THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2013

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

The Benjamin Banneker Preparatory Charter School
Board of Trustees
Willingboro, New Jersey

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

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

OF THE

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

WILLINGBORO, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Prepared by

The Benjamin Banneker Preparatory Charter School
Finance Department

And

Barre & Company, CPAs

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INTRODUCTORY SECTION

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
110 BUCKINGHAM DRIVE
WILLINGBORO, NEW JERSEY 08046

September 18, 2013

Honorable President and
Members of the Board of Trustees
The Benjamin Banneker Preparatory Charter School
Willingboro, New Jersey 08046

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of The Benjamin Banneker Preparatory 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 The Benjamin Banneker Preparatory 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 seven member Board of Trustees (the "Board") serves as the policy maker for the Charter School. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of the Charter School funds.

The Head of School is the chief executive officer of the Charter School, responsible to the Board for total educational and support operations. The Building Administrator/Director of Instruction is responsible to the Head of School for the instructional program of the Charter School. The Business Administrator is the chief financial officer of the Charter School, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the Charter School, acting as custodian of all Charter School funds, and investing idle funds as permitted by New Jersey law.

1. <u>REPORTING ENTITY AND ITS SERVICES</u>: The Benjamin Banneker Preparatory 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. The Benjamin Banneker Preparatory Charter School Board of Trustees constitutes the Charter School's reporting entity.

The Benjamin Banneker Preparatory Charter School, in its first year of operation, provided a full range of services appropriate to Grades 6 and 7. 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
students. The following details the student enrollment of the Charter School.

Average Daily Enrollment (ADE)

Fiscal Year	Actual Student Enrollment	Percent Change - ADE
2012-2013	120	0.00%

2. MISSION AND GOALS: The mission of the The Benjamin Banneker Preparatory Charter School is to develop the next generation of outstanding leaders who will be equipped with the academic excellence, self-management skills and character necessary for them to positively influence their world. The vision of the Benjamin Banneker Preparatory Charter School is an educational environment, which supports student engagement and empowers all students to identify and utilize their own leadership abilities and gifts. The school has just completed its first year of operation. Every student in sixth and seventh grades is given the state mandated NJ ASK test. Although we are not held accountable this year, our school did make AYP – the state criteria for achievement.

3. FACILITY CONDITION AND OUTLOOK: We are pleased to have all the classrooms on the ground floor at Good Shepherd Methodist Church. We also have our main office on the first floor of the church. Our administrative team is at a facility offsite. We use the multi-purpose room for gym class and as the cafeteria.

4. MAJOR INITIATIVES: The Charter School has developed a comprehensive strategic plan to support its mission and vision and serves as a blueprint for the achievement of its goals. The plan includes objectives, such as pupil achievement as measured by standardized tests and teacher assessment instruments; formal professional for the certified and non-certified staff; and the implementation of a technology plan in all classrooms.

5. 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.

6. 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.

7. 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.

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

9. 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.

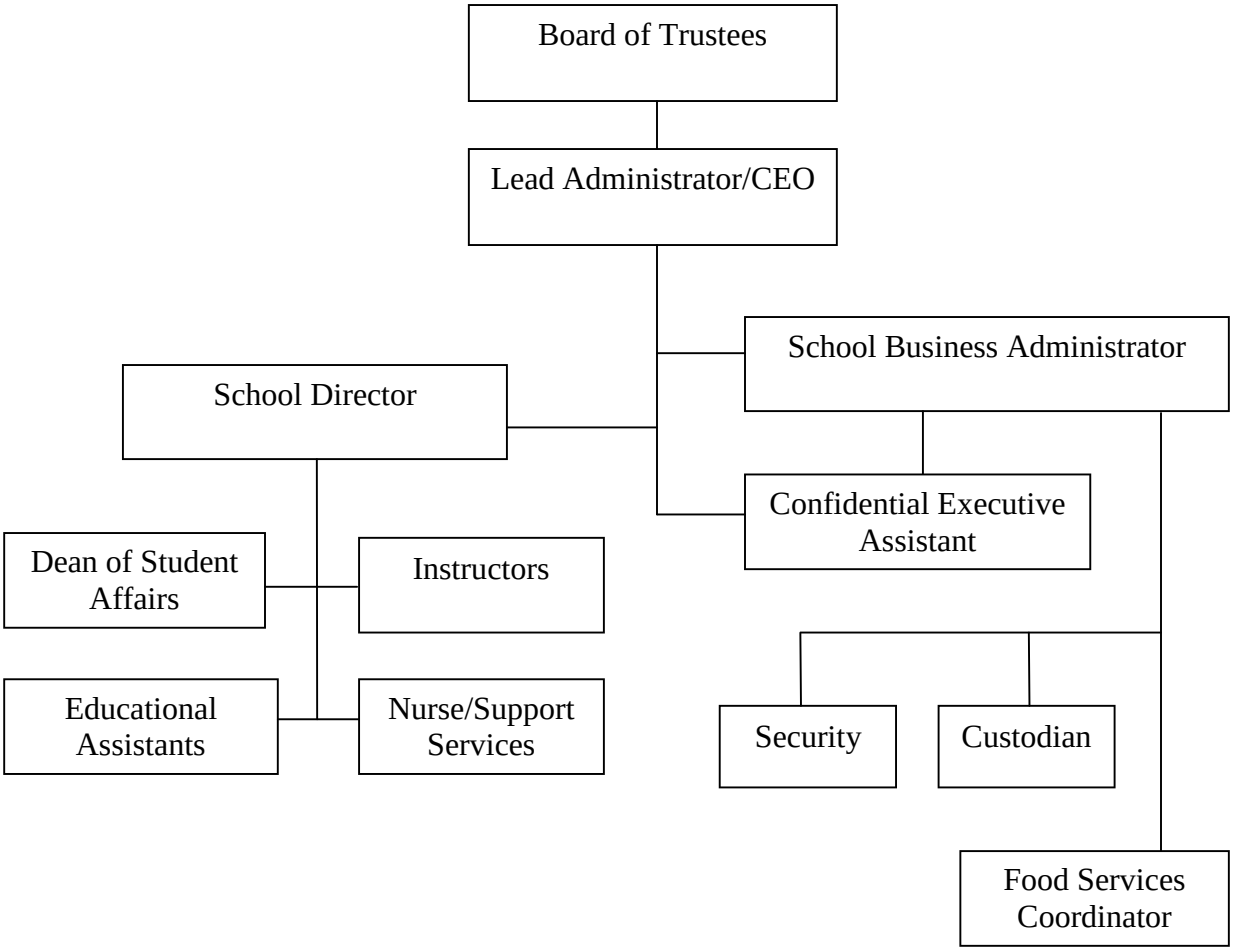
10. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of The Benjamin Banneker Preparatory Charter School Board of Trustees for their concerns in providing fiscal accountability to the citizens and taxpayers of the participating school district and thereby contributing their full 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,

