

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2013

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

***Central Jersey College Prep Charter School
Board of Trustees
Somerset, New Jersey***

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Prepared by

***Central Jersey College Prep Charter School
Finance Department***

And

Barre & Company, CPAs

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

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INTRODUCTORY SECTION

***CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
17 SCHOOL HOUSE ROAD
SOMERSET, NEW JERSEY 08873
732-302-9991***

August 30, 2013

Honorable President and
Members of the Board of Trustees
Central Jersey College Prep Charter School
County of Somerset
Somerset, New Jersey

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of Central Jersey College Prep Charter School (Charter School) for the fiscal year ended June 30, 2013. This CAFR includes the Charter School's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34.

The Charter School has elected to adopt this 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 Central Jersey College Prep 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 elected five-member Board of Education (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 Chief Education Officer is the chief executive officer of the Charter School, responsible to the Board for total educational and support operations. The Financial Coordinator 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: Central Jersey College Prep 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 Charter School are included in this report. Central Jersey College Prep Charter School Board of Trustees constitutes the Charter School’s reporting entity.

Central Jersey College Prep Charter School provides a full range of services appropriate to Grades 6 thru 12. 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 309 students. The following details the student enrollment of the Charter School.

Average Daily Enrollment (ADE)

<u>Fiscal Year</u>	<u>Actual Student Enrollment</u>	<u>Percent Change - ADE</u>
2012-2013	309	0.00%
2011-2012	309	11.96%
2010-2011	276	9.52%
2009-2010	252	22.33%

2. MISSION AND GOALS: The mission of the Central Jersey College Prep Charter School is to provide academic and social challenges and opportunities to students, instilling the skills and knowledge that they will need to succeed in their lives. The school aims to forge a powerful partnership out of the student-teacher-parent triad. This partnership will provide and empower our youth with the support necessary to reach their highest potential – intellectually, socially, emotionally and physically – building on their inherent promise to aid in their preparation for college and career. The school's overall academic goals are to prepare its students for the general challenges they will face in life after high school; to provide the specific skills and tools they will require to be successful in college and beyond; to turn them into lifelong learners and independent thinkers who appreciate diversity, teamwork and mutual respect; and to nurture in them a strong sense of personal integrity. Non-academic goals are as well as important part of the school's mission to prepare all students for the challenges that await them after high school and to nurture the character traits that are necessary to be successful in college and beyond.

3. INTERNAL ACCOUNTING CONTROLS: Management of the Charter School is responsible for establishing and maintaining an internal control designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- (1) the cost of a control should not exceed the benefits likely to be derived;
- (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the Board of Trustees also is 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 Charter 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.

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

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

5. CASH MANAGEMENT: The investment policy of the Charter School is guided in large part by state statute as detailed in “Notes to Basic Financial Statement” Note 2. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

6. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, directors and officers insurance and workmen’s compensation.

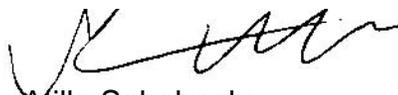
7. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, Certified Public Accountants, was selected by the Board of Trustees. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the Single Audit Act Amendment of 1996 and the related OMB Circular A-133, “*Audits of State, Local Governments and Non-Profit Organization*” and State Treasury Circular Letter 04-04 OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid.*” The auditors’ report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors’ reports, related specifically to the single audit, are included in the single audit section of this report.

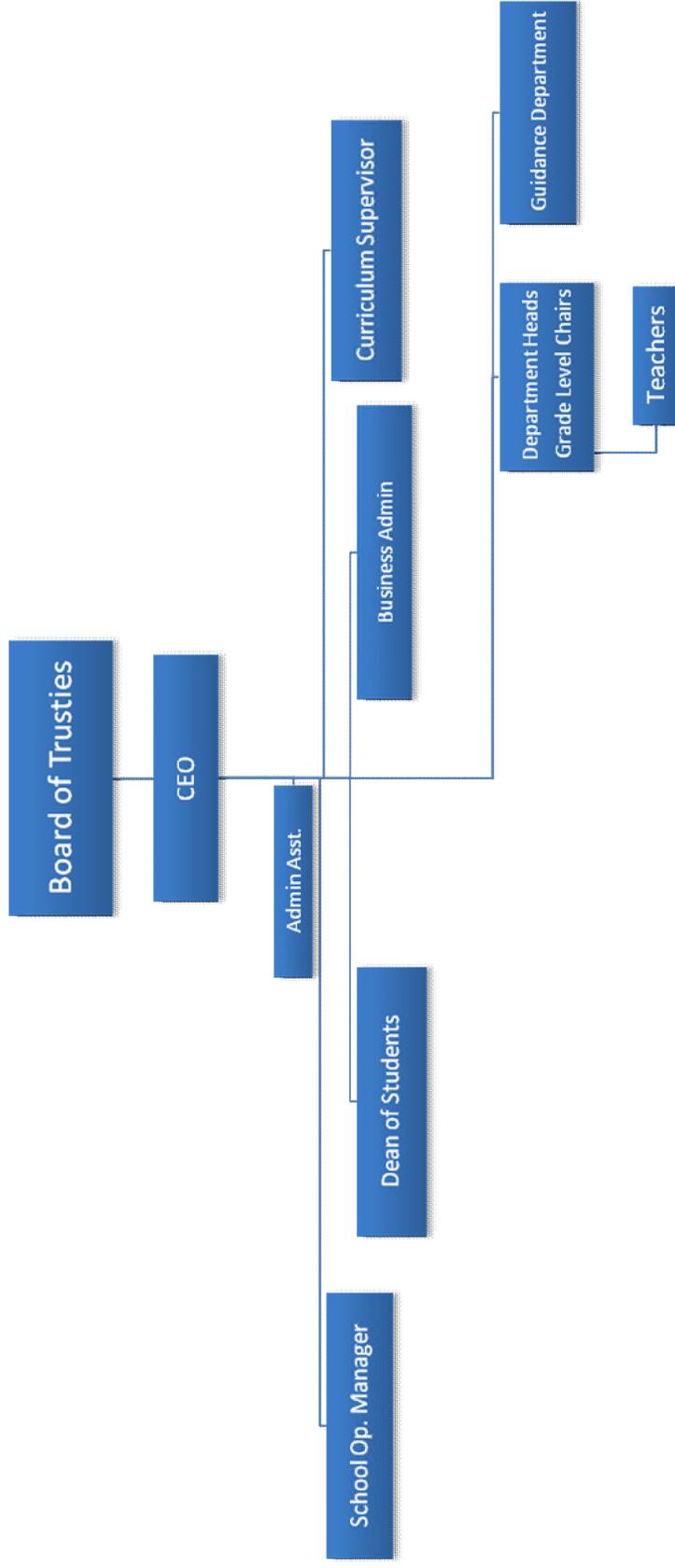
8. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of Central Jersey College Prep Charter School Board of Trustees for their concerns in providing fiscal accountability to the citizens and taxpayers of the participating school district and thereby contributing their full support 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 business office staff.

Respectfully submitted,


Tarkan Topcuoglu
Chief Education Officer


Atilla Sabahoglu
Business Administrator

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL ORGANIZATIONAL CHART



**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2013**

MEMBERS OF THE BOARD OF TRUSTEES

POSITION

Ozcan Uzun, Phd.

President

Ferit Ucar, Phd.

Trustee

Christopher Lessard

Treasurer

Ferhan Tunagur, Phd.

