
- The annual plan was considered a living document that was continually modified by teachers based on how well the students were meeting or exceeding the standards. The annual plans were reviewed weekly by the curriculum supervisor to ensure that they were aligned to UbD unit plans and lesson plans
- Teachers were introduced to a database system that required recording their annual plans, UbD unit plans and lesson plans
- Teachers were introduced to a database system which required them to record their annual plan, UbD unit plans and lesson plans, listing the standards covered in each. The purpose of recording their lesson plans onto the database was to ensure that all standards were taught one month prior to students taking the NJ ASK test. Over 90% of the staff remains proficient or above using the Grant Wiggins and Jay McTigh model. Levels of proficiency are determined by an analytical rubric created by the senior curriculum supervisor.

- The curriculum supervisors and special education coordinator piloted the Response to Intervention process for K to 2 students. The purpose was to ensure the incorporation of the NJCCCS and the delivery of the curriculum in the classroom lead to high academic achievement for every child. The effectiveness of the pilot was evidenced by the increase in students achievement.
- One of the innovative practices used to ensure high achievement for all students included contracting with a Florida based company, 3D Learner. Twelve third grade students were selected by teachers to participate in this program over the Winter Break in February of 2011. The curriculum supervisor with the help of third grade teachers and the special education coordinator had access to the building and facilitated the program. The benefits of all services outlined were evidenced by the significant gain in points from the first practice test to the second of most of all the students that partook in any of the services/programs.
- Language Arts teachers in grades 6 through 8 looped with their students to ensure that they would be able to build on students academic levels and help all students meet and exceed standards.
- In September, teachers set their own goals for the 2012/2013 school year. Exemplars were created, the bar was set high and objectives and timetables were designed for them to meet their goals. Everyone's ideal of the Extraordinary Teacher was taken into consideration when designing their goals. With the goals posted on the website, teachers set out to meet their goals. At the end of the year, it was determined by department that many of the goals posted had been realized, the goals that were not reached were discussed and plans were put into action to ensure that the high expectations set will be met by all teachers for all students in the 2013/2014 school year. Please note that we are awaiting the results of the NJ ASK to determine if goals set around the pertaining to the NJ ASK have been met.
- The school Profession Development practices included the purchase of an online PD tool that allowed teachers to assess and develop both individually and collectively
- In addition to the scheduled collaborative meetings, the school calendar included 5 (1/2 day) professional development days
- Topics for PD were based on student data in class and district data as well as teacher performance (measured by the observation and evaluation process). In addition, professional development surveys were designed by the school based PD committee to determine teachers' needs.
- Teachers received additional instructional support, mentoring, coaching and daily feedback from the curriculum supervisor as part of an ongoing process of curriculum development throughout the year.

Public Relations and Outreach Activities and Outcomes

BASCS has cultivated an open relationship with the public, and regularly submits press releases to local and state newspapers and distributes materials and information to inform the public of all offerings at BASCS. We strive to partner with community agencies for the betterment of the school and community.

Mr. Nihat Guvercin, Lead Person, assumes primary responsibility for public relations and outreach, supported by staff members. Proposed activities for the upcoming year include planned luncheons bringing community leaders, staff, students and parents together, and planned visits to local businesses, universities, community leaders and organizations.

MAJOR EVENTS/ACTIVITIES

- **HISPANIC HERITAGE CELEBRATION – 1.5 Hours**
BASCS had the honor of observing its Hispanic Heritage Celebration in October. The festivities included students reading poems and special dances as well as a live mariachi band.
- **FAMILY LITERACY NIGHT- 2 HOURS, Once Per Month**
BASCS Elementary had its first Family Literacy Night in conjunction with BASCS Middle High at the BASCS Elementary campus in Garfield on October 11, 2011. Families were provided with strategies to assist their children who have difficulty acquiring study skills and organization. The Special Education department and parents meet once a month to discuss problems and distinguish which areas need assistance.
- **Daily Parent Breakfast with Administrators/Teachers – 1 Hour, 4x per Week Avg.**
Beginning the second week of October, the program goal is to get to know each other, build strong relationships between the school and families and provide an opportunity to share awareness for different cultures that are represented at BASCS. During the breakfast, parents are informed of school operations, curriculum and future projects. Parents also have a chance to bring suggestions or comments directly to the administration.
- **GRANDPARENT’S NIGHT – 3 Hours – Each School**
BASCS held its 5th annual Grandparent’s Night in. We had such an incredible turnout full of various activities for all grandparents and their grandchildren to participate in, including butterfly decorating, picture-frame making, student and grandparent performances, grandparent Bake-Off and pumpkin embellishment.
- **FIFTH ANNUAL PTO PARENT PICNIC – 5 Hours**
In October, BASCS Elementary and Middle-High had their Annual Parent Picnic with over 300 people present at the Ross Dock Picnic Area in Edgewater. Families brought desserts to be shared with other families and Maschio's Food Services provided hamburgers, hotdogs, and grilled chicken among other great food.

- **DIWALI CELEBRATION – 2 Hours**
 BASCS celebrated its Diwali celebration with parents and students sharing stories, songs, culinary offerings, and performances celebrating the Indian Festival of Lights in October.
- **CLOTHING DRIVES – 2 times a year – 6 hours each**
 The PTO held two clothing drives this year. Families and friends donated clothing, household supplies, toys, and other materials to support the 8th grade graduating class and the athletic department.
- **VETERAN’S DAY REMEMBRANCE – 2 Hours**
 BASCS commemorated Veterans Day in November with a special assembly and guest veteran speakers. Students and Parents also watched a short video and read poems/essays about the significance of the holiday.
- **BASCS AWARDS CEREMONIES – 3 HOURS, Quarterly**
 Bergen Arts and Science Charter School celebrated the success of K-10 students for their achievements in each quarter of the 2012-2013 academic school year. Parents were invited to help celebrate the success of our students. Awards were given to the students for distinguished and recognized honor roll achievements, as well as awards for outstanding performance in various academic disciplines and citizenship.
- **ALBANIAN HERITAGE CELEBRATION – 3 Hours**
 BASCS celebrated Albanian Heritage on November 28th during the day with students, and in the evening for working parents. The celebration included live music from a professional Albanian band, video about Albanian culture, poem recitals, Albanian folk dancing by a student dance group and traditional Albanian food and desserts.
- **MUFFINS WITH MOMS – 1 Hour**
 Thank you to all the moms who came out for the January 6th Muffins with Moms event. We had a fabulous morning with mothers and their children enjoying muffins and socializing with other parents and teachers
- **DONUTS WITH DADS – 1 Hour**
 In January, BASCS’s 6th Donuts with Dads had brought fathers and their children together at breakfast-time in the school gym. Not only were there many fathers present, but also extended families. All were welcome to celebrate.
- **DISTRICT SCIENCE FAIR – 6 Hours**
 The BASCS/PASCS District Science Fair took place in March. Students from BASCS Elementary, BASCS Middle-High and PASCS displayed their Science Fair projects for parents, friends and special guests, which included Clifton Mayor James Anzaldi, Hackensack Mayor Jorge Meneses, Passaic County Executive Superintendent Robert Gilmartin and Passaic Academic Center Vice President Josephine Hernandez.

- **PARENT WRITING CONTEST – One Month**

In February, BASCS held a Parent Writing Contest in order to invite Governor Chris Christie to visit our district. The top three essays were chosen from each school and the parents were given a chance to read their submissions during the District Science Fair ceremony. All Parent Writing Contest letters were sent to Governor Christie's office.

- **BLACK HISTORY MONTH – 2 Hours**

In March 2013, BASCS Elementary celebrated Black History Month with a special assembly. The celebration included students presenting information regarding prominent African American figures throughout U.S. history, dance performances by Newark Arts High students, music selection by Kory Walker and Kenya Atkinson and guest speaker Rev. Gregory Jackson. Thank you to all who made the celebration such a joyous event!

- **SCIENCE OLYMPIADS – 3 Month Duration**

In March, the BASCS Middle School Science Olympiad Team hosted a regional Science Olympiad event.

- **NJ ASK INFORMATIONAL SESSION – 2 Hours**

BASCS parents and guardians of 3rd through 8th grade students were invited to attend NJ ASK Night in March 2013 at the BASCS Elementary campus (Garfield). Parents gained an understanding of the NJ ASK for each grade level/tested subject area and each department (Math, ELA and Science) presented.

- **ART FAIR – 3 HOURS**

This year's Kids Art Fair was held in April. There was no purchase necessary to attend, but families had an opportunity to purchase their student's framed artwork. All proceeds were to support the Art program.

- **CINCO DE MAYO CELEBRATION – 2 Hours**

In May, BASCS honored the Mexican holiday, Cinco de Mayo, in which students performed beautiful dances, read poems and presented songs to celebrate the special day. The festivities even included a live mariachi band playing traditional music for everyone to enjoy.

- **SPRING MUSICAL – 8 Month Duration**

Bergen Arts and Science Charter Middle/High School presented *The Wizard of Oz* for three performances. Students prepared for the musical throughout the entire year by having daily practice and creating the scenery. Parents assisted with painting of scenery. The PTO and Bake Sales throughout the year helped fund the play.

