

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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INTRODUCTORY SECTION

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
443 CLIFTON AVENUE
NEWARK, NEW JERSEY 07104**

**MICHAEL A. PALLANTE
PRINCIPAL**

**973-482-8811 (Tel)
973-482-7681 (Fax)**

October 27, 2008

Honorable President and
Members of the Board of Trustees
Robert Treat Academy Charter School, Inc.
County of Essex
Newark, New Jersey

Dear Board Members:

The comprehensive annual financial report of Robert Treat Academy Charter School, Inc. (the "School") for the fiscal year ended June 30, 2008, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Robert Treat Academy Charter School, Inc. Board of Trustees (the "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 various funds of the School. All disclosures necessary to enable the reader to gain an understanding of the School's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the School's organizational chart, roster of officials, and a list of consultants and advisors. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of State, Local Governments and Non-Profit Organizations", and the State Treasury 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 auditors' 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.

1. **REPORTING ENTITY AND ITS SERVICES:** The School is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the School are included in this report. The Board of Trustees and its School constitute the School's reporting entity.

The School provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for disabled youngsters. The School completed the 2007 - 2008 fiscal year with an enrollment of 450 students.

2. **ECONOMIC CONDITION AND OUTLOOK:** The School area has remained constant. Business and residential areas are relatively the same as the prior year. The School outlook remains good since its programs exceed those in surrounding areas.

3. **MAJOR INITIATIVES**

Robert Treat Academy Charter School completed its eleventh year in 2007-08. The Academy is located at 443 Clifton Avenue in Newark, New Jersey. The Academy received its biggest honor to date when it was named as a 2008 NCLB Blue Ribbon School by the U.S. Secretary of Education Margaret Spellings. The award which recognizes academically superior schools was given to only 15 charter schools nationally.

We offer an eleven-month school year with a seven-hour instructional day and eight hour professional day. Early care beginning at 7:30 a.m. and an extended school day (until 5:30 p.m.) accommodate working parents and provide extracurricular activities. Our remedial services (Reading Recovery and Guided Reading, tutoring and speech) also take place during the extended day, insuring that students do not miss classroom instructional time because they are receiving remedial instruction. The extended day program also offers extracurricular activities including instrumental music instruction, chorus, recreation, arts and crafts, Scouting, and character education.

Program evaluation has again indicated significant academic progress. For the eighth time this year, Academy fourth grade students participated in New Jersey's statewide test, the New Jersey Assessment of Skills and Knowledge (NJASK4). Third grade students were also tested using the statewide NJ ASK 3 for the sixth time and students in grades 5, 6 and 7 participated for the third time in the statewide assessment program. Our eighth graders took the NJASK 8 for the fourth time last year.

These statewide exams, part of the testing required in grades three through eight by the federal No Child Left Behind legislation, are the basis of the NJ Benchmark Schools Awards given each year to the top elementary and secondary schools by the Department of Education and the New Jersey Business Coalition for Educational Excellence. Robert Treat Academy continues to rate as one of the top elementary schools in the state and has been a Benchmark School for five years.

Parent participation continues to be a key element of our focus. Attendance at monthly parent meetings continues to average more than 75%. Parents served on the Board of Trustees, are elected to the Parent Council Executive Committee and sit on the School Improvement Team, a cooperative partnership of administrators, teachers and parents who work as a core planning teams. Parent representatives also serve on the Student Support Team and volunteer in other areas (coaching recreational activities, chaperoning students on trips, serving as classroom "mothers and fathers", attending and assisting at school-wide events, plays and performances).

Our curriculum is aligned to the NJ Core Curriculum Content Standards and emphasizes thematic programming in reading/early literacy, mathematics, technology, Spanish as a second language, science, social studies, art, music and physical education/health. This past year, we began using a computerized program in our World Language program (Spanish).

Our previous efforts to improve the number of students scoring in the advanced proficient category in mathematics brought increased scores on all grade levels in this classification. This year our focus is on improving our advanced proficient language arts percentages. A new vocabulary curriculum was added last year and staff development efforts are being concentrated in the area of reading comprehension. A consultant is also working with our teachers to share best practices and provide professional development.