Trustee

Frantz S. Jeanlouis

Trustee

Jackie Lewis

Trustee

OTHER OFFICIALS

Tarkan Topuoglu

Chief Education Officer

Atilla Sabahoglu

Bus Administrator/Board Secretary

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorneys

Brenda Liss
Riker Danzig
Headquarters Plaza
One Speedwell Avenue
Morristown, NJ 07962-1981

Official Depository

Wells Fargo Bank
120 Cedar Grove Lane
Somerset, NJ 08873

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
Central Jersey College Prep Charter School
County of Somerset
Somerset, 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 Central Jersey College Prep Charter School (Charter School), in the County of Somerset, 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 Central Jersey College Prep Charter School, in the County of Somerset, 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 14 and 61, 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 New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," 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 August 30, 2013 on our consideration of the Central Jersey College Prep 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

August 30, 2013

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, NEW JERSEY**

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

The discussion and analysis of Central Jersey College Prep 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 \$4,377,816 in revenue or 94% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$278,233 or 6% of total revenues of \$4,656,049.
- ❖ The Charter School had \$4,480,158 in expenses; only \$278,233 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$4,377,816 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$4,336,717 in revenues and \$4,153,128 in expenditures. The General Fund's fund balance increased \$183,589 over 2012. This increase was anticipated by the Board of Trustees.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, 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 Central Jersey College Prep 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 Central Jersey College Prep 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.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, 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 Activity — 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 and School Store enterprise funds are reported as business activities.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, NEW JERSEY**

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

Proprietary Fund

The proprietary 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 38 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 \$1,636,511 for 2013 and \$1,451,497 for 2012.

Governmental Activities

The Charter School's total revenues were \$4,465,809 for the year ended June 30, 2013 and \$4,660,468 for 2012, this includes \$318,997 for 2013 and \$282,002 for 2012 of state reimbursed TPAF social security and pension contributions.

The total cost of all program and services was \$4,301,015 for 2013 and \$3,990,847 for 2012. Instruction comprises 56% for 2013 of Charter School expenses and 55% for 2012.

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

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

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, NEW JERSEY**

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

Governmental Activities (Continued)

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 Activity

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

FOOD SERVICE

- ❖ Revenues exceeded expenses by \$7,120 for 2013 and \$13,137 for 2012.
- ❖ Charges for services represent \$76,094 for 2013 and \$66,841 for 2012 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunch, breakfast, and snack programs were \$89,441 for 2013 and \$100,837 for 2012.

SCHOOL STORE

- ❖ Revenues exceeded expenses by \$4,319 for 2013.
- ❖ Charges for services represent \$19,755 for 2013 of revenue. This represents amounts paid by patrons for shirt sales and other store items.

AFTER CARE

- ❖ Expenses exceeded revenues by \$342 for 2013.
- ❖ Charges for services represent \$4,950 for 2013 of revenue. This represents amounts paid as wages to teachers who worked in the After Care program.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, NEW JERSEY**

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

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$4,465,809 for 2013 and \$4,660,468 for 2012; and expenditures were \$4,282,220 for 2013 and \$4,291,567 for 2012. The net change in fund balance for the year was most significant in the general fund, an increase of \$183,589 in 2013 after an increase of \$688,416 in 2012.

As demonstrated by the various statements and schedules included on the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2013, and the amounts and percentages of increases and decreases in relation to prior year amounts.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2012	Percent of Increase/ (Decrease)
Local Sources	\$ 2,228,923	49.91%	\$ 195,926	9.64%
State Sources	2,111,538	47.28%	(335,085)	-13.70%
Federal Sources	125,342	2.81%	(55,506)	-30.69%
Total	\$ 4,465,803	100.00%	\$ (194,665)	

The following schedule represents a summary of the expenditures of the governmental funds for the fiscal year ended June 30, 2013, and the amounts and percentages of increases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2012	Percent of Increase/ (Decrease)
Instruction	\$ 1,913,104	44.67%	\$ 163,103	9.32%
Administration	1,194,634	27.90%	168,156	16.38%
Support Services	1,168,479	27.29%	(27,094)	-2.27%
Capital Outlay	6,003	0.14%	6,003	0.00%
Total	\$ 4,282,220	100.00%	\$ 310,168	

Changes in expenditures were the results of varying factors.

**CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
SOMERSET, NEW JERSEY**

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

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.

Capital Assets (Net of Depreciation)

The Charter School had \$281,925 invested in site improvements at the end of the fiscal year 2013.

For the Future

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

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Tarkan Topcuoglu, Chief Education Officer at Central Jersey College Prep Charter School, 17 School House Road, Somerset, New Jersey 08873. Please visit our website at www.cjcollegeprep.org.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE 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.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Statement of Net Position

June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,239,265	\$ 15,096	\$ 1,254,361
Interfund Receivables	143,052	41,959	185,011
Receivables	267,908	5,558	273,466
Inventories		32,006	32,006
Prepaid Expenses	60,000		60,000
Capital Assets, Net	281,925		281,925
Total Assets	1,992,150	94,619	2,086,769
LIABILITIES:			
Interfund Payable	119,089	41,959	161,048
Payable to State Government	6,050		6,050
Payable to District	254,979		254,979
Accounts Payable	28,181		28,181
Total Liabilities	408,299	41,959	450,258
NET POSITION:			
Net Investment in Capital Assets	281,925		281,925
General Fund (Encumbrance Reserve - Current Yr.)	21,924		21,924
Unrestricted	1,280,002	52,660	1,332,662
Total Net Position	\$ 1,583,851	\$ 52,660	\$ 1,636,511

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

CENTRAL JERSEY COLLEGE PREP 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	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 1,913,104	\$ 511,891	\$ -	\$ 94,358	\$ -	\$ (2,330,637)	\$ -	\$ (2,330,637)
Administration	409,274	112,956				(522,230)		(522,230)
Support Services	1,168,479	160,513				(1,328,992)		(1,328,992)
Capital Outlay	6,003					(6,003)		(6,003)
Unallocated Depreciation	18,795					(18,795)		(18,795)
Total Governmental Activities	3,515,655	785,360	-	94,358	-	(4,206,657)	-	(4,206,657)
BUSINESS-TYPE ACTIVITIES:								
Food Service, School Store and After Care	179,143		94,434	89,441			4,732	4,732
Total Business-Type Activities	179,143		94,434	89,441			4,732	4,732
Total Primary Government	<u>\$ 3,694,798</u>		<u>\$ 94,434</u>	<u>\$ 183,799</u>	<u>\$ -</u>	<u>(4,206,657)</u>	<u>4,732</u>	<u>(4,201,925)</u>
GENERAL REVENUES								
General Purposes						2,214,337		2,214,337
Federal and State Aid Not Restricted						2,142,522		2,142,522
Investment Earnings						6		6
Miscellaneous Income						14,586		14,586
Total General Revenues						<u>4,371,451</u>		<u>4,371,451</u>
Change in Net Position						164,794	11,097	175,891
Net Position - Beginning						1,419,057	41,563	1,460,620
Net Position - Ending						<u>\$ 1,583,851</u>	<u>\$ 52,660</u>	<u>\$ 1,636,511</u>

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

SECTION B – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Governmental Funds

Balance Sheet

June 30, 2013

	General Fund	Special Revenue Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash and Cash Equivalents	\$ 1,147,478	\$ 91,787	\$ 1,239,265
Interfund Receivables	143,052		143,052
Receivables from Other Governments	224,401	43,507	267,908
Security Deposit	<u>60,000</u>		<u>60,000</u>
 Total Assets	 <u>\$ 1,574,931</u>	 <u>\$ 135,294</u>	 <u>\$ 1,710,225</u>
 LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfund Payables	\$ -	\$ 119,089	\$ 119,089
Payables to State Government	6,050		6,050
Payables to District	254,979		254,979
Accounts Payable	<u>11,976</u>	<u>16,205</u>	<u>28,181</u>
 Total Liabilities	 <u>273,005</u>	 <u>135,294</u>	 <u>408,299</u>
 Fund Balances:			
Reserved For:			
Assigned - Encumbrances	21,924		21,924
Unreserved:			
Unassigned - General Fund	<u>1,280,002</u>		<u>1,280,002</u>
 Total Fund Balances	 <u>1,301,926</u>	 <u>-</u>	 <u>1,301,926</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,574,931</u>	 <u>\$ 135,294</u>	

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

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 \$375,900 and the accumulated depreciation is \$93,975.