- **GARDEN STATE INTERNATIONAL HERITAGE FESTIVAL – Yearlong School Community Project**
 With over 4,500 attendees, 48 countries represented, 8 food vendors, 11 vendors and 25 performers, including the BASCS/PASCS Spring Concert, our first annual GSIHF was held in June. This event merged the NJCSA-sponsored ARTer Charter program with the GSIHF. Charter schools across the State were invited to perform on the mainstage and display student artwork. In addition, we were honoured to receive a proclamation from US Senator Robert Menendez, and presented an award to Assemblyman Troy Singleton for his unwavering support of NJ Charter Schools.
- **CHILDREN’S DAY – 2 Hours**
 BASCS Elementary held a Children’s Day Celebration in May. This event was an important day for Turkish Culture and was shared in the school’s festival. Students also shared their wonderful talents and dances learned for this delightful occasion.
- **BERGEN IDOL– 4 Hours**
 In June, twenty BASCS Middle-High students competed in a vocal competition for the title of BASCS Idol. Over 125 students and family members were in attendance.
- **SPRING MUSICAL – 3 Month Duration**
 Bergen Arts and Science Charter Elementary School presented ***THE WIZARD OF OZ***. Parents and the PTO were involved in set construction and costume design.
- **8th Grade Graduation – 2 Hours**
 As a conclusion of the middle school path, 8th grade students graduated on June 14th. The salutatorian and valedictorian gave motivational speeches to their classmates. Teachers spoke and presented different awards to students. The PTO president and 8th Grade Parent Committee were thanked for their support of our school and 8th grade class. Students were awarded their diplomas, and families were invited to a reception after the graduation.
- **BOOK FAIRS – TWICE A YEAR – 18 HOURS EACH TIME**
 The PTO organized and ran the school book fairs twice a day. They advertised the events in the Wednesday Folders and throughout the schools. Parents volunteered to set up the books prior to the fair beginning, sold the books to students and parents, and organized the books to return them to Scholastic. Monies raised by the Book Fairs were utilized to buy books for the school libraries.
- **FOOD DRIVE – NOVEMBER – ONE MONTH**
 Through the PTO, each school organized a Food Drive in the month of November. Families donated non-perishable foods that were boxed and collected to be given to local families for Thanksgiving.
- **USED CLOTHING DRIVE – March – 8 HOURS**
 The PTO organized a used clothing/toys/small appliances drive to raise money for the PTO general fund.

- **8th GRADE GRADUATION DANCE – JUNE - 4 Hours**

The 8th Grade Parent Committee fundraised throughout the year to sponsor the 8th grade graduation dance at the Excelsior. Students were enjoyed dinner, dancing to the music provided by a professional DJ, and spirit awards voted upon by fellow classmates

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

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

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

5. 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. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2013.

6. CASH MANAGEMENT: The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Financial Statement" Note 3. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposits 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.

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

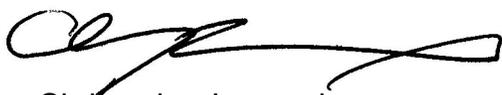
8. OTHER INFORMATION:

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

9. ANTI-BULLYING: On January 5, 2011, Governor Chris Christie signed into law P.L. 2010, Chapter 122, known as the Anti-Bullying Bill of Rights. The Anti-Bullying Bill of Rights Act ("Act") requires initial and on-going training for all staff members, Anti-Bullying Specialists, Anti-Bullying Coordinators, administrative staff and Board members. N.J.S.A. 18A:37-22(d) requires every teacher to complete at least two hours of instruction on harassment, intimidation, and bullying prevention in each professional development period. In 2011-2012, training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.

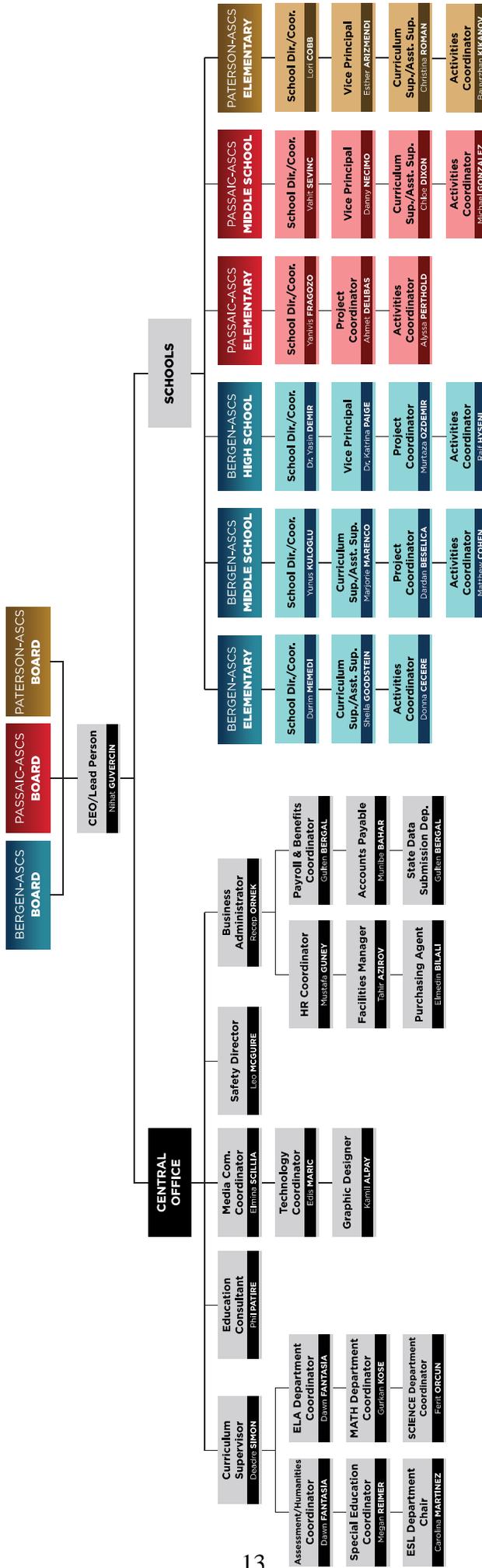
10. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Bergen Arts and Science Charter School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and thereby contributing their full support to the development 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,



Christopher Lessard
Business Administrator

NORTH JERSEY ARTS AND SCIENCE CHARTER SCHOOLS (NJASCS) ORGANIZATIONAL CHART



**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2013**

Members of the Board of Trustees

Position

Mehmet Secilmis	President
Regina Otun	Trustee
Ali Kemal Kucukselim	Treasurer
Arzu Kaya-Uranli	Trustee
Sancar Aucioglu	Trustee
Emin Bahadir	Trustee
Clyde Bomby	Trustee
Ozgur Dogru	Trustee
Jose Martinez	Vice President
Eileen Fuentes	Vice President

Other Officials

Nihat Guvercin	Lead Person
Christopher Lessard	Business Administrator
Recep Ornek	Board Secretary/Assistant Business Administrator/ Purchasing Agent

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

Brenda Liss
Riker Danzig Scherer Hyland Perretti LLP
Headquarters Plaza
One Speedwell Avenue
Morristown, NJ 07962

Official Depository

Wells Fargo
190 River Road
Executive Offices
Summit, NJ 07901

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
Bergen Arts and Science Charter School
County of Bergen
Elmwood Park, New Jersey

Report on the Financial Statements

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 Bergen Arts and Science Charter School (Charter School), in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of

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

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

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 Bergen Arts and Science Charter School, in the County of Bergen, State of New Jersey, as of June 30, 2013, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information starting on pages 21 and 65, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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 supplementary information such as the combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance, 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 the other information, such as the introductory and statistical sections 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 and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records use to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2013 on our consideration of the Bergen Arts and Science 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.



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

November 7, 2013

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

The discussion and analysis of Bergen Arts and Science Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2013. 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 (2012-2013) and the prior year (2011-2012) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2013 are as follows:

- ❖ General revenues accounted for \$8,569,346 in revenue or 100% percent of all revenues.
- ❖ The Charter School had \$8,841,165 in expenses; none of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$8,569,346 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$8,193,534 in revenues and \$8,447,558 in expenditures. The General Fund's fund balance decreased \$254,024 over 2012. This decrease was anticipated by the Board of Trustees.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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 Bergen Arts and Science Charter 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 Position* 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 Bergen Arts and Science Charter School, the General Fund is by far the most significant fund.

Reporting the Charter School as a Whole

Statement of Net Position 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 2013?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector 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 position and changes in that position. This change in net position is important because it tells the reader that, for the Charter School as a whole, the financial position of the Charter School have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(CONTINUED)**

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

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

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

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Charter School's funds. The Charter School uses many funds to account for a multitude of financial transaction. 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 Position* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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 43 of this report.

The Charter School as a Whole

Recall that the *Statement of Net Position* provides the perspective of the Charter School as a whole. Net position 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 position were \$1,143,451 for 2013 and \$1,465,049 for 2012.