3. **MAJOR INITIATIVES:** (Continued)

In all subject areas, staff development remains crucial to meeting the Academy's overall mission. Our training schedule includes workshops in math, language arts/reading, science, technology and behavior management.

Efforts to prepare our students for New Jersey's state test and for the TerraNova 3 which we will begin utilizing this year for comparisons to national norms are also ongoing. In addition to full staff and grade level meetings, workshops and guest speakers were scheduled throughout the year.

We graduated our fourth eighth grade class in June 2008. Those students were prepared for admission to secondary school by our High School Placement Program. The program is responsible for working with our students and their families to place students in the most appropriate setting for their secondary school education. To date, our graduates have more than \$14 million in scholarship offers to attend some of the most prestigious private, independent schools in the nation. The Alumni Coordinator is responsible for working with graduates and their families. She visits with students and their advisors at the boarding and day schools to track student success and provide support for students who are having difficulty adjusting to high school.

The Academy also continued its relationships with community-based organizations. These groups included the Academy's founding organization, the North Ward Center, the Boys and Girls Clubs of Newark, Project Pride, Girl Scouts, Rutgers University School of Nursing, Kean University, and Seton Hall University.

The Academy also maintained its memberships in the New Jersey Charter Public Schools

4. **INTERNAL ACCOUNTING CONTROLS:** Management of the School is responsible for establishing and maintaining a system of internal control designed to ensure that the assets of the 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 accounting principles generally accepted in the United States of America ("GAAP"). The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the 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 a vote of the Board of Trustees. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project-length budgets, if any, are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.
6. **ACCOUNTING SYSTEM AND REPORTS:** The School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board ("GASB"). The accounting system of the School is organized on the basis of funds. These funds are explained in notes to the financial statements.
7. **DEBT ADMINISTRATION:** At June 30, 2008, the School had no liability for compensated absences.
8. **CASH MANAGEMENT:** The investment policy of the School is guided in large part by State Statute as detailed in Notes to the Financial Statements, Note 1. The School has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with failed banking institutions in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where funds are secured in accordance with the Act.
9. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in J-20.
10. **OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of McKinley, White & Co., LLP. was selected by the School. In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996, and the related OMB Circular A-133 and State Treasury OMB Circular 04-04. 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.

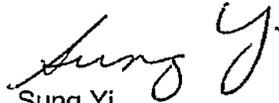
11. **ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the Robert Treat Academy Charter School, Inc.'s Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