Richard L. Wilson, Jr., MA
Lead Administrator/CEO

Glenn A. Richardson
Business Administrator

1110 ORGANIZATIONAL CHART



Adopted: 24 September 2013
Revised: 21 November 2013

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
WILLINGBORO, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2013

MEMBERS OF THE BOARD OF TRUSTEES	POSITION
Darvis Holley	President
Melda Grant	Vice President
Dejon Barbour	Trustee
Minnie Little	Trustee
Al Nemore	Trustee
Suzette Jackson	Trustee
Jacqueline Heads	Trustee

OTHER OFFICIALS	
Richard L. Wilson, Jr.	Lead Administrator
Glenn A. Richardson	Business Administrator/Bd. Sec'y

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
WILLINGBORO, NEW JERSEY

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorneys

Cooper Levenson
1415 Marlton Pike
Route 70 East
Cherry Hill Plaza
Cherry Hill, NJ 08034

Official Depository

TD Bank
13 Levitt Parkway
Willingboro, NJ 08046

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
The Benjamin Banneker Preparatory Charter School
Willingboro, 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 The Benjamin Banneker Preparatory Charter School (Charter School), in the County of Burlington, 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 The Benjamin Banneker Preparatory Charter School, in the County of Burlington, 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 U.S. Office of Management and Budget (OMB) Circular A-133, *"Audits of States, Local Governments, and Non-Profit Organizations,"* and New Jersey OMB's Circular 04-04, *"Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid,"* respectively; and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2013 on our consideration of the The Benjamin Banneker Preparatory 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

September 18, 2013

REQUIRED SUPPLEMENTARY INFORMATION – PART I

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
WILLINGBORO, NEW JERSEY

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

The discussion and analysis of The Benjamin Banneker Preparatory 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. Although certain comparative information between the current year (2012-2013) and the prior year is normally required to be presented in the MD&A, this does not apply as this is the first year of operation for the Charter School.

Financial Highlights

Key financial highlights for 2013 are as follows:

- General revenues accounted for $1,630,104 in revenue or 98% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for $35,979 or 2% of total revenues of $1,666,083.

- The Charter School had $1,467,626 in expenses; only $35,979 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of $1,630,104 were adequate to provide for these programs.

- Among governmental funds, the General Fund had $1,630,104 in revenues and $1,438,647 in expenditures. The General Fund's fund balance increased $191,457 in its first year of operation. This increase was anticipated by the Board of Trustees.

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 The Benjamin Banneker Preparatory Charter School as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Using this Comprehensive Annual Financial Report (CAFR)(CONTINUED)

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 The Benjamin Banneker Preparatory 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 accounts 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.

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.

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

- 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.

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 37 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 $198,557 for 2013.

Governmental Activities

The Charter School's total revenues were $1,618,046 for the year ended June 30, 2013. This includes $34,398 for 2013 of state reimbursed TPAF social security and pension contributions.

The total cost of all program and services was $1,426,589 for 2013. Instruction comprises 57% for 2013 of Charter School expenses.

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

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

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

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

Business-Type 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 $7,000 for 2013.
- Charges for services represent $11,268 for 2013 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 $24,711 for 2013.