Governmental Activities

The Charter School's total revenues were \$8,569,346 for 2013 and \$8,073,507 for 2012, this includes \$212,522 for 2013 and \$195,132 for 2012 of state reimbursed TPAF social security contributions.

The total cost of all program and services was \$8,841,165 for 2013 and \$8,453,609 for 2012. Instruction comprises 55% for 2013 and 46% for 2012 of Charter School expenses.

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.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(CONTINUED)**

Governmental Activities (Continued)

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 instructional and/or non-instructional equipment purchased and is capitalized when such equipment is over the \$2,000 threshold.

Business-Type Activities

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

- ❖ Proprietary Fund operating expenses exceeded operating revenues by \$49,778 for 2013 and operating revenues exceeded operating expenses by \$27,837 for 2012.
- ❖ Charges for services represent \$112,859 for 2013 and \$235,971 for 2012. This represents amounts paid by patrons.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches were \$182,531 for 2013 and \$138,438 for 2012.

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 \$8,569,346 for 2013 and \$8,073,507 for 2012 and expenditures were \$8,841,165 for 2013 and \$8,453,609 for 2012. The net change in fund balance for fiscal years 2013 and 2012 was most significant in the general fund, an decrease of \$271,819 in 2013 and an increase of \$380,102 in 2012.

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

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2013.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2012</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 4,238,655	49.46%	\$ 72,016	1.73%
State Sources	4,108,788	47.95%	400,936	10.81%
Federal Sources	<u>221,903</u>	<u>2.59%</u>	<u>22,887</u>	<u>11.50%</u>
Total	<u>\$ 8,569,346</u>	<u>100.00%</u>	<u>\$ 495,839</u>	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2013.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2012</u>	<u>Percent of Increase/ (Decrease)</u>
Instruction	\$ 4,057,114	45.89%	\$ 495,680	13.92%
Administration	2,024,207	22.90%	(71,734)	-3.42%
Support Services	2,637,319	29.83%	120,193	4.78%
Capital Outlay	<u>122,525</u>	<u>1.38%</u>	<u>(181,183)</u>	<u>-59.66%</u>
Total	<u>\$ 8,841,165</u>	<u>100.00%</u>	<u>\$ 362,956</u>	

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
ELMWOOD PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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 several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

For the Future

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

In conclusion, Bergen Arts and Science Charter 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 Mr. Nihat Guvercin, CEO/Lead Person at Bergen Arts and Science Charter School, 465 Boulevard, Elmwood Park, New Jersey 07407.

SECTION A – BASIC FINANCIAL STATEMENTS

The statement of net position 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.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Statement of Net Position

June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 625,245	\$ 48,104	\$ 673,349
Interfund Receivables	202,987	27,213	230,200
Receivables	432,247	13,816	446,063
Prepaid Expenses	116,333		116,333
Capital Assets, Net	31,147	11,681	42,828
	<hr/>	<hr/>	<hr/>
Total Assets	1,407,959	100,814	1,508,773
	<hr/>	<hr/>	<hr/>
LIABILITIES:			
Cash Overdraft	\$ -	\$ 21,947	\$ 21,947
Interfund Payable	87,697	102,915	190,612
Payable to State Government	1,661		1,661
Payable to District	106,130		106,130
Accounts Payable	44,972		44,972
	<hr/>	<hr/>	<hr/>
Total Liabilities	240,460	124,862	365,322
	<hr/>	<hr/>	<hr/>
NET POSITION:			
Net Investment in Capital Assets	31,147		31,147
Restricted for:			
General Fund	5,000		5,000
Unrestricted	1,131,352	(24,048)	1,107,304
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 1,167,499	\$ (24,048)	\$ 1,143,451
	<hr/>	<hr/>	<hr/>

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Statement of Activities
For The Fiscal Year Ended June 30, 2013

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Position	
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 4,057,114	\$ 790,376	\$ -	\$ -	\$ -	\$ (4,847,490)	\$ (4,847,490)
Administration	862,571	121,434				(984,005)	(984,005)
Support Services	2,637,319	249,826				(2,887,145)	(2,887,145)
Capital Outlay	104,730					(104,730)	(104,730)
Unallocated Depreciation	17,795					(17,795)	(17,795)
Total Governmental Activities	7,679,529	\$ 1,161,636	\$ -	\$ -	\$ -	(8,841,165)	(8,841,165)
BUSINESS-TYPE ACTIVITIES:							
Food Service	345,168		112,859	182,531	-	-	(49,778)
Total Business-Type Activities	345,168		112,859	182,531	-	-	(49,778)
Total Primary Government	\$ 8,024,697		\$ 112,859	\$ 182,531	\$ -	\$ (8,841,165)	\$ (8,890,943)
GENERAL REVENUES							
General Purposes			\$ 4,185,717	\$ -	\$ -	\$ -	\$ 4,185,717
Federal and State Aid Not Restricted			4,330,691				4,330,691
Tuition							-
Miscellaneous Income			52,938				52,938
Total General Revenues			8,569,346				8,569,346
Change in Net Position			(271,819)			(49,778)	(321,597)
Net Position - Beginning			1,439,318			25,730	1,465,048
Net Position - Ending			\$ 1,167,499			\$ (24,048)	\$ 1,143,451

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.

GOVERNMENT FUNDS

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Governmental Funds
 Balance Sheet
 June 30, 2013

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash and Cash Equivalents	\$ 625,245	\$ -	\$ 625,245
Interfund Receivables	202,987		202,987
Receivables From Other Governments	21,194	109,430	130,624
Other Receivables	2,000		2,000
Receivables, Net	299,623		299,623
Prepaid Expenses	116,333		116,333
 Total Current Assets	 1,267,382	 109,430	 1,376,812
 Total Assets	 \$ 1,267,382	 \$ 109,430	 \$ 1,376,812
 LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	\$ -	\$ 87,697	\$ 87,697
Payable to State Government		1,661	1,661
Payable to District	106,130		106,130
Accounts Payable	24,900	20,072	44,972
 Total Current Liabilities	 131,030	 109,430	 240,460
 Total Liabilities	 131,030	 109,430	 240,460
 Fund Balances:			
Reserved For:			
Encumbrances	5,000		5,000
Unreserved:			
General Fund	1,131,352		1,131,352
 Total Fund Balances	 1,136,352	 -	 1,136,352
 Total Liabilities and Fund Balances	 \$ 1,267,382	 \$ 109,430	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$71,749 and the accumulated depreciation is \$40,602.

31,147

Net Position of Governmental Activities

\$ 1,167,499

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 4,185,717	\$ -	\$ 4,185,717
Miscellaneous	52,938		52,938
Total Local Sources	4,238,655		4,238,655
State Sources	4,108,788		4,108,788
Federal Sources		221,903	221,903
Total Revenues	8,347,443	221,903	8,569,346
EXPENDITURES:			
Instruction	3,935,616	121,498	4,057,114
Administration	2,024,207		2,024,207
Support Services	2,575,595	61,724	2,637,319
Capital Outlay	66,049	38,681	104,730
Total Expenditures	8,601,467	221,903	8,823,370
NET CHANGE IN FUND BALANCES	(254,024)		(254,024)
FUND BALANCES, JULY 1	1,390,376		1,390,376
FUND BALANCES, JUNE 30	\$ 1,136,352	\$ -	\$ 1,136,352

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

BERGEN ARTS AND SCIENCE CHARTER 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, 2013

Total net change in fund balances - governmental fund (from B-2)	\$ (254,024)
Amounts reported for governmental activities in the statement of activities (A-2) which are different:	
<p>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. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>	
Depreciation Expense	\$ (17,795)
	<u>(17,795)</u>
Change in net position of governmental activities	<u>\$ (271,819)</u>

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

PROPRIETARY FUNDS

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Proprietary Fund
Statement of Net Position
June 30, 2013

	Business-Type Activities - Enterprise Fund			
	Food Service	School Store	After Care	Total
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ -	\$ 48,104	\$ 48,104
Due From Other Funds	27,213			27,213
Intergovernmental Accounts Receivable:				
Federal	12,852			12,852
State	456			456
Other Receivables			508	508
Total Current Assets	40,521	-	48,612	89,133
Noncurrent Assets:				
Machinery and Equipment	30,202			30,202
Less Accumulated Depreciation	(18,521)			(18,521)
Total Noncurrent Assets	11,681	-	-	11,681
Total Assets	\$ 52,202	\$ -	\$ 48,612	\$ 100,814
LIABILITIES AND NET POSITION:				
Liabilities:				
Cash Overdraft	\$ 21,947	\$ -	\$ -	\$ 21,947
Interfund Accounts Payable		35,288	67,627	102,915
Total Liabilities	21,947	35,288	67,627	124,862
Net Position:				
Unrestricted	30,255	(35,288)	(19,015)	(24,048)
Total Net Position	30,255	(35,288)	(19,015)	(24,048)
Total Liabilities and Net Position	\$ 52,202	\$ -	\$ 48,612	\$ 100,814

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Proprietary Fund
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Fiscal Year Ended June 30, 2013