Net Position of Governmental Activities

281,925

\$ 1,583,851

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 2,214,337	\$ -	2,214,337
Interest on Investments	6		6
Miscellaneous	10,836	3,750	14,586
Total Local Sources	2,225,179	3,750	2,228,929
State Sources	2,111,538		2,111,538
Federal Sources		125,342	125,342
Total Revenues	4,336,717	129,092	4,465,809
EXPENDITURES:			
Instruction	1,811,644	101,460	1,913,104
Administration	1,194,634		1,194,634
Support Services	1,146,850	21,629	1,168,479
Capital Outlay		6,003	6,003
Total Expenditures	4,153,128	129,092	4,282,220
NET CHANGE IN FUND BALANCES	183,589	-	183,589
FUND BALANCES, JULY 1	1,118,337	-	1,118,337
FUND BALANCES, JUNE 30	\$ 1,301,926	\$ -	\$ 1,301,926

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

CENTRAL JERSEY COLLEGE PREP 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 funds (B-2)	\$	183,589
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p style="padding-left: 40px;">Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense in the current fiscal year.</p>		
Depreciation Expense		<u>(18,795)</u>
Change in net position of governmental activities	\$	<u><u>164,794</u></u>

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

PROPRIETARY FUNDS

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Proprietary Fund
Statement of Fund Net Assets
June 30, 2013

	Business-Type Activites Enterprise Funds			Total
	Food Service	School Store	After Care	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents:				
Cash and Cash Equivalents	\$ 15,096	\$ -	\$ -	\$ 15,096
Due From Other Funds	27,281	14,678		41,959
Intergovernmental Accounts Receivable:				
Federal	5,455			5,455
State	103			103
Inventories		32,006		32,006
Total Assets	\$ 47,935	\$ 46,684	\$ -	\$ 94,619
LIABILITIES AND NET POSITION:				
Liabilities:				
Current Liabilities:				
Interfund Accounts Payable	\$ 14,678	\$ 26,939	342	\$ 41,959
Total Liabilities	14,678	26,939	342	41,959
Net Position:				
Unrestricted	33,257	19,745	(342)	52,660
Total Net Position	33,257	19,745	(342)	52,660
Total Liabilities and Net Position	\$ 47,935	\$ 46,684	\$ -	\$ 94,619

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

CENTRAL JERSEY COLLEGE PREP 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	\$ 76,094	\$ 18,340	\$ 4,950	\$ 99,384
Miscellaneous Revenue		1,415		1,415
Total Operating Revenues	76,094	19,755	4,950	100,799
OPERATING EXPENSES:				
Salaries	49,727		5,292	55,019
Management Fees	8,360			8,360
Supplies and Materials	16,657			16,657
Cost of Sales	77,740	14,672		92,412
Miscellaneous Expenses	5,931	764		6,695
Total Operating Expenses	158,415	15,436	5,292	179,143
OPERATING INCOME (LOSS)	(82,321)	4,319	(342)	(78,344)
NONOPERATING REVENUES:				
State Source:				
State School Breakfast Program	369			369
State School Lunch Program	2,071			2,071
Federal Source:				
National School Breakfast Program	24,562			24,562
National School Lunch Program	61,639			61,639
National School Snack Program	800			800
Total Nonoperating Revenues	89,441	-	-	89,441
CHANGE IN NET POSITION	7,120	4,319	(342)	11,097
TOTAL NET POSITION, JULY 1	26,137	15,426	-	41,563
TOTAL NET POSITION, JUNE 30	\$ 33,257	\$ 19,745	\$ (342)	\$ 52,660

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Proprietary Fund
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2013

	Business-Type Activities Enterprise Fund			Total
	Food Service	School Store	After Care	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	76,094	5,077	4,950	\$ 86,121
Cash Payments to Suppliers and Employees	<u>(158,415)</u>	<u>(21,074)</u>	<u>(4,950)</u>	<u>(184,439)</u>
Net Cash Provided By (Used In) Operating Activities	<u>(82,321)</u>	<u>(15,997)</u>	<u>-</u>	<u>(98,318)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash Received From State And Federal Reimbursements Transfers In	89,441			89,441
Net Cash Provided By Noncapital Financing Activities	<u>89,441</u>	<u>-</u>	<u>-</u>	<u>89,441</u>
Net Increase (Decrease) In Cash And Cash Equivalents	7,120	(15,997)	-	(8,877)
Net Transfers to other Enterprise Operations.	(11,693)			(11,693)
Cash And Cash Equivalents, Beginning Of Year	<u>19,669</u>	<u>15,997</u>		<u>35,666</u>
Cash And Cash Equivalents, End Of Year	<u>\$ 15,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,096</u>
Reconciliation of Operating Loss to Net Cash Provided By (Used in)				
Operating Activities:				
Operating Income (Loss) Used in Operating Activities	\$ (82,321)	\$ 4,319	\$ (342)	\$ (78,344)
Change in Assets and Liabilities:				
Increase In Due From Other Funds	(14,479)	(14,678)		(29,157)
Increase in Receivables From Other Governments	908			908
(Increase) Decrease In Other Receivables	(1,107)			(1,107)
(Increase) Decrease In Inventories		(16,184)		(16,184)
Increase (Decrease) In Interfund Payable	14,678	10,546	342	25,566
Net Cash Provided By (Used In) Operating Activities	<u>\$ (82,321)</u>	<u>\$ (15,997)</u>	<u>\$ -</u>	<u>\$ (98,318)</u>

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

FIDUCIARY FUNDS

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2013

	<u>Unemployment Compensation Insurance</u>	<u>Agency Fund</u>
ASSETS:		
Cash and Cash Equivalents	<u>\$ 922</u>	<u>\$ 24,827</u>
Total Assets	<u>922</u>	<u><u>\$ 24,827</u></u>
LIABILITIES:		
Interfund Accounts Payable		\$ 9,029
Accounts Payable	16,042	
Payroll Deductions and Withholdings Due to Student Groups		2
		<u>15,796</u>
Total Liabilities	<u>16,042</u>	<u><u>\$ 24,827</u></u>
NET POSITION:		
Reserved for Unemployment Claims	<u>(15,120)</u>	
Total Net Position	<u><u>\$ (15,120)</u></u>	

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2013

	<u>Unemployment Compensation Insurance</u>
ADDITIONS:	
Employee Contributions	\$ 5,007
Board Contributions	<u>59,475</u>
Total Additions	<u>64,482</u>
DEDUCTIONS:	
Payment of Claims	76,192
Miscellaneous Expenses	<u>347</u>
Total Deductions	<u>76,539</u>
CHANGE IN NET POSITION	(12,057)
NET POSITION - BEGINNING OF THE YEAR	<u>(3,063)</u>
NET POSITION - END OF THE YEAR	<u><u>\$ (15,120)</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of Central Jersey College Prep Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accounting standard-setting body responsible for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies 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 instrument of the State of New Jersey, established to function as an educational institution. Its mission is to establish a charter school to serve as a neighborhood resource and as a model for other similar schools. Central Jersey College Prep 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 care giver centered approaches, comprehensive community involvement, cutting edge technology and an intimate nurturing environment that will enhance positive self-images.

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

CENTRAL JERSEY COLLEGE PREP 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

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.

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 non-exchange 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 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

CENTRAL JERSEY COLLEGE PREP 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)

governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.

The Charter School reports the following governmental funds:

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

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.

CENTRAL JERSEY COLLEGE PREP 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 proprietary funds:

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

Enterprise (School Store) Fund: The enterprise fund also accounts for all revenues and expenses pertaining to the school store operations, which currently entails the sale of T-Shirts to students. The school store fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. Similar to the Food Service Fund, the stated intent is that the 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 which includes Net Payroll Fund, Payroll Agency Fund and Unemployment Compensation Trust Fund.

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.

CENTRAL JERSEY COLLEGE PREP 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 is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

All governmental and business-type activities and enterprise funds of the Charter School follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. Charter Schools also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow FASB guidance issued subsequent to November 30, 1989.

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.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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.

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)	\$ 129,092
Adjustments:	
Less Encumbrances at June 30, 2013	-
Plus Encumbrances at June 30, 2012	-
Total Revenues and Expenditures (GAAP Basis)	\$ 129,092

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Encumbrances Accounting

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue 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.