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to $1,630,104 for 2013; and expenditures were $1,438,647 for 2013. The net change in fund balance for the year was most significant in the general fund, an increase of $191,457 in 2013.

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.

The Charter School's Funds (Continued)

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2012	Percent of Increase/ (Decrease)
Local Sources	$ 617,630	37.89%	$ 617,630	0.00%
State Sources	1,012,474	62.11%	1,012,474	0.00%
Total	$ 1,630,104	100.00%	$ 1,630,104	

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	$ 698,183	47.40%	$ 698,183	0.00%
Administration	619,019	42.02%	619,019	0.00%
Support Services	139,269	9.45%	139,269	0.00%
Capital Outlay	16,574	1.13%	16,574	0.00%
Total	$ 1,473,045	100.00%	$ 1,473,045	

Changes in expenditures were the results of varying factors.

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 $0 invested in site improvements at the end of the fiscal year 2013.

For the Future

The Benjamin Banneker Preparatory 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, The Benjamin Banneker Preparatory 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. Richard L. Wilson, Chief Education Officer at The Benjamin Banneker Preparatory Charter School, 110 Buckingham Drive, Willingboro, New Jersey 08046. Please visit our website at http://bannekerprep.wix.com/bbpcs.

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.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Statement of Net Position
June 30, 2013
(Initial Year)

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	$ 160,832	$ 2,432	$ 163,264
Interfund Receivables	25,192		25,192
Receivables	34,398	4,668	39,066
Prepaid Expenses	10,500		10,500
Total Assets	230,922	7,100	238,022
LIABILITIES:			
Payable to District	21,390		21,390
Accounts Payable	18,075		18,075
Total Liabilities	39,465	-	39,465
NET POSITION:			
Unrestricted	191,457	7,100	198,557
Total Net Position	$ 191,457	$ 7,100	$ 198,557

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Statement of Activities
For The Fiscal Year Ended June 30, 2013
(Initial Year)

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes In Net Position: Governmental Activities	Net (Expense) Revenue and Changes In Net Position: Business-Type Activities	Net (Expense) Revenue and Changes In Net Position: Total
GOVERNMENTAL ACTIVITIES:								
Instruction	732,581	$ 79,986	$ -	$ -	$ -	$ (812,567)	$ -	$ (812,567)
Administration	455,980	48,655				(504,635)		(504,635)
Support Services	92,813					(92,813)		(92,813)
Capital Outlay	16,574					(16,574)		(16,574)
Total Governmental Activities	1,297,948	$ 128,641	-	-	-	(1,426,589)	-	(1,426,589)
BUSINESS-TYPE ACTIVITIES:								
Food Service and School Store	41,037		11,268	24,711			(5,058)	(5,058)
Total Business-Type Activities	41,037		11,268	24,711	-	-	(5,058)	(5,058)
Total Primary Government	$ 1,338,985		$ 11,268	$ 24,711	$ -	(1,426,589)	(5,058)	(1,431,647)
GENERAL REVENUES								
General Purposes						604,446	-	604,446
Federal and State Aid Not Restricted						1,012,474		1,012,474
Miscellaneous Income						13,184		13,184
Transfers						(12,058)	12,058	-
Total General Revenues						1,618,046	12,058	1,630,104
Change in Net Position						191,457	7,000	198,457
Net Position - Beginning						-	100	100
Net Position - Ending						$ 191,457	$ 7,100	$ 198,557

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

Governmental Funds
Balance Sheet
June 30, 2013
(Initial Year)

	General Fund	Total
ASSETS:		
Cash and Cash Equivalents	$ 160,832	$ 160,832
Interfund Receivables	25,192	25,192
Receivables from Other Governments	34,398	34,398
Security Deposit	7,000	7,000
Pre Paid Expenses	3,500	3,500
Total Assets	$ 230,922	$ 230,922
LIABILITIES AND FUND BALANCES:		
Liabilities:		
Payables to District	$ 21,390	$ 21,390
Accounts Payable	18,075	18,075
Total Liabilities	39,465	39,465
Fund Balances:		
Assigned - Encumbrances		
Unassigned - General Fund	191,457	191,457
Total Fund Balances	191,457	191,457
Total Liabilities and Fund Balances	$ 230,922	
Net Position of Governmental Activities		$ 191,457

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2013
(Initial Year)

	General Fund	Total
REVENUES:		
Local Sources:		
Local Tax Levy	$ 604,446	604,446
Miscellaneous	13,184	13,184
Total Local Sources	617,630	617,630
State Sources	1,012,474	1,012,474
Total Revenues	1,630,104	1,630,104
EXPENDITURES:		
Instruction	698,183	698,183
Administration	584,621	584,621
Support Services	139,269	139,269
Capital Outlay	16,574	16,574
Total Expenditures	1,438,647	1,438,647
NET CHANGE IN FUND BALANCES	191,457	191,457
FUND BALANCES, JULY 1	-	-
FUND BALANCES, JUNE 30	$ 191,457	$ 191,457