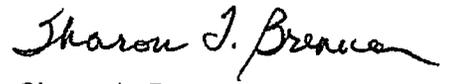
Respectfully submitted,



Michael A. Pallante
Superintendent/Principal



Sung Yi
Business Administrator

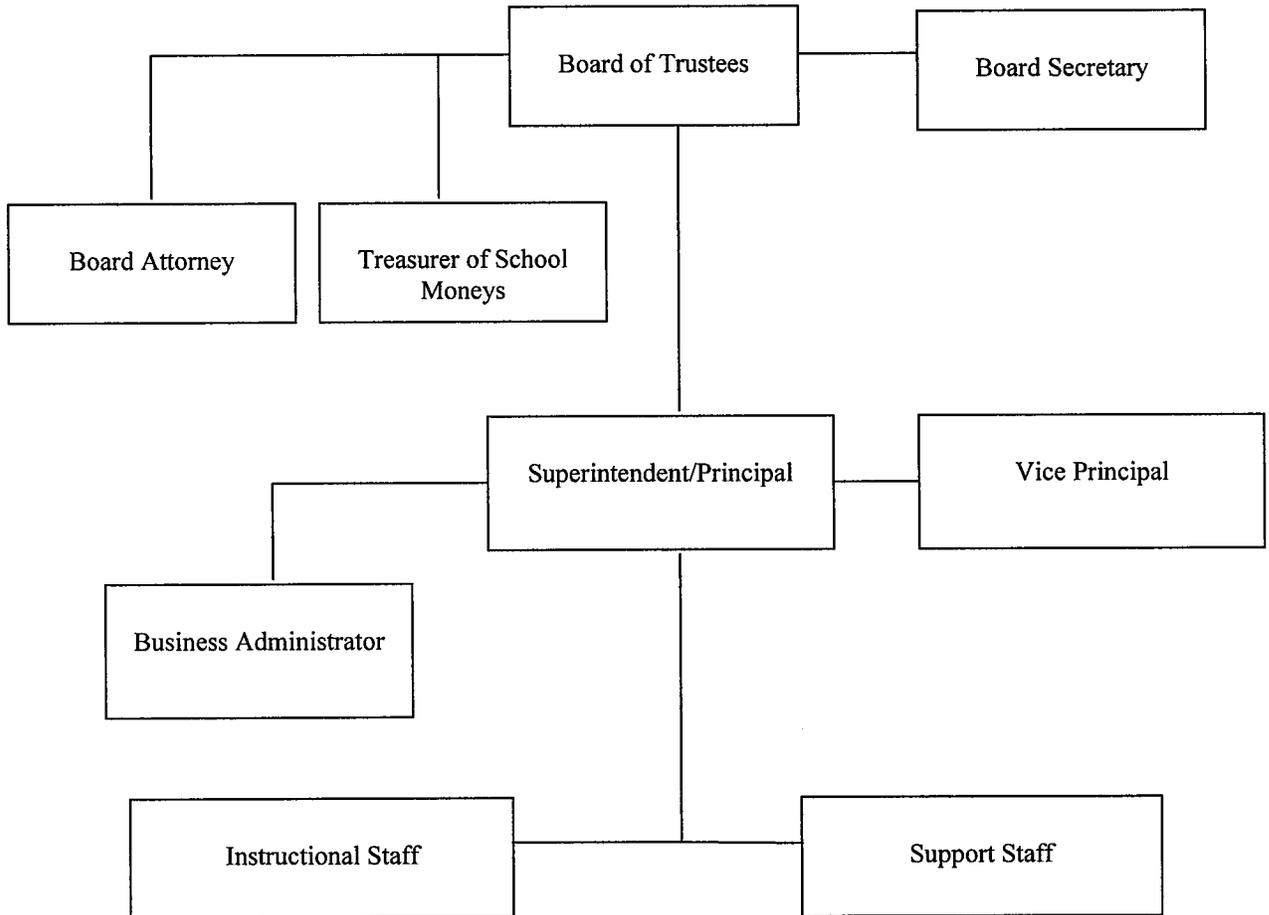


Sharon L. Brennan
Board Secretary

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Organizational Chart

2007- 2008



ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Roster of Officials

June 30, 2008

Members of the Board of Trustees	Term Expires
Tahira Strand	June 2009
Sandra Williams	June 2009
Maria Teresa Ruiz	June 2009
Phil Alagia	June 2010
Ralph J. Ciallella	June 2010
Adrienne Davis	June 2010
Emil Garruto	June 2011
Zarala Zabala de Kelly	June 2011
Jesus Padilla	June 2011

Other Officials

Sharon L. Brennan, Board Secretary

Michael A. Pallante, Superintendent/Principal

Thomas Maresca, Treasurer of School Moneys

Sung Yi, Business Administrator

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Consultants and Advisors

June 30, 2008

Audit Firm

McKinley, White & Co., LLP.
One Woodland Avenue
Paramus, NJ 07652

Attorney

Nicholas Grieco
Grieco, Oates & DeFilippo, LLC
414 Eagle Rock Avenue, Suite 200
West Orange, NJ 07052

Fiscal Agent

The North Ward Center, Inc.
346 Mt. Prospect Avenue
Newark, NJ 07104

Lead Educational Consultant

Dr. James Caulfield
Caulfield Associates, Inc.
367 Putnam Road
Union, NJ 07083

Official Depository

Wachovia Bank, NA
684 Mt. Prospect Avenue
Newark, NJ 07104

Dreyfus Family of Funds
Newark, NJ 07101-0105

FINANCIAL SECTION

MCKINLEY, WHITE & CO., L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable President and
Members of the Board of Trustees
Robert Treat Academy Charter School, Inc.
County of Essex
Newark, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Trustees of the Robert Treat Academy Charter School, Inc., in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2008, which collectively comprise the Charter School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Robert Treat Academy Charter School, Inc.'s Board of Trustees' management. 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Robert Treat Academy Charter School, Inc. Board of Trustees, in the County of Essex, State of New Jersey, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2008 on our consideration of the Robert Treat Academy Charter School, Inc. Board of Trustees' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis on pages 11 through 16 and the Budgetary Comparison Information on pages 43 through 45 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

McKinley White & Co. P.C.