E. Assets, Liabilities, and Equity

Interfund Transactions:

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

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

Inventories:

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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 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>
Office & Computer Equipment	10-15
Instructional Equipment	10
Grounds Equipment	15

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.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the Financial Statements

June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Accrued Liabilities and Long-Term Obligations:

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

Net 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.

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 Non-exchange Transactions:

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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

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

Operating Revenues and Expenses:

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

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.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Extraordinary and Special Items:

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

Management Estimates:

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

Accrued Salaries and Wages:

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

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.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2013

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

GASB Statement No. 40 replaces in part, and otherwise modifies the prior GASB Statement No. 3, in addressing the requirements for disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments.

As a result of GASB 40, effective June 15, 2004, custodial credit risk disclosures are limited to deposits that are not covered by depository insurance and are (a) uncollateralized; (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name. The previous GASB Statement No. 3 disclosures generally referred to as Category 1 and Category 2 deposits and investments are eliminated. However, GASB No. 40 does not change the required disclosure of authorized investments or the requirements for reporting certain repurchase agreements and reverse repurchase agreements, and it maintains, with modification, the level-of-detail disclosure requirements of GASB Statement No. 3.

Deposits

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

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2013

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

Deposits (Continued)

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

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

Investments

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

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

As of June 30, 2013, cash and cash equivalents of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Fund	Fiduciary Funds	Total
Operating Account	\$ 1,147,478	\$ 91,787	\$ 15,096	\$ 40,682	\$ 1,295,043

The investments recorded in the statements have been recorded at amortized cost. In accordance with GASB 31, participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2013

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

Investments (Continued)

For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the Charter school-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2013 was \$1,295,043 and the bank balance was \$1,482,230.

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. Although GASB Statement No. 40 eliminated Categories 1 and 2 as previously established by GASB Statement No. 3, it maintained, with modification, the level-of-disclosure requirements of GASB Statement No. 3.

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 modified by GASB Statement No. 40, and as such, are deposits that are insured or collateralized with securities held by the Board or by its agent in the Board's name, both at year-end and throughout the year.

New Jersey Cash Management Fund

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

As of June 30, 2013, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Notes to the 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	\$ 267,908	\$ 268,011
Federal Aid	-	5,455
Other	-	-
Gross Receivables	<u>267,908</u>	<u>273,466</u>
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$ 267,908</u></u>	<u><u>\$ 273,466</u></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	\$ 143,052	\$ -
Special Revenue Fund		119,089
Proprietary Fund	41,959	41,959
Fiduciary Fund		<u>23,963</u>
Total	<u><u>\$ 185,011</u></u>	<u><u>\$ 185,011</u></u>

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the 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:				
<i>Capital Assets Being Depreciated:</i>				
Site Improvements	\$ 375,900	\$ -	\$ -	\$ 375,900
Totals at Historical Cost	<u>375,900</u>	<u>-</u>	<u>-</u>	<u>375,900</u>
Less Accumulated Depreciation For:				
Site Improvements	75,180	18,795	-	93,975
Total Accumulated Depreciation	<u>75,180</u>	<u>18,795</u>	<u>-</u>	<u>93,975</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	300,720	(18,795)	-	281,925
Government Activity Capital Assets, Net	<u>\$ 300,720</u>	<u>\$ (18,795)</u>	<u>\$ -</u>	<u>\$ 281,925</u>

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

Depreciation expense of \$18,795 was charged to an unallocated function.

NOTE 6: RENTAL LEASES

The school leased space at 17 Schoolhouse Road, Somerset, New Jersey under a lease agreement for four (4) years commencing July 15, 2008 and ending July 14, 2012. The lease was amended by way of letter dated June 19, 2011, whereby the school was granted an option to renew the lease for two (2) additional years. The original lease required annual rental payments of \$290,000. By way of the aforementioned Letter

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 6: RENTAL LEASES (CONTINUED)

Amendment, the annual rental for the period beginning July 15, 2011 and ending July 14, 2012 was increased to \$330,000. The annual rental for the July 15, 2012-July 14, 2013 period would increase to \$340,000. Total rental payments amounted to \$330,000 for the year ended June 30, 2013. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2013	<u>340,000</u>
Total minimum lease payments	<u><u>\$ 340,000</u></u>

NOTE 7: PENSION PLANS

Description of Plans

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

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the system's other related 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.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the 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, Charter School 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.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 7: PENSION PLANS (CONTINUED)

Significant Legislation

Legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of one percent to 4.5 percent for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the School's normal contributions to the Fund may be reduced based on the revaluation of assets. From fiscal year 1997 to fiscal year 2003, State and local government employers were not required to make contributions to the pension funds. The use of surplus pension assets replaced the annual payments that would otherwise have been made by employers. Subsequent law, P.L.2003, c.108, led to the resumption of contributions, on a phased-in approach. In 2009, employer contributions to PERS were further amended by P.L.2009, c.19.

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.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 7: PENSION PLANS (CONTINUED)

Contribution Requirements (continued)

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/13	\$57,364	100%	\$57,364
06/30/12	\$71,020	100%	\$71,020
06/30/11	\$23,090	100%	\$23,090

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	None	100%	None
06/30/12	None	100%	None
06/30/11	None	100%	None

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.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 8: POST-RETIREMENT BENEFITS (CONTINUED)

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

NOTE 10: FUND BALANCE APPROPRIATED

General Fund

Of the \$1,301,926 fund balance total in General Fund at June 30, 2013, \$1,280,002 is unreserved and undesignated, while \$21,924 is reserved for Encumbrances.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULES

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Levy Budget:					
District Equalization - Charter School Aid	\$ 2,383,286	\$ (90,108)	\$ 2,293,178	\$ 2,214,337	\$ (78,841)
Total Local Levy	2,383,286	(90,108)	2,293,178	2,214,337	(78,841)
Categorical Aid:					
"Local Levy" State Share-Charter School Aid	1,888,472	(180,316)	1,708,156	1,622,300	(85,856)
Special Education Aid	124,869	(25,046)	99,823	94,358	(5,465)
Categorical Security Aid	73,734	(12,471)	61,263	58,743	(2,520)
Other State Aid		23,190	23,190	17,140	(6,050)
Total Categorical Aid	2,087,075	(194,643)	1,892,432	1,792,541	(99,891)
Revenues From Other Sources:					
Interest Income				6	6
Miscellaneous Revenue				10,836	10,836
On-Behalf TPAF Pension Contributions/Medical Benefits (Non-Budgeted)				206,960	206,960
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				112,037	112,037
Total Revenues From Other Sources	-	-	-	329,839	329,839
Total Revenues	4,470,361	(284,751)	4,185,610	4,336,717	151,107
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,636,739	(249,612)	1,387,127	1,322,517	64,610
Other Salaries for Instruction	138,400	(63,773)	74,627	68,768	5,859
Purchased Prof/Tech Services	173,534	(15,484)	158,050	142,330	15,720
Other Purchased Services	30,794	3,402	34,196	33,238	958
General Supplies	135,300	23,500	158,800	152,192	6,608
Textbooks	22,000	11,000	33,000	31,893	1,107
Miscellaneous	87,500	(24,900)	62,600	60,706	1,894
Total Instruction	2,224,267	(315,867)	1,908,400	1,811,644	96,756
Administration:					
Salaries - General Administration	254,507	(12,006)	242,501	224,062	18,439
Salaries of Secretarial/Clerical Assistants	89,163	(11,483)	77,680	76,846	834
Total Benefits Cost	598,719	(85,036)	513,683	466,364	47,319
Purchases Prof/Tech Services	36,500	23,931	60,431	43,930	16,501
Other Purchased Services	5,500	(2,027)	3,473	3,473	-
Communications/Telephone	34,582	(4,017)	30,565	30,565	-
Supplies and Materials	20,000	(3,620)	16,380	16,380	-
Miscellaneous Expenses	10,900	3,118	14,018	14,017	1
Total Administration	1,049,871	(91,140)	958,731	875,637	83,094