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

THE BENJAMIN BANNEKER PREPARATORY 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
(Initial Year)

Total net change in fund balances - governmental funds (B-2)	$ 191,457
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense in the current fiscal year.	
Depreciation Expense	-
Change in net position of governmental activities	$ 191,457

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

PROPRIETARY FUNDS

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Proprietary Fund
Statement of Net Position
June 30, 2013
(Initial Year)

	Business-Type Activites Enterprise Funds	
	Food Service	Total
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$ 2,432	$ 2,432
Intergovernmental Accounts Receivable:		
Federal	4,553	4,553
State	115	115
Total Assets	$ 7,100	$ 7,100
LIABILITIES AND NET ASSETS:		
Total Liabilities	-	-
Net Position:		
Unrestricted	7,100	7,100
Total Net Position	7,100	7,100
Total Liabilities and Net Position	$ 7,100	$ 7,100

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2013
(Initial Year)

	Business-Type Activities Enterprise Fund	
	Food Service	Total
OPERATING REVENUES:		
Charges for Services:		
Daily Sales Non-reimbursable Program	11,268	11,268
Total Operating Revenues	11,268	11,268
OPERATING EXPENSES:		
Cost of Sales	41,037	41,037
Total Operating Expenses	41,037	41,037
OPERATING INCOME (LOSS)	(29,769)	(29,769)
NONOPERATING REVENUES:		
State Source:		
State School Lunch Program	579	579
Federal Source:		
National School Lunch Program	24,132	24,132
Transfers From General Fund	12,058	12,058
Total Nonoperating Revenues	36,769	36,769
CHANGE IN NET POSITION	7,000	7,000
TOTAL NET POSITION, JULY 1	-	-
TOTAL NET POSITION, JUNE 30	$ 7,000	$ 7,000

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2013
(Initial Year)

	Business-Type Activities Enterprise Fund	
	Food Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	$ 6,599	$ 6,599
Cash Payments to Suppliers and Employees	(41,037)	(41,037)
Net Cash Provided By (Used In) Operating Activities	(34,438)	(34,438)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash Received From State And Federal Reimbursements	24,711	24,711
Transfers In	12,058	12,058
Net Cash Provided By Noncapital Financing Activities	36,769	36,769
Net Increase (Decrease) In Cash And Cash Equivalents	2,331	2,331
Cash And Cash Equivalents, Beginning Of Year	-	-
Cash And Cash Equivalents, End Of Year	$ 2,331	$ 2,331
Reconciliation of Operating Loss to Net Cash Provided By (Used in) Operating Activities:		
Operating Income (Loss) Used in Operating Activities	$ (29,769)	$ (29,769)
Change in Assets and Liabilities:		
Increase in Receivables From Other Governments	(4,669)	(4,669)
Net Cash Provided By (Used In) Operating Activities	$ (34,438)	$ (34,438)

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

FIDUCIARY FUNDS

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2013
(Initial Year)

		Agency Fund
ASSETS:		
Cash and Cash Equivalents	$	13,697
Other Current Assets		7,647
Total Assets	$	21,344
LIABILITIES:		
Interfund Accounts Payable	$	21,343
Payroll Deductions and Withholdings		1
Total Liabilities	$	21,344

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of The Benjamin Banneker Preparatory 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. The Benjamin Banneker Preparatory 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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

Separate statements for each fund category — *governmental*, *proprietary*, and *fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.

The Charter School reports the following governmental funds:

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

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.

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.

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.

There being no special revenue funds during the first year of operation for the Charter School, there is no presentation of a reconciliation of the special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting.

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.

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:

Asset Class	Estimated Useful Lives
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.

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.

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.

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.

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.

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%.

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

Deposits (Continued)

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

Investments

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

a. Bonds or other obligations of the United States or obligations guaranteed by the United States.

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

c. Bonds or other obligations of the Charter School.

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

	General Fund	Proprietary Fund	Fiduciary Funds	Total
Operating Account	$ 160,832	$ 2,432	$ 17,545	$ 180,809

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

For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the Charter school-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2013 was $180,809 and the bank balance was

$184,700

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

Investments (Continued)

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.

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	$ 34,398	$ 34,513
Federal Aid	-	4,553
Other	-	-
Gross Receivables	34,398	39,066
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	$ 34,398	$ 39,066

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	$ 25,192	$ -
Fiduciary Fund		25,192
Total	$ 25,192	$ 25,192

NOTE 5: CAPITAL ASSETS

There was no Capital asset activity at the Charter School for the fiscal year ended June 30, 2013.

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 $0 was charged to an unallocated function.

NOTE 6: RENTAL LEASES

The school leased space at 110 Buckingham Drive, Willingboro, New Jersey under a lease agreement for one (1) year commencing August 15, 2012 through August 14, 2013, at the monthly rental of $7,000. A second lease agreement was effected September 4, 2013, whereby the school leased the same premises for one year, from August 15, 2013 thru August 14, 2014. The second lease required monthly rental payments of $8,000

Total rental payments amounted to $74,160 for the year ended June 30, 2013. Future minimum lease payments are as follows:

Fiscal Year	Amount
2014	96,000
Total minimum lease payments	$ 96,000

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.