McKINLEY, WHITE & CO., L.L.P.
Certified Public Accountants

Thomas W. McKinley

Thomas W. McKinley
Licensed Public School Accountant
License #20CS00044200

Paramus, New Jersey

October 27, 2008

REQUIRED SUPPLEMENTARY INFORMATION - PART I

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

Unaudited

The discussion and analysis of Robert Treat Academy Charter School, Inc.'s (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School's financial performance. Certain comparative information between the current fiscal year (2007-2008) and the prior fiscal year (2006-2007) is presented in the Management's Discussion and Analysis.

Financial Highlights

Key financial highlights for 2008 are as follows:

- In total, net assets of governmental activities increased by \$38,357, which represents a 9.9% increase from 2007. Net assets of business-type activities increased by \$119.
- General revenues accounted for \$4,863,838 in revenue, or 82.3% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$1,044,273, or 17.7% of total revenues of \$5,908,111.
- Total assets of governmental activities decreased by \$200,704 as cash and cash equivalents decreased by \$109,940, receivables increased by \$69, net capital assets decreased by \$58,393 and other assets decreased by \$32,440. The primary reason for the decrease in cash was the final June payment was not received until July. The reason for the decrease in net capital assets is that the depreciation of assets exceeded the cost of putting new assets into service.
- Among governmental funds, the General Fund had \$5,186,276 in revenues and \$5,259,526 in expenditures. The General Fund's fund balance decreased \$73,250 over 2007.

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 Robert Treat Academy Charter School, Inc. as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The focus of governmental accounting differs from that of business enterprises. In government, the financial statement user is concerned with determining accountability for funds, evaluating operating results, and assessing the level of service that can be provided by the government along with its ability to meet obligations as they become due. In comparison, the primary emphasis in the private sector from both an operational and reporting perspective is on the maximization of profits.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

Unaudited

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School, presenting both an aggregate view of the 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 School's most significant funds with all other non-major funds presented in total in one column. In the case of Robert Treat Academy Charter School, Inc., the General Fund is by far the most significant fund.

Reporting the School as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School to provide programs and activities, the view of the School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- **Governmental Activities** - The School's programs and services are reported here, including instruction, support services, operation and maintenance of plant facilities.
- **Business-Type Activities** - These are services provided on a fee basis to recover all the expenses of the goods or services provided. The Food Service and Before and After Care enterprise funds are reported as business-type activities.

Reporting the School's Most Significant Funds

Fund Financial Statements

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

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

Unaudited

Governmental Funds

The 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 School's general government operations and the basic services it provides. Governmental funds information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the school-wide and fund financial statements. The notes to the financial statements can be found on pages 26 to 42 of this report.

The School as a Whole

The Statement of Net Assets provides the perspective of the School as a whole. Net assets may serve over time as a useful indicator of a school's financial position.

The School's financial position is the product of several types of financial transactions, including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Governmental Activities

Local tax levy made up 18.8% of revenues for governmental activities for the School for fiscal year 2008 and 14.7% for fiscal year 2007. Local tax levy revenues increased by \$256,777, which is a 32% increase over the prior year. The School's total governmental activity revenues were \$5,598,632 for the year ended June 30, 2008.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008**

Unaudited

As demonstrated by the various statements and schedules included in the financial section of this report, the School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund revenues and special revenue fund revenues for the fiscal year ended June 30, 2008:

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2006-07</u>	<u>Percent of Increase (Decrease)</u>
Local Sources	\$ 2,095	0.04 %	\$ (108,331)	(98.10) %
Local Levy - Local Share	1,053,014	18.81	256,777	32.25 %
Local Levy - State Share	2,578,069	46.04	72,475	2.89 %
State Sources	1,553,098	27.74	7,861	0.51 %
Federal Sources	412,356	7.37	(42,539)	(9.35) %
Total	\$ 5,598,632	100.00 %	\$ 186,243	3.44 %