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Support Services:					
Salaries	\$ 501,733	\$ (33,520)	\$ 468,213	\$ 427,597	\$ 40,616
Purchased Prof/Ed Services	140,010	(2,170)	137,840	122,094	15,746
Purchased Prof/Tech Services	11,650	(1,650)	10,000	7,637	2,363
Rental of Land and Buildings	360,000	(20,000)	340,000	340,000	-
Other Purchased Services	46,550	55,750	102,300	100,387	1,913
Transportation-Other Than To/From School	35,280	(35,280)	-	-	-
Insurance for Property, Liability and Fidelity	21,250	8,110	29,360	23,384	5,976
Supplies and Materials	21,600	1,071	22,671	16,780	5,891
Energy Costs (Heat and Electricity)	110,000	(9,727)	100,273	100,273	-
Miscellaneous Expenses	13,000	(1,966)	11,034	8,698	2,336
Total Support Services	1,261,073	(39,382)	1,221,691	1,146,850	74,841
Capital Outlay:					
Miscellaneous Expenses	40,000	(10,000)	30,000	-	30,000
Total Capital Outlay	40,000	(10,000)	30,000	-	30,000
Reimbursed TPAF Pension Contributions				206,960	(206,960)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			-	112,037	(112,037)
Total Expenditures	4,575,211	(456,389)	4,118,822	4,153,128	(34,306)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(104,850)	171,638	66,788	183,589	116,801
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(104,850)	171,638	66,788	183,589	116,801
FUND BALANCE, JULY 1	1,100,336	-	1,100,336	1,118,337	18,001
FUND BALANCE, JUNE 30	\$ 995,486	\$ 171,638	\$ 1,167,124	\$ 1,301,926	\$ 134,802
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures Budgeted Fund Balance	\$ 995,486	\$ 171,638	\$ 1,167,124	\$ 1,301,926	\$ 134,802
Total	\$ 995,486	\$ 171,638	\$ 1,167,124	\$ 1,301,926	\$ 134,802

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

CENTRAL JERSEY COLLEGE PREP 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:					
Local	\$ -	\$ 3,750	\$ 3,750	\$ 3,750	\$ -
Federal	118,892	6,450	125,342	125,342	-
Total Revenues	118,892	10,200	129,092	129,092	-
EXPENDITURES:					
Instruction:					
Salaries	82,175	14,535	96,710	96,710	-
General Supplies	1,000	3,750	4,750	4,750	-
Total Instruction	83,175	18,285	101,460	101,460	-
Support Services:					
Salaries	5,000	(2,306)	2,694	2,694	-
Personal Services - Employee Benefits	16,817	1,671	18,488	18,488	-
Purchased Technical Services		447	447	447	-
Other Purchased Services	13,900	(13,900)	-	-	-
Total Support Services	35,717	(14,088)	21,629	21,629	-
Total Expenditures	118,892	10,200	129,092	129,092	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL JERSEY COLLEGE PREP 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**

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 4,336,717	[C-2] \$ 129,092
 Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	_____	_____ -
 Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ 4,336,717	[B-2] \$ 129,092
 Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 4,153,128	[C-2] \$ 129,092
 Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.	_____	_____ -
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 4,153,128	[B-2] \$ 129,092

OTHER SUPPLEMENTARY INFORMATION

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Special Revenue Fund

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

	Other Local Projects Restricted	NCLB Title I	I.D.E.A. Part B	Grand Total
REVENUE SOURCES:				
Local	3,750	-	-	3,750
Federal	-	53,882	71,460	125,342
Total Revenues	3,750	53,882	71,460	129,092
EXPENDITURES:				
Instruction:				
Salaries		42,535	54,175	96,710
General Supplies	3,750	1,000		4,750
Total Instruction	3,750	43,535	54,175	101,460
Support Services:				
Salaries		2,694		2,694
Personal Services - Employee Benefits Supplies and Materials		7,653	10,835	18,488
			447	447
Total Support Services	-	10,347	11,282	21,629
Facilities Acquisition and Construction Services:				
Instructional Equipment			6,003	6,003
Total Facilities Acquisition and Construction Services	-	-	6,003	6,003
Total Expenditures	3,750	53,882	71,460	129,092
Total Outflows	3,750	53,882	71,460	129,092
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -

**SECTION G – PROPRIETARY FUNDS
DETAIL STATEMENTS**

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

Food Services Fund – This fund provides for the operation of food services for the Charter School.

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

**SECTION H – FIDUCIARY FUND
DETAIL STATEMENTS**

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

As of June 30, 2013, there is no non-expendable trust fund utilized by the Charter School.

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

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2013

	Trust	Agency			Total Agency Fund
	Unemployment Compensation Insurance	Payroll Agency	Net Payroll	Student Activities	
ASSETS:					
Cash and Cash Equivalents	\$ 922	\$ 1,350	\$ 7,681	\$ 15,796	\$ 24,827
Total Assets	<u>922</u>	<u>\$ 1,350</u>	<u>\$ 7,681</u>	<u>\$ 15,796</u>	<u>\$ 24,827</u>
LIABILITIES:					
Interfund Accounts Payable		\$ 1,348	\$ 7,681	\$ -	\$ 9,029
Accounts Payable	16,042				-
Payroll Deductions and Withholdings Due to Student Groups		2		15,796	2
Total Liabilities	<u>16,042</u>	<u>\$ 1,350</u>	<u>\$ 7,681</u>	<u>\$ 15,796</u>	<u>\$ 24,827</u>
NET POSITION:					
Reserved for Unemployment Claims	<u>(15,120)</u>				
Total Net Position	<u>\$ (15,120)</u>				

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2013

	<u>Unemployment Compensation Insurance</u>
ADDITIONS:	
Employee Contributions	\$ 5,007
Board Contributions	<u>59,475</u>
Total Additions	<u>64,482</u>
DEDUCTIONS:	
Payment of Claims	76,192
Miscellaneous Expenses	<u>347</u>
Total Deductions	<u>76,539</u>
CHANGE IN NET POSITION	(12,057)
NET POSITION - BEGINNING OF THE YEAR	<u>(3,063)</u>
NET POSITION - END OF THE YEAR	<u><u>\$ (15,120)</u></u>

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Fiduciary Funds
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2013

	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2013</u>
School Activities	<u>\$ 14,182</u>	<u>\$ 40,671</u>	<u>\$ 39,057</u>	<u>\$ 15,796</u>
Total	<u><u>\$ 14,182</u></u>	<u><u>\$ 40,671</u></u>	<u><u>\$ 39,057</u></u>	<u><u>\$ 15,796</u></u>

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2013

	Balance July 1, 2012	Cash Additions	Cash Deletions	Balance June 30, 2013
LIABILITIES:				
Interfund Accounts Payable	\$ -	\$ 1,348	\$ -	\$ 1,348
Payroll Deductions and Withholdings	638	869,418	870,054	2
Total Liabilities	\$ 638	\$ 870,766	\$ 870,054	\$ 1,350

STATISTICAL SECTION (UNAUDITED)

Central Jersey College Prep Charter School has been in operation for seven (7) 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 seven (7) 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 Charter School'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 charter school 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, 2007; schedules presenting charter school-wide information include information beginning that year.