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.

NOTE 7: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

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.

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.

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	$0	100%	$0

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

NOTE 8: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2012 there were 97,661 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

NOTE 9: RISK MANAGEMENT

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance

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

NOTE 10: FUND BALANCE APPROPRIATED

General Fund

Of the $191,457 fund balance total in General Fund at June 30, 2013, $191,457 is unreserved and undesignated.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULES

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
Fiscal Year Ended June 30, 2013
(Initial Year)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Levy Budget:					
District Equalization - Charter School Aid	$ 565,828	$ 47,048	$ 612,876	$ 604,446	$ (8,430)
Total Local Levy	565,828	47,048	612,876	604,446	(8,430)
Categorical Aid:					
"Local Levy" State Share-Charter School Aid	822,196	68,365	890,561	878,312	(12,249)
Special Education Aid	77,334	(48,832)	28,502	28,502	-
Categorical Security Aid	28,471	7,330	35,801	35,090	(711)
Non-Public Student Aid				36,172	36,172
Total Categorical Aid	928,001	26,863	954,864	978,076	23,212
Revenues From Other Sources:					
Donations and Contributions				200	200
Miscellaneous Revenue				12,984	12,984
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				34,398	34,398
Total Revenues From Other Sources	-	-	-	47,582	47,582
Total Revenues	1,493,829	73,911	1,567,740	1,630,104	62,364
EXPENDITURES:					
Instruction:					
Salaries of Teachers	427,000	41,000	468,000	456,891	11,109
Other Salaries for Instruction	95,000	4,000	99,000	91,478	7,522
Purchased Prof/Tech Services	35,000	(30,000)	5,000	500	4,500
Other Purchased Services		5,000	5,000	4,768	232
General Supplies	125,000	45,347	170,347	123,618	46,729
Textbooks	35,000	(5,000)	30,000	18,757	11,243
Miscellaneous	30,907	(25,907)	5,000	2,171	2,829
Total Instruction	747,907	34,440	782,347	698,183	84,164
Administration:					
Salaries - General Administration	145,000	51,000	196,000	196,000	-
Salaries of Secretarial/Clerical Assistants	110,000	36,607	146,607	137,570	9,037
Total Benefits Cost	91,602	43,382	134,984	94,243	40,741
Purchases Prof/Tech Services	108,550	(31,125)	77,425	57,818	19,607
Other Purchased Services	48,000	38,564	86,564	82,280	4,284
Communications/Telephone	5,600	4,000	9,600	8,046	1,554
Supplies and Materials	11,200	(2,105)	9,095	8,664	431
Miscellaneous Expenses	1,200		1,200		1,200
Total Administration	521,152	140,323	661,475	584,621	76,854

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
Fiscal Year Ended June 30, 2013
(Initial Year)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Support Services:					
Rental of Land and Buildings	144,000	(59,340)	84,660	74,160	10,500
Other Purchased Services		1,013	1,013	1,013	-
Insurance for Property, Liability and Fidelty	8,770	(8,365)	405	405	-
Supplies and Materials	8,000		8,000	6,735	1,265
Energy Costs (Heat and Electricity)	30,000	(19,000)	11,000	10,500	500
Miscellaneous Expenses	7,000	(7,000)	-		-
Total Support Services	197,770	(92,692)	105,078	92,813	12,265
Capital Outlay:					
Miscellaneous Expenses					
Total Capital Outlay	27,000	(8,160)	18,840	16,574	2,266
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			-	34,398	(34,398)
Total Expenditures	1,493,829	73,911	1,567,740	1,426,589	141,151
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	203,515	203,515
OTHER FINANCING SOURCES (USES):					
Transfer to Cover Deficit				(12,058)	(12,058)
Total Other Financing Sources (Uses)	-	-	-	(12,058)	(12,058)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	191,457	191,457
FUND BALANCE, JULY 1	-	-	-	-	-
FUND BALANCE, JUNE 30	$ -	$ -	$ -	$ 191,457	$ 191,457
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	$ -	$ -	$ -	$ 191,457	$ 191,457
Total	$ -	$ -	$ -	$ 191,457	$ 191,457

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
Fiscal Year Ended June 30, 2013
(Initial Year)

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

		General Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	**[C-1]**	$ 1,630,104
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	**[B-2]**	$ 1,630,104
Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	**[C-1]**	$ 1,426,589
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.		
Transfers to and from other fund are presented as outflows of budgetary resources but are not expenditures for financial accounting purposes.		
Net Transfers (Outflows) to/from general fund.		12,058
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	**[B-2]**	$ 1,438,647

OTHER SUPPLEMENTARY INFORMATION

SECTION E – SPECIAL REVENUE FUND DETAIL STATEMENT

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. There being no Special revenue funds this year, no Schedule E is provided.