	Business-Type Activities - Enterprise Fund			
	Food Service	School Store	After Care	Total
OPERATING REVENUES:				
Charges for Services:				
Daily Sales Reimbursable Program	\$ 71,403	\$ -	\$ -	\$ 71,403
Daily Sales Non-reimbursable Program			41,456	41,456
Total Operating Revenues	71,403	-	41,456	112,859
OPERATING EXPENSES:				
Salaries	100,377		58,593	158,970
Management Fees	8,240			8,240
Supplies and Materials	14,051		5,380	19,431
Depreciation Expense	9,745			9,745
Cost of Sales	138,814			138,814
Miscellaneous Expenses	9,968			9,968
Total Operating Expenses	281,195	-	63,973	345,168
OPERATING INCOME (LOSS)	(209,792)	-	(22,517)	(232,309)
NONOPERATING REVENUES:				
State Source:				
State School Breakfast/Lunch Program	3,725			3,725
Federal Source:				
National School Breakfast/Lunch/Snack Program	178,806			178,806
Total Nonoperating Revenues	182,531	-	-	182,531
CHANGE IN NET POSITION BEFORE OTHER FINANCING SOURCES	(27,261)	-	(22,517)	(49,778)
CHANGE IN NET POSITION	(27,261)	-	(22,517)	(49,778)
TOTAL NET POSITION, JULY 1	57,516	(35,288)	3,502	25,730
TOTAL NET POSITION, JUNE 30	\$ 30,255	\$ (35,288)	\$ (19,015)	\$ (24,048)

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Proprietary Fund
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2013

	Business-Type Activities - Enterprise Fund			
	Food Service	School Store	After Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 64,098	\$ -	\$ 41,456	\$ 105,554
Cash Payments to Suppliers and Employees	(349,769)		(74)	(349,843)
Other Receivables			(508)	(508)
Net Cash Used In Operating Activities	<u>(285,671)</u>	<u>-</u>	<u>40,874</u>	<u>(244,797)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash Received From State And Federal Reimbursements	<u>182,531</u>			<u>182,531</u>
Net Cash Provided By Noncapital Financing Activities	<u>182,531</u>	<u>-</u>	<u>-</u>	<u>182,531</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition And Construction Of Capital Assets	<u>22,424</u>			<u>22,424</u>
Net Cash Used For Capital And Related Financing Activities	<u>22,424</u>	<u>-</u>	<u>-</u>	<u>22,424</u>
Net Increase (Decrease) In Cash And Cash Equivalents	(80,716)	-	40,874	(39,842)
Cash And Cash Equivalents, Beginning Of Year	<u>58,769</u>	<u>-</u>	<u>7,230</u>	<u>65,999</u>
Cash And Cash Equivalents, End Of Year	<u>\$ (21,947)</u>	<u>\$ -</u>	<u>\$ 48,104</u>	<u>\$ 26,157</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:				
Operating Profit (Loss) Used for Operating Activities	\$ (209,792)	\$ -	\$ (22,517)	\$ (232,309)
Depreciation	9,745			9,745
Change In Assets And Liabilities:				
Increase (Decrease) In Due From Other Funds	(27,213)			(27,213)
Increase (Decrease) In Receivables From Other Governments	(7,305)			(7,305)
(Increase) Decrease In Other Receivables			(508)	(508)
Increase (Decrease) In Interfund Payable	(51,106)		63,899	12,793
Net Cash Used In Operating Activities	<u>\$ (285,671)</u>	<u>\$ -</u>	<u>\$ 40,874</u>	<u>\$ (244,797)</u>

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

FIDUCIARY FUNDS

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2013

	<u>Unemployment Compensation Trust</u>	<u>Health Benefits Trust</u>	<u>Agency Fund</u>
ASSETS:			
Cash and Cash Equivalents	\$ 17,829	\$ -	\$ 49,194
Total Assets	<u>17,829</u>	<u>-</u>	<u>\$ 49,194</u>
LIABILITIES:			
Interfund Accounts Payable Due to Student Groups	\$ 7	\$ 489	\$ 39,099 10,102
Total Liabilities	<u>7</u>	<u>489</u>	<u>\$ 49,201</u>
NET POSITION:			
Reserved for Claims	<u>17,822</u>	<u>(489)</u>	
Total Net Position	<u>\$ 17,822</u>	<u>\$ (489)</u>	

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For Fiscal Years Ended June 30, 2013

	<u>Unemployment Compensation Trust</u>	<u>Health Benefits Trust</u>
ADDITIONS:		
Contributions	<u>\$ 47,011</u>	<u>\$ 185,596</u>
Total Additions	<u>47,011</u>	<u>185,596</u>
DEDUCTIONS:		
Payment of Claims	<u>31,365</u>	<u>200,771</u>
Total Deductions	<u>31,365</u>	<u>200,771</u>
CHANGE IN NET POSITION	<u>15,646</u>	<u>(15,175)</u>
NET POSITION, JULY 1	<u>2,176</u>	<u>14,686</u>
NET POSITION, JUNE 30	<u><u>\$ 17,822</u></u>	<u><u>\$ (489)</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Starting on fiscal year ended June 30, 2013, the Charter School implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Charter School's June 30, 2013 fiscal year financial statements; however, there was no effect on beginning net position/fund balance.

A. Reporting Entity

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

The primary criterion for including activities within the 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 Charter School management. 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 of the Charter School.

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 position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation. Basis of Accounting (Continue)

Basis of Presentation

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

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

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, 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 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.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation. Basis of Accounting (Continued)

The Charter School reports the following governmental funds:

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

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

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

Capital Projects Fund: Not Applicable

Debt Service Fund: Not Applicable

The Charter School reports the following proprietary fund:

Enterprise (Food Service, School Store, After Care) Funds: These enterprise funds account for all revenues and expenses pertaining to their specific operations. The funds are 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.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation. Basis of Accounting (Continued)

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.

Basis of Accounting

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

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

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

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation. Basis of Accounting (Continued)

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

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

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

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

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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

Total Revenues & Expenditures (Budgetary Basis)		\$ 221,903
Adjustments:		
Less Encumbrances at June 30, 2013		-
Plus Encumbrances at June 30, 2012		-
		-
Total Revenues and Expenditures (GAAP Basis)		\$ 221,903

Encumbrances Accounting

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

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

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

D. Assets, Liabilities, and Equity

Interfund Transactions:

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Interfund Transaction (Continued)

reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

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

Allowance for Uncollectible Accounts:

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

Capital Assets:

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

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

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

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Capital Assets (Continued)

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

Deferred Revenue:

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

Accrued Liabilities and Long-term Obligations:

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

Net Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position 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 position is available.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Fund Balance Reserves:

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

Revenues — Exchange and Nonexchange Transactions:

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

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

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

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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.

Allocation of Indirect Expenses

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

Extraordinary and Special Items:

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

Management Estimates:

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

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

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

Deposits (Continued)

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

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

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

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, 2013, cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Funds	Fiduciary Funds	Total
Operating Account	\$ 625,245	\$ -	\$ 26,157	\$ 66,528	\$ 717,930

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

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

Investments (Continued)

The Charter School had no investments at June 30, 2013.

The carrying amount of the Board's cash and cash equivalents at June 30, 2013 was \$717,930 and the bank balance was \$984,184. 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, 2013, 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.

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3: RECEIVABLES

Receivables at June 30, 2013, 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	\$ 299,623	\$ 300,079
Federal Aid	109,430	122,282
Other	23,194	23,194
Gross Receivables	432,247	445,555
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 432,247</u>	<u>\$ 445,555</u>

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, 2013:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 202,987	\$ -
Special Revenue Fund		87,697
Proprietary Fund	27,213	102,915
Fiduciary Fund		39,588
Total	<u>\$ 230,200</u>	<u>\$ 230,200</u>

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Machinery and Equipment	\$ 71,749	\$ -	\$ -	\$ 71,749
Totals at Historical Cost	<u>71,749</u>	<u>-</u>	<u>-</u>	<u>71,749</u>
Less Accumulated Depreciation For:				
Machinery and Equipment	40,602	-	-	40,602
Total Accumulated Depreciation	<u>40,602</u>	<u>-</u>	<u>-</u>	<u>40,602</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	31,147	-	-	31,147
Government Activity Capital Assets, Net	<u>\$ 31,147</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,147</u>

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

NOTE 6: RENTAL LEASE

The school leases classroom and office space at 200 MacArthur Avenue, Garfield, New Jersey. The lease is for sixty (60) months commencing June 1, 2010 and expiring on June 30, 2015. Total lease payments made for the two locations during the year ended June 30, 2013 was [Error! Not a valid link.](#) which includes utilities. Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2012	\$ 372,000
2013	384,000
2014	384,000
2015	<u>384,000</u>
Total future minimum lease payments	<u>\$ 1,524,000</u>

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 6: RENTAL LEASE (CONTINUED)

In addition, the school leases classroom and office space at 43 Maple Avenue, Elmwood Park, New Jersey under a lease agreement for two years commencing July 1, 2011 and ending June 30, 2013. The lease requires annual rental payments as follows:

Year Ended	Amount
2012	\$ 250,000
2013	400,000
Total future minimum lease payments	\$ 650,000

NOTE 7: PENSION PLANS

Description of Plans

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

Teachers' Pension and Annuity Fund (TPAF)

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

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 7: PENSION PLANS (CONTINUED)

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.