FINANCIAL TRENDS

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Net Assets/Position by Component
 Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2013	2012	2011	2010	2009	2008	2007
Governmental Activities							
Net Investment in Capital Assets	\$ 281,925	\$ 300,720	\$ 319,515	\$ 338,310	\$ 357,105	\$ -	\$ -
Restricted	21,924	15,881	34	-	-	5,132	-
Unrestricted	1,280,002	1,080,532	407,963	453,648	405,104	370,522	251,110
Total Governmental Activities Net Assets/Position	<u>\$ 1,583,851</u>	<u>\$ 1,397,133</u>	<u>\$ 727,512</u>	<u>\$ 791,958</u>	<u>\$ 762,209</u>	<u>\$ 375,654</u>	<u>\$ 251,110</u>
Business-Type Activities							
Unrestricted	\$ 52,660	\$ 54,364	\$ 38,374	\$ 19,091	10,908	-	1,891
Total Business-Type Activities Net Assets/Position	<u>\$ 52,660</u>	<u>\$ 54,364</u>	<u>\$ 38,374</u>	<u>\$ 19,091</u>	<u>\$ 10,908</u>	<u>\$ -</u>	<u>\$ 1,891</u>
Charter School-wide							
Net Investment in Capital Assets	\$ 281,925	\$ 300,720	\$ 319,515	\$ 338,310	\$ 357,105	\$ -	\$ -
Restricted	21,924	15,881	34	-	-	5,132	-
Unrestricted	1,332,662	1,134,896	446,337	472,739	416,012	370,522	253,001
Total Charter School-wide Net Assets/Position	<u>\$ 1,636,511</u>	<u>\$ 1,451,497</u>	<u>\$ 765,886</u>	<u>\$ 811,049</u>	<u>\$ 773,117</u>	<u>\$ 375,654</u>	<u>\$ 253,001</u>

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Changes in Net Assets/Position
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2013	2012	2011	2010	2009	2008	2007
Expenses							
Governmental Activities:							
Instruction	\$ 2,424,995	\$ 2,213,633	\$ 2,290,776	\$ 2,286,293	\$ 1,553,992	\$ 1,388,866	\$ 936,030
Administration	522,230	408,978	545,015	611,319	896,964	631,857	336,729
Support Services	1,328,992	1,349,441	1,179,895	1,282,715	1,045,587	882,451	640,658
Unallocated	18,795	18,795	18,795	18,795	18,795	-	-
Total Governmental Activities Expenses	<u>4,301,015</u>	<u>3,990,847</u>	<u>4,034,481</u>	<u>4,199,122</u>	<u>3,515,338</u>	<u>2,910,170</u>	<u>1,929,262</u>
Business-Type Activities:							
Food Service, School Store & After Care	179,143	177,325	143,701	134,123	104,203	85,387	53,980
Total Business-Type Activities Expenses	<u>179,143</u>	<u>177,325</u>	<u>143,701</u>	<u>134,123</u>	<u>104,203</u>	<u>85,387</u>	<u>53,980</u>
Total Charter School Expenses	<u>\$ 4,480,158</u>	<u>\$ 4,168,172</u>	<u>\$ 4,178,182</u>	<u>\$ 4,333,245</u>	<u>\$ 3,619,541</u>	<u>\$ 2,995,557</u>	<u>\$ 1,983,242</u>
Program Revenues							
Governmental Activities:							
Operating Grants and Contributions	\$ 94,358	\$ 84,934	\$ 103,579	\$ 107,297	116,704	100,887	78,081
Total Governmental Activities Expenses	<u>94,358</u>	<u>84,934</u>	<u>103,579</u>	<u>107,297</u>	<u>116,704</u>	<u>100,887</u>	<u>78,081</u>
Business-Type Activities:							
Charges for Services	94,434	92,479	63,204	59,407	48,750	26,175	10,182
Operating Grants and Contributions	89,441	100,837	89,001	82,899	66,361	46,990	27,460
Total Business-Type Activities Expenses	<u>183,875</u>	<u>193,316</u>	<u>152,205</u>	<u>142,306</u>	<u>115,111</u>	<u>73,165</u>	<u>37,642</u>
Total Charter School Program Revenues	<u>\$ 278,233</u>	<u>\$ 278,250</u>	<u>\$ 255,784</u>	<u>\$ 249,603</u>	<u>\$ 231,815</u>	<u>\$ 174,052</u>	<u>\$ 115,723</u>
Net (Expense)/Revenue							
Governmental Activities	\$ (4,206,657)	\$ (3,905,913)	\$ (3,930,902)	\$ (4,091,825)	\$ (3,398,634)	\$ (2,809,283)	\$ (1,851,181)
Business-Type Activities	4,732	15,991	8,504	8,183	10,908	(12,222)	(16,338)
Total Charter School-wide Net Expense	<u>\$ (4,201,925)</u>	<u>\$ (3,889,922)</u>	<u>\$ (3,922,398)</u>	<u>\$ (4,083,642)</u>	<u>\$ (3,387,726)</u>	<u>\$ (2,821,505)</u>	<u>\$ (1,867,519)</u>
General Revenues and Other Changes in Net Assets/Position							
Governmental Activities:							
General Purposes	\$ 2,214,337	\$ 2,031,345	\$ 1,651,016	\$ 1,584,079	\$ 1,596,248	\$ 1,326,278	\$ 925,472
Federal and State Aid Not Restricted	2,142,522	2,542,537	2,209,014	2,521,162	2,180,865	1,577,299	1,086,772
Investment Earnings	6	-	8	368	-	-	-
Miscellaneous Income	14,586	1,652	6,418	15,965	8,076	13,859	70,350
Total Governmental Activities	<u>4,371,451</u>	<u>4,575,534</u>	<u>3,866,456</u>	<u>4,121,574</u>	<u>3,785,189</u>	<u>2,933,827</u>	<u>2,102,291</u>
Business-Type Activities:							
Miscellaneous Income	6,365	-	-	-	-	-	-
Transfers	-	-	10,779	-	-	10,331	18,229
Total Business-Type Activities	<u>6,365</u>	<u>-</u>	<u>10,779</u>	<u>-</u>	<u>-</u>	<u>10,331</u>	<u>18,229</u>
Total Charter School-wide	<u>\$ 4,377,816</u>	<u>\$ 4,575,534</u>	<u>\$ 3,877,235</u>	<u>\$ 4,121,574</u>	<u>\$ 3,785,189</u>	<u>\$ 2,944,158</u>	<u>\$ 2,120,520</u>
Change in Net Assets/Position							
Governmental Activities	\$ 164,794	\$ 669,621	\$ (64,446)	\$ 29,749	\$ 386,555	\$ 124,544	\$ 251,110
Business-Type Activities	11,097	15,991	19,283	8,183	10,908	(1,891)	1,891
Total Charter School	<u>\$ 175,891</u>	<u>\$ 685,612</u>	<u>\$ (45,163)</u>	<u>\$ 37,932</u>	<u>\$ 397,463</u>	<u>\$ 122,653</u>	<u>\$ 253,001</u>

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Fund Balances - Governmental Funds
 Last Seven Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2013	2012	2011	2010	2009	2008	2007
General Fund							
Reserved	\$ 21,924	\$ 15,881	\$ 34	\$ -	\$ -	\$ 5,132	\$ -
Unreserved	1,280,002	1,080,532	407,963	453,648	405,104	370,522	251,110
Total General Fund	\$ 1,301,926	\$ 1,096,413	\$ 407,997	\$ 453,648	\$ 405,104	\$ 375,654	\$ 251,110
All Other Governmental Funds							
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:							
Special Revenue Fund	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Changes in Fund Balances - Governmental Funds
 Last Seven Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	2013	2012	2011	2010	2009	2008	2007
Revenues:							
Local Sources:							
Local Tax Levy	\$ 2,214,337	\$ 2,031,345	\$ 1,651,016	\$ 1,584,079	\$ 1,596,248	\$ 1,326,278	\$ 925,472
Interest In Investments	6	-	8	368	-	-	-
Miscellaneous	14,586	1,652	6,418	15,965	8,076	13,859	70,350
State Sources	2,111,538	2,446,623	2,174,554	2,375,096	2,051,441	1,292,674	817,972
Federal Sources	125,342	180,848	138,039	253,363	246,128	385,512	346,881
Total Revenues	<u>4,465,809</u>	<u>4,660,468</u>	<u>3,970,035</u>	<u>4,228,871</u>	<u>3,901,893</u>	<u>3,034,714</u>	<u>2,180,372</u>
Expenditures:							
Instruction	1,913,104	1,750,001	1,847,777	1,853,406	1,553,992	1,206,091	822,504
Administration	1,194,634	1,026,478	1,133,017	1,197,618	896,964	851,138	465,055
Support Services	1,168,479	1,195,573	1,034,892	1,129,303	1,045,587	845,945	625,858
Capital Outlay	6,003	-	-	-	375,900	6,996	15,845
Total Expenditures	<u>4,282,220</u>	<u>3,972,052</u>	<u>4,015,686</u>	<u>4,180,327</u>	<u>3,872,443</u>	<u>2,910,170</u>	<u>1,929,262</u>
Net Change in Fund Balance	<u>\$ 183,589</u>	<u>\$ 688,416</u>	<u>\$ (45,651)</u>	<u>\$ 48,544</u>	<u>\$ 29,450</u>	<u>\$ 124,544</u>	<u>\$ 251,110</u>