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 FUNDS
DETAIL STATEMENTS

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

Unemployment Insurance Compensation Trust Fund – This expendable trust fund is used to account for deductions from employee's salaries which are utilized to pay unemployment compensation claims as they arise.

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

> ***Student Activity Fund – This agency fund is used to account for student funds held at the schools.***
>
> ***Payroll Fund – this agency fund is used to account for payroll transactions of the school district.***

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2013
(Initial Year)

	Agency	
	Net Payroll	Total Agency Fund
ASSETS:		
Cash and Cash Equivalents	$ 13,696	$ 13,696
Other Current Assets	7,647	7,647
Total Assets	$ 21,343	$ 21,343
LIABILITIES:		
Interfund Accounts Payable	$ 21,343	$ 21,343
Total Liabilities	$ 21,343	$ 21,343
NET POSITION:		
Reserved for Unemployment Claims		
Total Net Position		

STATISTICAL SECTION (UNAUDITED)

The Benjamin Banneker Preparatory Charter School has been in operation for one (1) year. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for one (1) year is available and has been presented. Each year thereafter, an additional year's data will be included until ten years.

Contents

Financial Trends

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

Revenue Capacity (Not Applicable to Charter School)

These schedules contain information to help the reader assess the 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, 2013; schedules presenting charter school-wide information include information beginning that year.

FINANCIAL TRENDS

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Net Assets/Position by Component
(accrual basis of accounting)
(Initial Year)

Fiscal Year Ending June 30,		2013
Governmental Activities		
Unrestricted	$	191,457
Total Governmental Activities Net Assets/Position	$	191,457
Business-Type Activities		
Unrestricted	$	7,100
Total Business-Type Activities Net Assets/Position	$	7,100
Charter School-wide		
Unrestricted	$	198,557
Total Charter School-wide Net Assets/Position	$	198,557

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Changes in Net Assets/Position
(accrual basis of accounting)
(Initial Year)

Fiscal Year Ending June 30,	2013
Expenses	
Governmental Activities:	
Instruction	812,567
Administration	504,635
Support Services	92,813
Capital Outlay	16,574
Total Governmental Activites Expenses	1,426,589
Business-Type Activities:	
Food Service and School Store	41,037
Total Business-Type Activites Expenses	41,037
Total Charter School Expenses	$ 1,467,626
Program Revenues	
Governmental Activities:	
Operating Grants and Contributions	$ -
Total Governmental Activites Expenses	-
Business-Type Activities:	
Charges for Services	11,268
Operating Grants and Contributions	24,711
Capital Grants and Contributions	-
Total Business-Type Activites Expenses	35,979
Total Charter School Program Revenues	$ 35,979
Net (Expense)/Revenue	
Governmental Activities	$ (1,426,589)
Business-Type Activities	(5,058)
Total Charter School-wide Net Expense	$ (1,431,647)
General Revenues and Other Changes in Net Assets/Position	
Governmental Activities:	
General Purposes	$ 604,446
Federal and State Aid Not Restricted	1,012,474
Miscellaneous Income	13,184
Transfers	(12,058)
Total Governmental Activities	1,618,046
Business-Type Activities:	
Transfers	$ 12,058
Total Business-Type Activities	12,058
Total Charter School-wide	$ 1,630,104
Change in Net Assets/Position	
Governmental Activities	$ 191,457
Business-Type Activities	7,000
Total Charter School	$ 198,457

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

Fund Balances - Governmental Funds

(modified accrual basis of accounting)

(Initial Year)

Fiscal Year Ending June 30,	2013
General Fund	
Reserved	$ -
Unreserved	191,457
Total General Fund	$ 191,457
All Other Governmental Funds	
Reserved	$ -
Unreserved:	
Special Revenue Fund	-
Total All Other Governmental Funds	$ -

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

Changes in Fund Balances - Governmental Funds

(modified accrual basis of accounting)

(Initial Year)

Fiscal Year Ending June 30,		2013
Revenues:		
Local Sources:		
Local Tax Levy	$	604,446
Miscellaneous		13,184
State Sources		1,012,474
Total Revenues		1,630,104
Expenditures:		
Instruction		698,183
Administration		584,621
Support Services		139,269
Capital Outlay		16,574
Total Expenditures		1,438,647
Net Change in Fund Balance	$	191,457

Source: Charter School records

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

General Fund - Other Local Revenue by Source

(modified accrual basis of accounting)

(Initial Year)

Fiscal Year Ending June 30,	Donations	Prior Year Refunds	Miscellaneous Revenue	Annual Total
2013	$ 200	$ -	$ 12,984	$ 13,184

Source: Charter School records

OPERATING INFORMATION

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Full-Time Equivalent Charter School Employees by Function
(Initial Year)

Function	2013
Instruction	11
Administrative	3
Support Services	2
Food Service	1
Total	17

Source: Charter School Personal Records

Source: Charter School's Records

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Operating Statistics
(Initial Year)

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio Elementary	Pupil/Teacher Ratio Middle School	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2013	120	$ 1,438,647	$ 11,989	100.00%	11	N/A	11:1	118.4	120	0.00%	100.00%

Sources: Charter School records

Note: Enrollment based on annual final Charter School count.