Significant Legislation

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

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 7: PENSION PLANS (CONTINUED)

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.64% 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.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/13	\$177,837	100%	\$177,837
06/30/12	\$65,477	100%	\$65,477
06/30/11	\$45,593	100%	\$45,593

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/13	\$153,909	100%	\$153,909
06/30/12	\$145,204	100%	\$145,204
06/30/11	None	100%	None

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 8: 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, 2012 there were 97,661 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The state is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

NOTE 9: 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

**BERGEN ARTS AND SCIENCE CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 9: RISK MANAGEMENT (CONTINUED)

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>
2012-2013	2,176	\$ 47,011	\$ 31,365	\$ 17,822
2011-2012	4,985	66,004	68,813	2,176

NOTE 10: FUND BALANCE APPROPRIATED

General Fund

Of the \$1,136,352 General Fund fund balance in the fund financial statements at June 30, 2013, \$1,131,352 is unreserved and undesignated and \$5,000 is reserved for encumbrances.

NOTE 11: COST SHARING AGREEMENT

On July 19, 2011 Bergen Arts and Science Charter School and Passaic Arts and Science Charter School located at 10 St. Francis Way in Passaic, New Jersey, entered into a two (2) year cost sharing agreement with an option to renew for an additional two (2) years. Bergen Arts and Science Charter School agrees to provide space, utilities and administrative services to Passaic Arts and Science Charter School in exchange for Passaic Arts and Science Charter School reimbursing Bergen Arts and Science Charter School for the cost of these services.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local Levy Budget:					
"Local Levy" Local Share-Charter School Aid	\$ 4,289,383	\$ -	\$ 4,289,383	\$ 4,185,717	\$ (103,666)
Total Local Levy Budget	4,289,383	-	4,289,383	4,185,717	(103,666)
Categorical Aid:					
"Local Levy" State Share-Charter School Aid	3,647,152		3,647,152	3,555,574	(91,578)
Special Education Aid	152,037		152,037	93,542	(58,495)
Security Aid	(101,851)		(101,851)	93,241	195,092
Total Categorical Aid	3,697,338	-	3,697,338	3,742,357	45,019
Revenues From Other Sources:					
Donations and Contributions				13,944	13,944
Miscellaneous Revenue				38,994	38,994
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				212,522	212,522
Reimbursed TPAF Pension Contributions (Non-Budgeted)				153,909	153,909
Total Revenues From Other Sources	-	-	-	419,369	265,460
Total Revenues	7,986,721	-	7,986,721	8,347,443	206,813
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,689,490	747,154	2,436,644	2,405,231	31,413
Other Salaries for Instruction	1,165,801	(481,566)	684,235	682,093	2,142
Purchased Prof/Tech Services		164,740	164,740	136,974	27,766
Other Purchased Services	61,000	10,825	71,825	66,031	5,794
General Supplies	566,580	(48,580)	518,000	410,572	107,428
Textbooks	40,000	31,000	71,000	60,813	10,187
Miscellaneous	70,000	104,300	174,300	173,902	398
Total Instruction	3,592,871	527,873	4,120,744	3,935,616	185,128
Administration:					
Salaries - General Administration	371,030	23,370	394,400	366,247	28,153
Salaries of Secretarial/Clerical Assistants	135,955	(21,155)	114,800	108,093	6,707
Total Benefits Cost	1,192,700	(59,992)	1,132,708	949,114	183,594
Purchases Prof/Tech Services	93,000	4,000	97,000	72,221	24,779
Communications/Telephone	121,380	(5,000)	116,380	69,826	46,554
Travel	7,000	6,660	13,660	12,296	1,364
Supplies and Materials	64,510	(3,715)	60,795	39,015	21,780
Miscellaneous Expenses	23,500	20,670	44,170	40,964	3,206
Total Administration	2,009,075	(35,162)	1,973,913	1,657,776	316,137

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
(Continued from Prior Page)					
Support Services:					
Salaries	\$ 956,040	\$ 121,885	\$ 1,077,925	\$ 975,858	\$ 102,067
Purchased Prof/Ed Services	231,000	13,905	244,905	223,982	20,923
Purchased Prof/Tech Services	22,500	(9,125)	13,375	3,438	9,937
Maintenance Services	223,380	(49,140)	174,240	169,012	5,228
Rental of Land and Buildings	798,380		798,380	793,629	4,751
Other Purchased Services		15,000	15,000	15,000	
Transportation-Other Than To/From School	60,000	49,325	109,325	109,315	10
Insurance for Property, Liability and Fidelity	60,530	(8,900)	51,630	51,582	48
Supplies and Materials	111,000	31,275	142,275	119,185	23,090
Energy Costs (Heat and Electricity)	144,429	(21,429)	123,000	111,400	11,600
Travel	3,000	(2,200)	800	525	275
Miscellaneous Expenses	15,000	(10,000)	5,000	2,669	2,331
Total Support Services	2,625,259	130,596	2,755,855	2,575,595	180,260
Capital Outlay:					
Instructional Equipment	30,000	5,100	35,100	35,099	1
Non-Instructional Equipment	55,000	(24,000)	31,000	30,950	50
Total Capital Outlay	85,000	(18,900)	66,100	66,049	51
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				212,522	(212,522)
Reimbursed TPAF Pension Contributions (Non-Budgeted)				153,909	(153,909)
Total Expenditures	8,312,205	604,407	8,916,612	8,601,467	469,054
Excess (Deficiency) of Revenues Over (Under) Expenditures	(325,484)	(604,407)	(929,891)	(254,024)	675,867
FUND BALANCE, JULY 1	1,390,376		1,390,376	1,390,376	
FUND BALANCE, JUNE 30	\$ 1,064,892	\$ (604,407)	\$ 460,485	\$ 1,136,352	\$ 675,867
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures Budgeted Fund Balance	\$ 1,064,892	\$ (604,407)	\$ 460,485	\$ 1,136,352	\$ 675,867
Total	\$ 1,064,892	\$ (604,407)	\$ 460,485	\$ 1,136,352	\$ 675,867

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Federal	\$ 203,000	\$ 43,995	\$ 246,995	\$ 221,903	\$ (25,092)
Total Revenues	203,000	43,995	246,995	221,903	(25,092)
EXPENDITURES:					
Instruction:					
Salaries	43,000	87,251	130,251	108,801	21,450
General Supplies		14,103	14,103	12,697	1,406
Total Instruction	43,000	101,354	144,354	121,498	22,856
Support Services:					
Salaries		2,083	2,083		2,083
Personal Services - Employee Benefits		26,998	26,998	26,845	153
Purchased Prof/Ed Services	30,000	4,879	34,879	34,879	
Other Purchased Services	130,000	(130,000)			
Total Support Services	160,000	(96,040)	63,960	61,724	2,236
Facilities Acquisition and Construction Services:					
Instructional Equipment		38,681	38,681	38,681	
Total Facilities Acquisition and Construction Services	-	38,681	38,681	38,681	-
Total Expenditures	203,000	43,995	246,995	221,903	25,092
Total Outflows	203,000	43,995	246,995	221,903	25,092
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 Fiscal Year Ended June 30, 2013

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 8,347,443	[C-2] \$ 221,903
 Difference - Budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	<hr/>	<hr/>
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ <u>8,193,534</u>	[B-2] \$ <u>221,903</u>
 Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 8,601,467	[C-2] \$ 221,903
 Differences - Budget to GAAP: Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.	<hr/>	<hr/>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>8,447,558</u>	[B-2] \$ <u>221,903</u>

OTHER SUPPLEMENTAL INFORMATION

SECTION E – SPECIAL REVENUE FUND

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2013

	NCLB Title I	I.D.E.A. Part B	IDEA Part B Carryover	NCLB Title II Part A	Grand Total
REVENUE SOURCES:					
Federal	\$ 128,762	\$ 83,023	\$ 9,103	\$ 1,015	\$ 221,903
Total Revenues	128,762	83,023	9,103	1,015	221,903
EXPENDITURES:					
Instruction:					
Salaries	74,308	33,550		943	108,801
General Supplies		3,594	9,103		12,697
Total Instruction	74,308	37,144	9,103	943	121,498
Support Services:					
Personal Services - Employee Benefits	15,773	11,000		72	26,845
Purchased Prof/Ed Services		34,879			34,879
Total Support Services	15,773	45,879	-	72	61,724
Facilities Acquisition and Construction Services:					
Instructional Equipment	38,681				38,681
Total Facilities Acquisition and Construction Services	38,681	-	-	-	38,681
Total Expenditures	128,762	83,023	9,103	1,015	221,903
Total Outflows	128,762	83,023	9,103	1,015	221,903
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

SECTION G – PROPRIETARY FUNDS

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 district’s board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – The 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