Source: Charter School records

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 General Fund - Other Local Revenue by Source
 Last Six Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Donations	Prior Year Refunds	Miscellaneous Revenue	Annual Total
2013	\$ -	\$ -	\$ 10,836	\$ 10,836
2012	-	1,491	161	\$ 1,652
2011	5,300	-	1,118	\$ 6,418
2010	-	460	15,505	\$ 15,965
2009	-	1,468	6,608	\$ 8,076
2008	450	-	13,409	13,859

Source: Charter School records

OPERATING INFORMATION

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Full-Time Equivalent Charter School Employees by Function
 Last Seven Fiscal Years

Function	2013	2012	2011	2010	2009	2008	2007
Instruction	36	37	34	29	29	23	15
Administrative	3	3	5	4	6	5	2
Support Services	11	10	10	12	10	8	5
Food Service	-	-	-	-	-	-	1
Total	50	50	49	45	45	36	23

Source: Charter School Personal Records

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Operating Statistics
 Last Six Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	Percent Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2013	309	\$ 4,276,217	\$ 13,839	7.66%	36	N/A	8:1	N/A	309	303	0.00%	98.06%
2012	309	3,972,052	12,855	-11.65%	37	N/A	8:1	N/A	309	303	11.96%	98.06%
2011	276	4,015,686	14,550	-12.29%	29	N/A	10:1	N/A	276	270	9.52%	97.83%
2010	252	4,180,327	16,589	-2.27%	29	N/A	9:1	N/A	252	247	22.33%	98.02%
2009	206	3,496,543	16,974	-4.12%	23	N/A	9:1	N/A	206	202	20.39%	98.06%
2008	164	2,903,174	17,702	0.00%	15	N/A	11:1	N/A	164	160	100.00%	97.56%

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).

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 School Building Information
 Last Six Fiscal Years

	2013	2012	2011	2010	2009	2008
<u>Charter School Building</u>						
<u>Middle School</u>						
Square Feet	45,000	45,000	45,000	45,000	45,000	45,000
Capacity (students)	336	336	336	336	288	240
Enrollment	309	309	276	252	206	164

Number of Schools at June 30, 2013
 Middle School = 1

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL

Insurance Schedule

June 30, 2013

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<u>COVERAGE</u>	<u>LIMITS</u>	<u>DEDUCTIBLES</u>
NJSBAIG - P944AD		
<i>Commercial Property Coverage</i>		
Property Blanket Building & Contents	\$400,000,000	1,000
Electronic Data Processing	\$225,000	1,000
Environmental/Pollution (occurrence)	\$1,000,000	25,000
Pool Aggregate	\$10,000,000	
Boiler & Machinery Coverage	\$100,000,000	1,000
<i>General Liability Coverage</i>		
Each Occurrence Limit	\$6,000,000	
Personal Injury	\$6,000,000	
Medical Expense (Excluding Students)	\$10,000	
Employee Benefit Liability (Aggregate)	\$6,000,000	
<i>Automotive Coverage</i>		
Combined Single Limit	\$6,000,000	
Hired/Non-owned	\$6,000,000	
Uninsured/Underinsured (all other vehicles)	15,000/30,000/5,000	
<i>Crime Coverage</i>		
Public Employee Dishonesty	\$250,000	1,000
Theft, Disappearance & Destruction - Inside & Out	\$25,000	500
Robbery & Safe Burglary, other than Money & Securities - Inside & Out	\$25,000	500
Forgery or Alteration	\$25,000	500
Computer Fraud	\$50,000	500
<i>School Business Administrator/Board Secretary</i> Atilla Sabahoglu	\$150,000	1,000
<i>School Business Administrator/Board Secretary</i>		
Each Accident	\$2,000,000	
Each Employee	\$2,000,000	
Aggregate	\$2,000,000	
Chartis - 01-605-36-37		
Board of Education - School Leaders Errors & Omissions		
Each Loss/Aggregate	\$1,000,000	10,000
Employment Practices		25,000
NJBSAIG PREMIUMS:		
PKG (P944AD) - \$11,978.41		
WC (W944AD) - \$34,539.19		
CHARTIS PREMIUM:		
E&O (01-605-36-37) - \$8,031		

CHARTER SCHOOL PERFORMANCE FRAMEWORK FINANCIAL INDICATORS

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Charter School Performance Framework Financial Indicators
 Near Term Indicators
 Last Three Fiscal Years

	2011 Audit	2012 Audit	2013 Audit	Source
Cash	\$ 179,280	\$ 875,602	\$ 1,254,361	Audit: Exhibit A-1
Current Assets	294,386	558,399	550,483	Audit: Exhibit A-1
Total Assets	793,181	1,734,721	2,086,769	Audit: Exhibit A-1
Current Liabilities	27,295	283,224	450,258	Audit: Exhibit A-1
Total Liabilities	27,295	283,224	450,258	Audit: Exhibit A-1
Net Assets	765,886	1,451,497	1,636,511	Audit: Exhibit A-1
Total Revenue	4,133,019	4,853,784	4,656,049	Audit: Exhibit A-2
Total Expenses	4,178,182	4,168,172	4,480,158	Audit: Exhibit A-2
Change in Net Assets	(45,163)	685,612	175,891	Audit: Exhibit A-2
Depreciation Expense	18,795	18,795	18,795	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	276.00	309.00	309.00	DOE Enrollment Reports
March 30th Budgeted Enrollment	301.00	306.00	328.00	Charter School Budget

RATIOS ANALYSIS...				
Near Term Indicators	2011	2012	2013	3 YR CUM
1a. Current Ratio	10.79	1.97	1.22	Current Assets/Current Liabilities
1b. Unrestricted Days Cash	15.66	76.68	102.19	Cash/(Total Expenses/365)
1c. Enrollment Variance	92%	101%	94%	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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
 Charter School Performance Framework Financial Indicators
 Sustainability Indicators
 Last Three Fiscal Years

	2011 Audit	2012 Audit	2013 Audit	Source
Cash	\$ 179,280	\$ 875,602	\$ 1,254,361	Audit: Exhibit A-1
Current Assets	294,386	558,399	550,483	Audit: Exhibit A-1
Total Assets	793,181	1,734,721	2,086,769	Audit: Exhibit A-1
Current Liabilities	27,295	283,224	450,258	Audit: Exhibit A-1
Total Liabilities	27,295	283,224	450,258	Audit: Exhibit A-1
Net Assets	765,886	1,451,497	1,636,511	Audit: Exhibit A-1
Total Revenue	4,133,019	4,853,784	4,656,049	Audit: Exhibit A-2
Total Expenses	4,178,182	4,168,172	4,480,158	Audit: Exhibit A-2
Change in Net Assets	(45,163)	685,612	175,891	Audit: Exhibit A-2
Depreciation Expense	18,795	18,795	18,795	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	276.00	309.00	309.00	DOE Enrollment Reports
March 30th Budgeted Enrollment	301.00	306.00	328.00	Charter School Budget

RATIOS ANALYSIS...				
Sustainability Indicators	2011	2012	2013	3 YR CUM
2a. Total Margin	-1%	14%	4%	6%
2b. Debt to Asset	0.03	0.16	0.22	Change in Net Assets/Total Revenue Total Liabilities/Total Assets
2c. ** Cash Flow	\$ (34,360)	\$ 696,322	\$ 378,759	Net change in cash flow from prior years (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

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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Independent Auditor's Report

Honorable President and
Members of the Board of Trustees
Central Jersey College Prep Charter School
County of Somerset
Somerset, 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 Central Jersey College Prep Charter School (Charter School), in the County of Somerset, 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 August 30, 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, Central Jersey College Prep 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