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL

School Building Information

(Initial Year)

	2013
Charter School Building	
Middle School	
Square Feet	10,000
Capacity (students)	150
Enrollment	120

Number of Schools at June 30, 2013

Middle School = 1

Source: Charter School's Records

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Insurance Schedule
June 30, 2013
(Initial Year)

COVERAGE	LIMITS	SUMMARY
Stonington Insurance Company		Annual Premium - $8,327.00 (Package)
Business Personal Property-Replacement Cost		
Business Personal Property	$200,000	$1,000 Deductible ($5,000 Deductible for windstorm/hail)
EDP Equipment and Media (Computers)	$50,000	$1,000 Deductible
General Liability Coverage		Annual Premium - included in Package
General Aggregate Limit	$3,000,000	
Each Occurrence Limit	$1,000,000	
Abuse and Molestation-per person	$1,000,000	
Abuse and Molestation-Aggregate/Policy Period	$1,000,000	
Educators Professional Liability - Occurrence	$1,000,000	
Educators Professional Liability - Aggregate	$2,000,000	
Crime	$120,000	Blanket Employee Theft $500 Deductible
Stonington Insurance Company		Annual Premium - $252.00
Automobile-Non Owned/Hired Auto	$1,000,000	
Stonington Insurance Company		Annual Premium - $1,679.00
Umbrella	$1,000,000	Each Occurrence
	$10,000	Retention (Deductible)
Liberty Mutual Insurance Company		Annual Premium - $16,982.00
New Jersey Workers Compensation Coverage		
	@ $700,000	School Professional
	@ $14,000	School Non-Professional
Markel Insurance Company		Annual Premium - $1,684.00
Professional Liability Coverage		
Directors & Officers Liability/Employment Practice Liability (Board Insurance)	$1,000,000	Each Occurrence
Aggregate, All Parts	$1,000,000	Each Occurrence
	$5,000	Retention (Deductible)
Hartford Insurance Company		Annual Premium - $524.00
Student Accident	$25,000	Medical Expenses

Source: Charter School's Records

CHARTER SCHOOL PERFORMANCE FRAMEWORK FINANCIAL INDICATORS

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Charter School Performance Framework Financial Indicators
Near Term Indicators
(Initial Year)

	2011 Audit	2012 Audit	2013 Audit	Source
Cash	$ -	$ -	$ 163,264	Audit: Exhibit A-1
Current Assets	-	-	74,758	Audit: Exhibit A-1
Total Assets	-	-	238,022	Audit: Exhibit A-1
Current Liabilities	-	-	39,465	Audit: Exhibit A-1
Total Liabilities	-	-	39,465	Audit: Exhibit A-1
Net Assets	-	-	198,557	Audit: Exhibit A-1
Total Revenue	-	-	1,666,083	Audit: Exhibit A-2
Total Expenses	-	-	1,467,626	Audit: Exhibit A-2
Change in Net Assets	-	-	198,457	Audit: Exhibit A-2
Depreciation Expense	-	-	-	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	0.00	0.00	0.00	DOE Enrollment Reports
March 30th Budgeted Enrollment	0.00	0.00	0.00	Charter School Budget

	RATIOS ANALYSIS...					
Near Term Indicators		**2011**	**2012**	**2013**	**3 YR CUM**	**Source:**
1a.	Current Ratio	0.00	0.00	1.89		Current Assets/Current Liabilities
1b.	Unrestricted Days Cash	0.00	0.00	40.60		Cash/(Total Expenses/365)
1c.	Enrollment Variance	0%	0%	0%		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 deliquent with debt service payments? No

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Charter School Performance Framework Financial Indicators
Sustainability Indicators
(Initial Year)

	2011 Audit	2012 Audit	2013 Audit	Source
Cash	$ -	$ -	$ 163,264	Audit: Exhibit A-1
Current Assets	-	-	74,758	Audit: Exhibit A-1
Total Assets	-	-	238,022	Audit: Exhibit A-1
Current Liabilities	-	-	39,465	Audit: Exhibit A-1
Total Liabilities	-	-	39,465	Audit: Exhibit A-1
Net Assets	-	-	198,557	Audit: Exhibit A-1
Total Revenue	-	-	1,666,083	Audit: Exhibit A-2
Total Expenses	-	-	1,467,626	Audit: Exhibit A-2
Change in Net Assets	-	-	198,457	Audit: Exhibit A-2
Depreciation Expense	-	-	-	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	0.00	0.00	0.00	DOE Enrollment Reports
March 30th Budgeted Enrollment	0.00	0.00	0.00	Charter School Budget

	RATIOS ANALYSIS...					
Sustainability Indicators		**2011**	**2012**	**2013**	**3 YR CUM**	**Source:**
2a.	Total Margin	0%	0%	12%	12%	Change in Net Assets/Total Revenue
2b.	Debt to Asset	0.00	0.00	0.17		Total Liabilities/Total Assets
2c. **	Cash Flow	$ -	$ -	$ 163,264		Net change in cash flow from prior years
2d.	Debt Service Coverage Ratio	N/A	N/A	N/A		(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)