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

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

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

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 As of June 30, 2013

	Trust		Agency			Total Agency Fund
	Unemployment Compensation Insurance	Health Benefits	Payroll Agency	Net Payroll	Student Activities	
CURRENT ASSETS:						
Cash and Cash Equivalents	\$ 17,829	\$ -	\$ 23,435	\$ 14,683	\$ 11,076	\$ 49,194
Interfund Accounts Receivable	-					
Total Current Assets	<u>\$ 17,829</u>	<u>\$ -</u>	<u>\$ 23,435</u>	<u>\$ 14,683</u>	<u>\$ 11,076</u>	<u>\$ 49,194</u>
LIABILITIES						
Liabilities:						
Interfund Accounts Payable	\$ 7	\$ 489	\$ 23,435	\$ 14,683	\$ 974	\$ 39,092
Due to Student Groups					10,102	10,102
Total Liabilities	<u>7</u>	<u>489</u>	<u>\$ 23,435</u>	<u>\$ 14,683</u>	<u>\$ 11,076</u>	<u>\$ 49,194</u>
NET POSITION:						
Reserved Fund Balance	17,822	(489)				
Total Net Position	<u>17,822</u>	<u>(489)</u>				
Total Liabilities	<u>\$ 17,829</u>	<u>\$ -</u>				

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2013

	<u>Unemployment Compensation Insurance</u>	<u>Health Benefits Trust</u>
ADDITIONS:		
Contributions	<u>\$ 47,011</u>	<u>200,282</u>
Total Additions	<u>47,011</u>	<u>200,282</u>
DEDUCTIONS:		
Expenditures	<u>31,365</u>	<u>200,771</u>
Total Deductions	<u>31,365</u>	<u>200,771</u>
CHANGE IN NET POSITION	15,646	(489)
NET POSITION, JULY 1	<u>2,176</u>	<u>-</u>
NET POSITION, JUNE 30	<u><u>\$ 17,822</u></u>	<u><u>\$ (489)</u></u>

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Fiduciary Funds
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
ASSETS:				
Cash and Cash Equivalents	\$ 11,334	\$ 28,438	\$ 28,696	\$ 11,076
Total Assets	<u>\$ 11,334</u>	<u>\$ 28,438</u>	<u>\$ 28,696</u>	<u>\$ 11,076</u>
LIABILITIES:				
Interfund Accounts Payable	\$ 3,251	\$ -	\$ 2,277	\$ 974
Due to Student Activities	8,083	28,438	26,419	10,102
Total Liabilities	<u>\$ 11,334</u>	<u>\$ 28,438</u>	<u>\$ 28,696</u>	<u>\$ 11,076</u>

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
ASSETS:				
Cash and Cash Equivalents	\$ -	\$ 2,231,040	\$ 2,207,605	\$ 23,435
Interfund Accounts Receivable	7,220		7,220	-
Total Assets	\$ 7,220	\$ 2,231,040	\$ 2,214,825	\$ 23,435
LIABILITIES:				
Interfund Accounts Payable	\$ -	\$ 23,435	\$ -	\$ 23,435
Payroll Deductions and Withholdings	7,220	2,207,605	2,214,825	-
Total Liabilities	\$ 7,220	\$ 2,231,040	\$ 2,214,825	\$ 23,435

STATISTICAL SECTION (UNAUDITED)

Bergen Arts and Science Charter School has been in operation for six (6) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for six (6) years 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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Net Assets/Position by Component

Last Six Fiscal Years

(Accrual Basis of Accounting)

(Unaudited)

	2013	2012	2011	2010	2009	2008
Governmental Activities						
Net Investment in Capital Assets/						
Invested in capital assets, net of related debt	\$ 31,147	\$ (258)	\$ 31,298	\$ -	\$ -	\$ 12,790
Restricted	5,000	19,150		14,050		
Unrestricted	1,131,352	1,420,426	1,788,123	1,331,582	284,564	134,180
Total Governmental Activities Net Assets/Position	\$ 1,167,499	\$ 1,439,318	\$ 1,819,421	\$ 1,345,632	\$ 284,564	\$ 146,970
Business-Type Activities						
Net Investment in Capital Assets/						
Invested in capital assets, net of related debt	\$ -	\$ 26,283	\$ 17,568	\$ -	\$ -	\$ -
Unrestricted	(24,048)	(552)	35,999	35,436	14,938	12,864
Total Business-Type Activities Net Assets/Position	\$ (24,048)	\$ 25,731	\$ 53,567	\$ 35,436	\$ 14,938	\$ 12,864
Charter School-wide						
Net Investment in Capital Assets/						
Invested in capital assets, net of related debt	\$ 31,147	\$ 26,025	\$ 48,866	\$ -	\$ -	\$ 12,790
Restricted	5,000	19,150		14,050		
Unrestricted	1,107,304	1,419,874	1,824,122	1,367,018	299,502	147,044
Total Charter School-wide Net Assets/Position	\$ 1,143,451	\$ 1,465,049	\$ 1,872,988	\$ 1,381,068	\$ 299,502	\$ 159,834

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Changes in Net Assets/Position
Last Six Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2013	2012	2011	2010	2009	2008
Expenses						
Governmental Activities:						
Instruction	\$ 4,847,490	\$ 3,882,318	\$ 3,147,792	\$ 2,394,912	\$ 1,999,352	\$ 1,938,670
Administration	984,005	1,499,148	599,434	488,981	747,778	522,219
Support Services	2,887,145	2,793,035	1,883,747	1,597,759	1,184,320	1,345,765
Capital Outlay	104,730	266,734	25,512	9,682	375,694	
Unallocated Depreciation	17,795	12,374	6,955	3,477		1,421
Total Governmental Activities Expenses	<u>8,841,165</u>	<u>8,453,609</u>	<u>5,663,440</u>	<u>4,494,811</u>	<u>4,307,144</u>	<u>3,808,075</u>
Business-Type Activities:						
Food Service and Before & After School Care	345,168	402,246	217,722	180,222	117,786	73,785
Total Business-Type Activities Expenses	<u>345,168</u>	<u>402,246</u>	<u>217,722</u>	<u>180,222</u>	<u>117,786</u>	<u>73,785</u>
Total Charter School Expenses	<u>\$ 9,186,333</u>	<u>\$ 8,855,855</u>	<u>\$ 5,881,162</u>	<u>\$ 4,675,033</u>	<u>\$ 4,424,930</u>	<u>\$ 3,881,860</u>
Program Revenues						
Governmental Activities:						
Operating Grants and Contributions						88,435
Total Governmental Activities Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,435</u>
Business-Type Activities:						
Charges for Services	112,859	235,971	115,461	90,045	45,204	37,477
Operating Grants and Contributions	182,531	138,438	120,392	110,675	74,656	49,172
Total Business-Type Activities Expenses	<u>295,390</u>	<u>374,409</u>	<u>235,853</u>	<u>200,720</u>	<u>119,860</u>	<u>86,649</u>
Total Charter School Program Revenues	<u>\$ 295,390</u>	<u>\$ 374,409</u>	<u>\$ 235,853</u>	<u>\$ 200,720</u>	<u>\$ 119,860</u>	<u>\$ 175,084</u>
Net (Expense)/Revenue						
Governmental Activities	\$ (8,841,165)	\$ (8,453,609)	\$ (5,663,440)	\$ (4,494,811)	\$ (4,307,144)	\$ (3,719,640)
Business-Type Activities	(49,778)	(27,837)	18,131	20,498	2,074	12,864
Total Charter School-wide Net Expense	<u>\$ (8,890,943)</u>	<u>\$ (8,481,446)</u>	<u>\$ (5,645,309)</u>	<u>\$ (4,474,313)</u>	<u>\$ (4,305,070)</u>	<u>\$ (3,706,776)</u>
General Revenues and Other Changes in Net Assets/Position						
Governmental Activities:						
General Purposes	\$ 4,185,717	\$ 3,732,146	\$ 3,056,812	\$ 2,702,099	\$ 2,089,748	\$ 1,691,491
Federal and State Aid Not Restricted	4,330,691	3,906,868	3,067,986	2,844,396	2,362,608	2,162,947
Tuition				4,700		
Miscellaneous Income	52,938	434,493	12,431	4,614	5,172	12,172
Total Governmental Activities	<u>8,569,346</u>	<u>8,073,507</u>	<u>6,137,229</u>	<u>5,555,809</u>	<u>4,457,528</u>	<u>3,866,610</u>
Total Charter School-wide	<u>\$ 8,569,346</u>	<u>\$ 8,073,507</u>	<u>\$ 6,137,229</u>	<u>\$ 5,555,809</u>	<u>\$ 4,457,528</u>	<u>\$ 3,866,610</u>
Change in Net Assets/Position						
Governmental Activities	\$ (271,819)	\$ (380,102)	\$ 473,789	\$ 1,060,998	\$ 150,384	\$ 146,970
Business-Type Activities	(49,778)	(27,837)	18,131	20,498	2,074	12,864
Total Charter School	<u>\$ (321,597)</u>	<u>\$ (407,939)</u>	<u>\$ 491,920</u>	<u>\$ 1,081,496</u>	<u>\$ 152,458</u>	<u>\$ 159,834</u>

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Fund Balances - Governmental Funds

Last Six Fiscal Years

(Modified Accrual Basis of Accounting)

(Unaudited)