August 30, 2013

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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Independent Auditor's Report

Honorable President and
Members of the Board of Trustees
Central Jersey College Prep Charter School
County of Somerset
Somerset, New Jersey

Report on Compliance for Each Major State Program

We have audited the compliance of the Central Jersey College Prep Charter School (Charter School), in the County of Somerset, 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 Central Jersey College Prep Charter School, in the County of Somerset, 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 Central Jersey College Prep 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, Central Jersey College Prep 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

August 30, 2013

CENTRAL JERSEY COLLEGE PREP 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 From	To	Balance at June 30, 2012	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Balance at June 30, 2013	
												Accounts Receivable	Deferred Revenue
U.S. Department of Education													
Passed-through State Department of Education													
Special Revenue Fund:													
Title I Part A	84.010A	NCLB - 6018 - 13	\$ 53,882	9/1/12	8/31/13	\$ -	\$ -	\$ 35,123	\$ (53,882)	\$ -	\$ -	\$ (18,759)	\$ -
Title I Part A Carryover	84.010A	NCLB - 6018 - 12	111,056	9/1/11	8/31/12	(64,946)	-	64,946	(53,882)	-	-	(18,759)	-
Title II Part A Carryover	84.367A	NCLB - 6018 - 12	2,645	9/1/11	8/31/12	(2,645)	-	2,645	(2,645)	-	-	-	-
Title II Part D Carryover	84.318X	NCLB - 6018 - 12	120	9/1/11	8/31/12	(120)	-	120	(120)	-	-	-	-
ARRA - Title I Part A	84.389A	ARRA - 6018 - 12	45,496	9/1/09	9/30/11	(67,711)	-	102,834	(53,882)	-	-	(18,759)	-
Total No Child Left Behind Cluster			213,199			(131,951)	-	213,786	(125,342)	-	-	(43,507)	-
I.D.E.A. Part B Basic	84.027	IDEA - 6018 - 13	71,460	9/1/12	8/31/13	(60,739)	-	46,712	(71,460)	-	-	(24,748)	-
I.D.E.A. Part B Basic Carryover	84.027	IDEA - 6018 - 12	60,739	9/1/11	8/31/12	(60,739)	-	107,451	(71,460)	-	-	(24,748)	-
Total Individuals with Disabilities Cluster			132,199			(121,478)	-	154,163	(142,920)	-	-	(49,496)	-
Other Special Revenue Funds:													
Learn and Serve America Carryover	94.004	N/A	14,000	9/1/11	8/31/12	(3,501)	-	3,501	-	-	-	-	-
Total Other Special Revenue Funds			14,000			(3,501)	-	3,501	-	-	-	-	-
Total Special Revenue Fund			227,199			(135,452)	-	217,287	(145,342)	-	-	(93,003)	-
U.S. Department of Agriculture													
Passed-through State Department of Agriculture													
Enterprise Fund:													
School Breakfast Program	10.553	N/A	24,562	7/1/12	6/30/13	-	-	22,895	(24,562)	-	-	(1,667)	-
School Breakfast Program	10.553	N/A	29,409	7/1/11	6/30/12	(2,124)	-	2,124	(24,562)	-	-	(1,667)	-
National School Lunch Program	10.555	N/A	62,439	7/1/12	6/30/13	-	-	58,651	(62,439)	-	-	(3,788)	-
National School Lunch Program	10.555	N/A	69,476	7/1/11	6/30/12	(4,232)	-	4,232	(62,439)	-	-	(3,788)	-
Total Enterprise Fund			165,886			(6,356)	-	87,902	(87,001)	-	-	(5,455)	-
Sub-Total Federal Financial Awards			\$ 393,185			\$ (138,307)	\$ -	\$ 301,688	\$ (212,343)	\$ -	\$ -	\$ (48,962)	\$ -

CENTRAL JERSEY COLLEGE PREP 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/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Reversals of Prior Year's Balance	Balance at June 30, 2013		MEMO	
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue/ Interfund Payable		Due to Grantor
State Department of Education														
General Fund:														
"Local Levy" State Share - Charter School Aid	13-485-004-5120-071	\$ 2,214,337	7/1/12	6/30/13	\$ -	\$ -	\$ -	\$ 2,214,337	\$ (2,214,337)	\$ -	\$ -	\$ -	\$ 2,214,337	
Equalization Aid	13-485-004-5120-078	1,622,300	7/1/12	6/30/13	-	-	1,622,300	(1,622,300)	-	-	-	-	1,622,300	
Special Education Aid	13-485-004-5120-089	94,358	7/1/12	6/30/13	-	-	94,358	(94,358)	-	-	-	-	94,358	
Security Aid	13-485-004-5120-084	58,743	7/1/12	6/30/13	-	-	58,743	(58,743)	-	-	-	-	58,743	
Nonpublic Aid	13-485-004-5120-084	17,140	7/1/12	6/30/13	-	-	17,140	(17,140)	-	-	-	-	17,140	
Charter School TPAF Pension Contributions	13-485-004-5095-002	205,989	7/1/12	6/30/13	-	-	205,989	(205,989)	-	-	-	-	205,989	
Reimbursed TPAF - Social Security	13-485-004-5095-002	112,037	7/1/12	6/30/13	-	-	112,037	(112,037)	-	-	-	-	112,037	
Reimbursed TPAF - Social Security	12-485-004-5095-002	-	7/1/11	6/30/12	-	-	-	(4,325,875)	-	-	-	-	4,325,875	
Total General Fund														
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program (State Share)	13-100-010-3350-023	2,440	7/1/12	6/30/13	(111)	-	2,337	(2,440)	-	(103)	-	-	103	
National School Lunch Program (State Share)	12-100-010-3350-023	-	7/1/11	6/30/12	(111)	-	111	-	-	-	-	-	-	
Total Enterprise Fund														
Total State Financial Assistance														
					\$ (111)	\$ -	\$ -	\$ 4,326,323	\$ (4,328,315)	\$ -	\$ (103)	\$ -	\$ 103	\$ 4,328,315

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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the 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, Central Jersey College Prep 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

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the 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	\$ -	\$ 2,111,538	\$ 2,111,538
Special Revenue Fund	125,342	-	125,342
Food Service Fund	87,001	2,440	89,441
Total Awards & Financial Assistance	<u>\$ 212,343</u>	<u>\$ 2,113,978</u>	<u>\$ 2,326,321</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOAN OUTSTANDING

Central Jersey College Prep Charter School has no loan balances outstanding at June 30, 2013.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Notes to the 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	2012
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 53,882	\$ 111,056
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>		2,645
Title II, Part D: <i>Enhancing Education Through Technology</i>		
Title III: <i>English Language Acquisition</i>		
Title IV, Part A: <i>Safe and Drug-Free Schools and Communities</i>		
Title V, Part A: <i>Innovative Programs</i>		
 Total	 <u>\$ 53,882</u>	 <u>\$ 113,701</u>

CENTRAL JERSEY COLLEGE PREP 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>Unqualified</u>
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	<u> X </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ None Reported <u> X </u>
Noncompliance material to basic financial statements noted?	_____ Yes	<u> X </u> No

State Awards

Dollar threshold used to distinguish between Type A and Type B programs:		\$300,000
Auditee qualified as low-risk auditee?	<u> X </u> Yes	_____ No
Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	<u> X </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ None Reported <u> X </u>
Type of auditors’ report issued on compliance for major programs		<u>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
<u>13-495-034-5120-071</u>	<u>Local Levy – State Share</u>
<u>13-495-034-5095-006</u>	<u>On-Behalf TPAF Pension Contribution</u>
<u>13-495-034-5095-002</u>	<u>Reimbursed TPAF Social Security</u>
<u>13-495-034-5120-078</u>	<u>Equalization Aid</u>

CENTRAL JERSEY COLLEGE PREP 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.

CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

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

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

STATE AWARDS

Findings

There were no matters reported.

CENTRAL JERSEY COLLEGE PREP 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.