The following schedule presents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2008:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2006-07</u>	<u>Percent of Increase (Decrease)</u>
Current Expense:				
Instruction	\$ 2,181,518	38.46 %	\$ 123,759	6.01 %
Undistributed				
Expenditures	3,060,033	53.95	161,253	5.56 %
Capital Outlay	17,975	0.32	3,111	20.93 %
Special Revenue	412,356	7.27	(67,539)	(14.07) %
Total	\$ 5,671,882	100.00 %	\$ 220,584	4.05 %

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008**

Unaudited

Business-Type Activities

Revenues for the School's business-type activities (Food Service Program and Before and After Care Program) were comprised of charges for services, and federal and state reimbursements.

- Food service expense exceeded revenues by \$36.
- Before and After Care revenues exceeded expenses by \$155.
- Charges for services represent \$166,200 of revenue. This represents amounts paid by parents for the services.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfasts was \$143,279.

Governmental Activities

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Administrative and support services include expenses associated with administrative and financial supervision of the School.

The 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 \$5,598,632 and expenditures were \$5,671,882. The net decrease in fund balance for the year of \$73,250 reflects the School's budgeted excess expenditures.

As demonstrated by the various statements and schedules included in the financial section of this report, the School continues to meet its responsibility for sound financial management.

As the table below illustrates, the largest portion of Governmental Fund expenditures is for salaries. The School is a service entity and as such is labor intensive.

**Table 1
Expenditures by Object for the Fiscal Year Ended June 30, 2008**

Salaries and Wages	\$3,051,437	53.79%
Fringe Benefits	867,567	15.30%
Purchased Services	463,902	8.18%
Supplies	179,460	3.16%
Capital Outlay	17,975	0.32%
Other	1,091,541	19.25%
Total	<u>\$5,671,882</u>	<u>100.00%</u>

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008**

Unaudited

Expenditures are up \$220,584 over the prior year mostly due to increased salaries and purchased services. Expenses exceeded revenue during the fiscal year, resulting in a decrease to fund balance.

General Fund Budgeting Highlights

The 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 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

At the end of the fiscal year 2008, the School had \$117,171, net of depreciation, invested in machinery and equipment which is a decrease of \$58,393 from fiscal year 2007.

Debt Administration

At June 30, 2008, the School had no liability for compensated absences.

For the Future

- The School is presently in good financial condition.
- The School routinely monitors the rules and regulations of the No Child Left Behind federal legislation to assess and ensure financial compliance.

Contacting the School's Financial Management

This financial report is designed to provide the School's citizens, taxpayers, supporters, and creditors with a general overview of the School's finances and to show the School's accountability for the resources it receives. If you have questions about this report or need additional information, contact the School's Finance Department.

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the School. These statements include the financial activities of the School, except for fiduciary activities. These statements distinguish between the governmental and business-type activities of the School.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Statement of Net Assets

June 30, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 449,964	\$ -	\$ 449,964
Receivables, Net	290,994	15,072	306,066
Capital Assets, Net	117,171	-	117,171
Total Assets	<u>858,129</u>	<u>15,072</u>	<u>873,201</u>
LIABILITIES:			
Accounts Payable	60,472	11,052	71,524
Due to Other Funds	-	4,020	4,020
Payroll Deductions and Withholdings	23,297	-	23,297
Intergovernmental payable:			
State	47,961	-	47,961
Salaries and Benefits Payable	302,634	-	302,634
Total Liabilities	<u>434,364</u>	<u>15,072</u>	<u>449,436</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	117,171	-	117,171
Restricted for:			
Other purposes	33,000	-	33,000
Unrestricted	273,594	-	273,594
Total Net Assets	<u>\$ 423,765</u>	<u>\$ -</u>	<u>\$ 423,765</u>

The accompanying notes to basic financial statements are an integral part of this statement.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Statement of Activities