** 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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Union, New Jersey 07083
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Independent Auditor's Report

Honorable President and
Members of the Board of Trustees
The Benjamin Banneker Preparatory Charter SchoolCounty of Burlington
Willingboro, 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 The Benjamin Banneker Preparatory Charter School (Charter School), in the County of Burlington, 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 September 18, 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, The Benjamin Banneker Preparatory 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

September 18, 2013

BARRE & COMPANY
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K-2 Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and On Internal Control over Compliance In Accordance With OMB Circular A-133 and New Jersey OMB Circular 04-04

Independent Auditor's Report

Honorable President and
Members of the Board of Trustees
The Benjamin Banneker Preparatory Charter School
County of Burlington
Willingboro, New Jersey

Report on Compliance for Each Major State Program

We have audited the compliance of the The Benjamin Banneker Preparatory Charter School (Charter School), in the County of Burlington, 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 The Benjamin Banneker Preparatory Charter School, in the County of Burlington, 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 The Benjamin Banneker Preparatory 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, The Benjamin Banneker Preparatory 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

September 18, 2013

THE BENJAMIN BANNEKER PREPARATORY 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	Grant Period 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	Balance at June 30, 2013 Deferred Revenue	Balance at June 30, 2013 Due to Grantor
U.S. Department of Agriculture														
Passed-through State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program	10.555	N/A	24,132	7/1/12	6/30/13			19,579	(24,132)			(4,553)		
Total Enterprise Fund						-	-	19,579	(24,132)	-	-	(4,553)	-	-
Sub-Total Federal Financial Awards						$ -	$ -	$ 19,579	$ (24,132)	$ -	$ -	$ (4,553)	$ -	$ -

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

THE BENJAMIN BANNEKER PREPARATORY 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 From	Grant Period To	Balance at June 30, 2012 Deferred Revenue (Accounts Receivable)	Balance at June 30, 2012 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	Balance at June 30, 2013 (Accounts Receivable)	Balance at June 30, 2013 Deferred Revenue/ Interfund Payable	Balance at June 30, 2013 Due to Grantor	MEMO Budgetary Receivable	MEMO Cumulative Total Expenditures
State Department of Education															
General Fund:															
"Local Levy" State Share - Charter School Aid	13-495-034-5120-071	$ 878,312	7/1/12	6/30/13	$ -	$ -	$ -	$ 878,312	$ (878,312)	$ -	$ -	$ -	$ -	$ -	$ 878,312
Equalization Aid	13-495-034-5120-078	604,446	7/1/12	6/30/13				604,446	(604,446)						604,446
Special Education Aid	13-495-034-5120-089	28,502	7/1/12	6/30/13				28,502	(28,502)						28,502
Security Aid	13-495-034-5120-084	35,090	7/1/12	6/30/13				35,090	(35,090)						35,090
Nonpublic Aid	13-100-034-5068-042	36,172	7/1/12	6/30/13				36,172	(36,172)						36,172
Reimbursed TPAF - Social Security	13-495-034-5095-002	34,398	7/1/12	6/30/13					(34,398)		(34,398)			34,398	34,398
Total General Fund					-	-	-	1,582,522	(1,616,920)	-	(34,398)	-	-	34,398	1,616,920
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	13-100-010-3350-023	545	7/1/12	6/30/13				464	(579)		(115)			81	579
Total Enterprise Fund					-	-	-	464	(579)	-	(115)	-	-	81	579
Total State Financial Assistance					$ -	$ -	$ -	$ 1,582,986	$ (1,617,499)	$ -	$ (34,513)	$ -	$ -	$ 34,479	$ 1,617,499

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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2013

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Trustees, The Benjamin Banneker Preparatory 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 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

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2013

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

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

	Federal	State	Total
General Fund	$ -	$ 1,012,474	$ 1,012,474
Food Service Fund	24,132	579	24,711
Total Awards & Financial Assistance	$ 24,132	$ 1,013,053	$ 1,037,185

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

The Benjamin Banneker Preparatory Charter School has no loan balances outstanding at June 30, 2013.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2013

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the charter school for the year ended June 30, 2013. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

NOTE 7. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in OMB Circular A-133; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. There was no such program funds included in schoolwide programs for the charter school for the 2012-2013 school year.

THE BENJAMIN BANNEKER PREPARATORY 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		Unmodified
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	__X__ No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	__X__ None Reported
Noncompliance material to basic financial statements noted?	_____ Yes	__X__ No

State Awards

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

Identification of major state programs:

GMIS Number(s)	Name of State Program
13-495-034-5120-071	Local Levy – State Share
13-495-034-5120-078	Equalization Aid

THE BENJAMIN BANNEKER PREPARATORY 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.

THE BENJAMIN BANNEKER PREPARATORY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

Section III –State Financial Assistance
Findings and Questioned Costs

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

STATE AWARDS

Findings

THE BENJAMIN BANNEKER PREPARATORY 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.