	Fiscal Year Ending June 30,					
	2013	2012	2011	2010	2009	2008
General Fund						
Reserved	\$ 5,000	\$ 19,150	\$ -	\$ 14,050	\$ -	\$ -
Unreserved	1,131,352	1,371,226	1,795,078	1,300,284	284,564	134,180
Total General Fund	<u>\$ 1,136,352</u>	<u>\$ 1,390,376</u>	<u>\$ 1,795,078</u>	<u>\$ 1,314,334</u>	<u>\$ 284,564</u>	<u>\$ 134,180</u>

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Changes in Fund Balances - Governmental Funds
 Last Six Fiscal Years
(Modified Accrual Basis of Accounting)
 (Unaudited)

	2013	2012	2011	2010	2009	2008
Revenues:						
Local Sources:						
Local Tax Levy	\$ 4,185,717	\$ 3,732,146	\$ 3,056,812	\$ 2,702,099	\$ 2,089,748	\$ 1,691,491
Interest In Investments			118			
Miscellaneous	52,938	434,493	12,313	9,384	5,172	12,172
State Sources	3,954,879	3,707,852	2,907,345	2,573,231	2,180,299	1,617,546
Federal Sources	221,903	199,016	160,641	271,165	182,309	633,836
Total Revenues	<u>8,415,437</u>	<u>8,073,507</u>	<u>6,137,229</u>	<u>5,555,879</u>	<u>4,457,528</u>	<u>3,955,045</u>
Expenditures:						
Instruction	4,057,114	3,561,434	2,600,255	2,075,364	1,686,340	1,689,048
Administration	1,870,298	2,095,941	1,379,780	930,051	1,117,449	806,166
Support Services	2,637,319	2,517,126	1,650,938	1,476,237	1,127,661	1,315,666
Capital Outlay	104,730	303,708	25,512	44,457	375,694	9,985
Total Expenditures	<u>8,669,461</u>	<u>8,478,209</u>	<u>5,656,485</u>	<u>4,526,109</u>	<u>4,307,144</u>	<u>3,820,865</u>
Net Change in Fund Balance	<u>\$ (254,024)</u>	<u>\$ (404,702)</u>	<u>\$ 480,744</u>	<u>\$ 1,029,770</u>	<u>\$ 150,384</u>	<u>\$ 134,180</u>

Source: Charter School records

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 General Fund - Other Local Revenue by Source
 Last Six Fiscal Years
(Modified Accrual Basis of Accounting)
 (Unaudited)

Fiscal Year Ending June 30,	Donations	Prior Year Refunds	Miscellaneous Revenue	Annual Total
2013	\$ 13,944	\$ -	\$ 38,994	\$ 52,938
2012		273	434,220	434,493
2011			12,313	12,313
2010		295	4,246	4,541
2009			5,172	5,172
2008	10,500		1,672	12,172

Source: Charter School records

OPERATING INFORMATION

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Full-Time Equivalent Charter School Employees by Function
 Last Six Fiscal Years
 (Unaudited)

Function	2013	2012	2011	2010	2009	2008
Instruction	63	59	45	37	41	33
Administrative	14	8	6	5	5	5
Support Services	39	24	16	20	6	-
Total	<u>116</u>	<u>91</u>	<u>67</u>	<u>62</u>	<u>52</u>	<u>38</u>

Source: Charter School Personnel Records

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Operating Statistics
Last Six Fiscal Years
(Unaudited)

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
2013	660	\$ 8,669,461	\$ 14,449	9.31%	63	10:1	655	650	9.16%	99.24%
2012	600	8,174,501	13,624	3.07%	59	10:1	595	595	16.30%	100.00%
2011	498	5,630,973	13,218	9.72%	38	13:1	498	482	14.46%	96.79%
2010	426	4,481,652	12,047	14.00%	37	11:1	426	402	12.68%	94.37%
2009	372	3,931,450	10,568	-15.70%	27	13:1	372	360	18.28%	96.77%
2008	304	3,810,880	12,536	0.00%	26	11:1	304	287	0.00%	94.41%

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).

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

School Building Information
Last Six Fiscal Years
(Unaudited)

	2013	2012	2011	2010	2009	2008
<u>Charter School Building</u>						
<u>Elementary School</u>						
200 MacArthur Avenue, Garfield						
Square Feet	20,780	20,780	20,780	20,780	20,780	20,780
Capacity (students)	540	540	540	480	480	480
Enrollment	420	420	498	372	372	304
 <u>Middle/High School</u>						
43 Maple Avenue, Hackensack						
Square Feet	38,000	38,000				
Capacity (students)	540	540				
Enrollment	240	180				

Number of Schools at June 30, 2013

 Elementary School = 1

 Middle/High School = 1

Source: Charter School Facilities Office

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

 Enrollment is based on the annual final Charter School count.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL

Insurance Schedule

June 30, 2013

	<u>Coverage</u>	<u>Deductible</u>
PACKAGE POLICY - G.R. MURRAY INSURANCE		
<i>Property</i>		
Blanket for Extra Expense	\$ 50,000,000	
Blanket Valuable Papers & Records	10,000,000	
Loss of Rents	480,000	\$ 1,000
Flood Zones A&V	10,000,000	500,000
All other Flood Zones	50,000,000	10,000
<i>EDP</i>		
Blanket Hardware/Software	500,000	
Transit	25,000	
Loss of Income	10,000	
<i>Boiler & Machinery</i>		
Property Damage & Extra Expense	100,000,000	1,000
<i>Crime</i>		
Public Employee Dishonesty	250,000	
Loss of Money & Securities	50,000	
Money Orders & Counterfeit	50,000	
Forgery or Alteration	50,000	
Computer Fraud - Deductible is for each coverage part	250,000	
<i>General Liability</i>		
Each Occurrence	16,000,000	
Products/Completed Ops Annual Agg	16,000,000	
Sexual Abuse Per Occurrence	16,000,000	
Sexual Abuse Annual Pool Agg	17,000,000	
Personal & Advertising Injury Per Occurrence	16,000,000	
Personal & Advertising Injury Annual Agg	16,000,000	
Employee Benefits	16,000,000	1,000
Medical Payments	5,000	
<i>Business Auto</i>		
Hired & Non-Owned Auto Liability	16,000,000	
<i>Directors & Officers</i>		
Aggregate Limit of Liability for Policy Year for all Claims		
Other Than Employment Practices Wrongful Acts	3,000,000	
Aggregate Limit of Liability for Policy Year for Retention per Claim	7,500	
<i>Workers Compensation</i>		
Employers Liability Limits		
Bodily Injury by Accident - Each Accident	2,000,000	
Bodily Injury by Disease- Each Employee	2,000,000	
Bodily Injury by Disease - Aggregate Limit	2,000,000	

CHARTER SCHOOL PERFORMANCE FRAMEWORK FINANCIAL INDICATORS

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Charter School Performance Framework Financial Indicators
 Near Term Indicators
 Last Three Fiscal Years

	2011 Audit	2012 Audit	2013 Audit	Source
Cash	\$ 944,056	\$ 587,626	\$ 651,402	Audit: Exhibit A-1
Current Assets	1,121,079	1,128,425	792,596	Audit: Exhibit A-1
Total Assets	2,107,046	1,808,844	1,486,826	Audit: Exhibit A-1
Current Liabilities	234,058	343,795	343,375	Audit: Exhibit A-1
Total Liabilities	234,058	343,795	343,375	Audit: Exhibit A-1
Net Assets	1,872,988	1,465,049	1,143,451	Audit: Exhibit A-1
Total Revenue	6,373,082	8,447,916	8,864,736	Audit: Exhibit A-2
Total Expenses	5,881,162	8,855,855	9,186,333	Audit: Exhibit A-2
Change in Net Assets	491,920	(407,939)	(321,597)	Audit: Exhibit A-2
Depreciation Expense	6,955	12,374	17,795	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	498.00	600.00	660.00	DOE Enrollment Reports
March 30th Budgeted Enrollment	480.00	598.00	660.00	Charter School Budget

RATIOS ANALYSIS...				
Near Term Indicators	2011	2012	2013	3 YR CUM
1a. Current Ratio	4.79	3.28	2.31	Current Assets/Current Liabilities
1b. Unrestricted Days Cash	58.59	24.22	25.88	Cash/(Total Expenses/365)
1c. Enrollment Variance	104%	100%	100%	Average Daily Enrollment/Budgeted Enrollment
1d.* Default	N/A	N/A	N/A	Audit

* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No

Refer questions to charterfinance@doe.state.nj.us

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
 Charter School Performance Framework Financial Indicators
 Sustainability Indicators
 Last Three Fiscal Years

	2011 Audit	2012 Audit	2013 Audit	Source
Cash	\$ 944,056	\$ 587,626	\$ 651,402	Audit: Exhibit A-1
Current Assets	1,121,079	1,128,425	792,596	Audit: Exhibit A-1
Total Assets	2,107,046	1,808,844	1,486,826	Audit: Exhibit A-1
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Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	498.00	600.00	660.00	DOE Enrollment Reports
March 30th Budgeted Enrollment	480.00	598.00	660.00	Charter School Budget

RATIOS ANALYSIS...				
Sustainability Indicators	2011	2012	2013	3 YR CUM
2a. Total Margin	8%	-5%	-4%	Change in Net Assets/Total Revenue Total Liabilities/Total Assets
2b. Debt to Asset	0.11	0.19	0.23	Net change in cash flow from prior years
2c. ** Cash Flow	\$ (112,606)	\$ (356,430)	\$ 63,776	(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)
2d. Debt Service Coverage Ratio	N/A	N/A	N/A	

** 2013 = 2013 Cash - 2012 Cash; 2012 = 2012 Cash - 2011 Cash; 2011 = 2011 Cash - 2010 Cash

Refer questions to charterfinance@doe.state.nj.us

SINGLE AUDIT SECTION

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Independent Auditor's Report

Honorable President and
Members of the Board of Trustees
Bergen Arts and Science Charter School
County of Bergen
Elmwood Park, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the 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 Bergen Arts and Science Charter School (Charter School), in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated November 7, 2013.

Internal Control over Financial Reporting

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

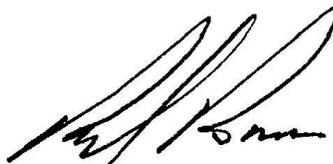
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify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

Compliance and Other Matters

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

Restriction on Use

This report is intended solely for the information and use of management, the audit committee, Bergen Arts and Science Charter School Board of Trustees, others within the entity, and the New Jersey Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



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

November 7, 2013

BARRE & COMPANY
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Independent Auditor's Report

Honorable President and
Members of the Board of Trustees
Bergen Arts and Science Charter School
County of Bergen
Elmwood Park, New Jersey

Report on Compliance for Each Major State Program

We have audited the compliance of the Bergen Arts and Science Charter School (Charter School), in the County of Bergen, 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, 2013. The Charter School's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

The Charter School's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements

referred to above that could have a direct and material effect on a 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 on compliance for each major state program. However, our audit does not provide a legal determination of the Charter School's compliance.

Opinion on Each Major State Program

In our opinion, the Bergen Arts and Science Charter School, in the County of Bergen, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

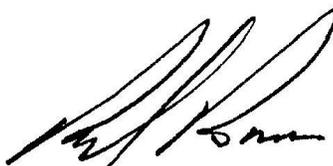
Management of Bergen Arts and Science Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Restriction on Use

This report is intended solely for the information and use of management, the audit committee, Bergen Arts and Science Charter School Board of Trustees, others within the entity, and the New Jersey Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



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

November 7, 2013

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2013

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2012	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Balance at June 30, 2013		
				From	To							Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund:														
No Child Left Behind Cluster:														
Title I Part A Carryover	84-010A	NCLB - 6013 - 13	\$ 128,762	9/1/12	8/31/13	\$ -	\$ -	\$ 114,360	\$ (128,762)	\$ -	\$ -	\$ (14,402)	\$ -	
Title I Part A	84-010A	NCLB - 6013 - 12	95,590	9/1/11	8/31/12	(23,810)	-	12,821	(1,015)	-	-	(10,969)	-	
Title II Part A	84-367A	NCLB - 6013 - 13	1,015	9/1/12	8/31/13	(1,205)	-	1,205	(1,015)	-	-	(1,015)	-	
Title II Part A Carryover	84-367A	NCLB - 6013 - 12	1,205	9/1/11	8/31/12	(16,412)	-	16,412	-	-	-	-	-	
Title IV Safe & Drug Free Carryover	84-186A	NCLB - 6013 - 13	1,661	9/1/11	8/31/12	1,661	-	-	-	-	-	-	-	
Title IV Safe & Drug Free Carryover	84-186A	NCLB - 6013 - 12	1,661	9/1/10	8/31/11	(38,766)	-	144,798	(123,777)	-	-	(26,406)	-	
Total No Child Left Behind Cluster													1,661	
Individuals with Disabilities Cluster:														
I.D.E.A. Part B Basic	84-027	IDEA - 6013 - 13	105,879	9/1/12	8/31/13	(81,116)	-	90,219	(83,023)	-	-	(83,023)	-	
I.D.E.A. Part B Basic Carryover	84-027	IDEA - 6013 - 12	90,219	9/1/11	8/31/12	1,661	-	-	(9,103)	-	1,661	-	-	
ARRA - I.D.E.A. Part B Basic	84-391	ARRA - 6013 - 13	94,823	9/1/09	9/30/11	(79,456)	-	90,219	(92,126)	-	1,661	(83,024)	-	
ARRA - I.D.E.A. Part B Basic	84-391	ARRA - 6013 - 12	94,823	9/1/09	9/30/11	(119,222)	-	235,017	(221,903)	-	1,661	(109,450)	-	
Total Individuals with Disabilities Cluster													1,661	
Total Special Revenue Fund													1,661	
U.S. Department of Agriculture														
Passed-through State Department of Agriculture														
Enterprise Fund:														
School Breakfast Program	10-553	N/A	22,218	7/1/12	6/30/13	(1,012)	-	20,309	(22,218)	-	-	(1,909)	-	
School Breakfast Program	10-553	N/A	16,106	7/1/11	6/30/12	(1,012)	-	1,012	-	-	-	-	-	
National School Lunch Program	10-555	N/A	124,257	7/1/12	6/30/13	(4,749)	-	113,806	(124,257)	-	-	(10,451)	-	
National School Lunch Program	10-555	N/A	95,248	7/1/11	6/30/12	(4,749)	-	4,749	-	-	-	-	-	
Child Care Food Program	10-558	N/A	19,478	7/1/12	6/30/13	(112)	-	18,986	(19,478)	-	-	(482)	-	
Child Care Food Program	10-558	N/A	24,448	7/1/11	6/30/12	(5,873)	-	158,974	(165,953)	-	-	(12,852)	-	
Total Enterprise Fund													-	
Sub-Total Federal Financial Awards								\$ 393,991	\$ (387,856)	\$ -	\$ 1,661	\$ (122,282)	\$ -	\$ 1,661

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

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2013

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2012		Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Reversals of Prior Year's Balance	Balance at June 30, 2013			MEMO	
			From	To	Revised (Accounts Receivable)	Due to Grantor					Deferred Interfund Payable	(Accounts Receivable)	Due to Grantor		Budgetary Receivable
State Department of Education															
General Fund:															
"Local Levy, State Share - Charter School Aid	13-495-034-5120-071	\$ 3,555,574	7/1/12	6/30/13	\$ -	\$ -	\$ -	\$ 3,555,574	\$ (3,555,574)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,555,574
Special Education Aid	13-495-034-5120-089	93,542	7/1/12	6/30/13	-	-	93,542	93,542	(93,542)	-	-	-	-	-	93,542
Reimbursed TPAF - Social Security	13-495-034-5095-002	212,522	7/1/12	6/30/13	-	-	191,328	(212,522)	-	(21,194)	-	-	-	21,194	212,522
Total General Fund					(37,427)	-	3,971,112	(3,954,879)						21,194	3,954,879
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	13-100-010-3350-023	3,269	7/1/12	6/30/13	(130)	-	2,813	(3,269)		(456)	-	-	-	456	3,269
National School Lunch Program (State Share)	12-100-010-3350-023	2,636	7/1/11	6/30/12	-	-	2,943	(3,269)		(456)	-	-	-	456	3,269
Total Enterprise Fund					(130)	-	3,974,055	(3,958,148)						456	3,269
Total State Financial Assistance					\$ (37,557)	\$ -	\$ 3,974,055	\$ (3,958,148)		\$ (21,650)	\$ -	\$ -	\$ -	\$ 21,650	\$ 3,958,148

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2013

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, Bergen Arts and Science Charter 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 on 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 U.S. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. This does not apply to charter schools as districts are not permitted to defer the June payments to charter schools.

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 when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2013

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. 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. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is none for the general fund and none for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 3,954,879	\$ 3,954,879
Special Revenue Fund	221,903	-	221,903
Food Service Fund	178,806	3,725	182,531
Total Awards & Financial Assistance	<u>\$ 400,709</u>	<u>\$ 3,958,604</u>	<u>\$ 4,359,313</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 LOANS OUTSTANDING

Bergen Arts and Science Charter School has no loan balances outstanding at June 30, 2013.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2013

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, 2013. 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, 2013.

NOTE 7. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in OMB Circular A-133; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the charter school.

Program	Total
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 127,524
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	<u>2,185</u>
Total	<u>\$ 129,709</u>

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

Section I – Summary of Auditor’s Results

Financial Statements

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

State Awards

Dollar threshold used to distinguish between Type A and Type B programs:		\$300,000
Auditee qualified as low-risk auditee?	<u> X </u> Yes	_____ No
Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	<u> X </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	None Reported <u> X </u>
Type of auditors’ report issued on compliance for major programs		<u>Unmodified</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
_____13-495-034-5120-071_____	_____Local Levy – State Share_____
_____	_____
_____	_____
_____	_____

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

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.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

***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.

BERGEN ARTS AND SCIENCE CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings and
Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2013

STATUS OF PRIOR YEAR FINDINGS

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

Findings

There were no matters reported.