For the Fiscal Year Ended June 30, 2008

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction	\$ 2,343,598	\$ 620,454	\$ -	\$ 589,272	\$ -	\$ (2,374,780)	\$ -	\$ (2,374,780)
Administrative	485,902	129,423	-	41,246	-	(574,079)	-	(574,079)
Support Services	1,786,840	117,690	-	104,276	-	(1,800,254)	-	(1,800,254)
Unallocated depreciation	76,368					(76,368)		(76,368)
Total Governmental Activities	4,692,708	867,567	-	734,794	-	(4,825,481)	-	(4,825,481)
Business-Type Activities:								
Food Service	165,448		22,133	143,279	-	-	(36)	(36)
Before and After Care	143,912		144,067	-	-	-	155	155
Total Business-Type Activities	309,360	-	166,200	143,279	-	-	119	119
Total Primary Government	\$ 5,002,068	\$ 867,567	\$ 166,200	\$ 878,073	\$ -	\$ (4,825,481)	\$ 119	\$ (4,825,362)
General Revenues:								
Property Taxes, Levied for General Purposes, Net						\$ 1,053,014	-	\$ 1,053,014
Federal and State Aid Not Restricted						3,808,729	-	3,808,729
Interest Income						1,153	-	1,153
Miscellaneous Income						942	-	942
Total General Revenues						4,863,838	-	4,863,838
Change in Net Assets						38,357	119	38,476
Net Assets - July 1, 2007						385,408	(119)	385,289
Net Assets - June 30, 2008						\$ 423,765	\$ -	\$ 423,765

The accompanying notes to basic financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

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

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Balance Sheet

Governmental Funds

June 30, 2008

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and Cash Equivalents	\$ 402,003	\$ 47,961	\$ 449,964
Accounts Receivables:			
State	200,692		200,692
Interfund	4,020		4,020
Other	86,282	-	86,282
	<u>692,997</u>	<u>47,961</u>	<u>740,958</u>
Total Assets			
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 60,472	-	\$ 60,472
Payroll Deductions and Withholdings	23,297	-	23,297
Intergovernmental payable:			
State	-	47,961	47,961
Salaries and Benefits Payable	302,634	-	302,634
	<u>386,403</u>	<u>47,961</u>	<u>434,364</u>
Total Liabilities			
FUND BALANCES:			
Reserved for:			
Encumbrances	33,000	-	33,000
Unreserved, Reported in:			
General Fund	273,594	-	273,594
	<u>306,594</u>	<u>-</u>	<u>306,594</u>
Total Fund Balances			
Total Liabilities and Fund Balances	<u>\$ 692,997</u>	<u>\$ 47,961</u>	
Amounts reported for <i>governmental activities</i> in the statement of net assets (A-1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of assets is \$1,238,150 and the accumulated depreciation is \$1,120,979			
			<u>117,171</u>
Net Assets of Governmental Activities			<u>\$ 423,765</u>

The accompanying notes to basic financial statements are an integral part of this statement.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2008

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 1,053,014	\$ -	\$ 1,053,014
Interest Income	1,153	-	1,153
Miscellaneous	942	-	942
Total - Local Sources	1,055,109	-	1,055,109
State Sources	4,131,167	-	4,131,167
Federal Sources	-	412,356	412,356
Total Revenues	5,186,276	412,356	5,598,632
EXPENDITURES:			
Current Expense:			
Regular Instruction	2,181,518	308,080	2,489,598
Administrative	1,362,469	-	1,362,469
Support	1,697,564	104,276	1,801,840
Capital Outlay	17,975	-	17,975
Total Expenditures	5,259,526	412,356	5,671,882
Excess (Deficiency) of Revenues Over (Under) Expenditures	(73,250)	-	(73,250)
Net Change in Fund Balances	(73,250)	-	(73,250)
Fund Balance - July 1, 2007	379,844	-	379,844
Fund Balance - June 30, 2008	\$ 306,594	\$ -	\$ 306,594

The accompanying notes to basic financial statements are an integral part of this statement.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

**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, 2008

Total Net Change in Fund Balances - Governmental Funds (from B-2) **\$ (73,250)**

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, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (76,368)	
Capital Outlays	<u>17,975</u>	(58,393)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation. The 2007 estimated liability for compensated absences was reversed in 2008.

170,000

Change in Net Assets of Governmental Activities **\$ 38,357**

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Statement of Net Assets

Proprietary Funds

June 30, 2008

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Food Service</u>	<u>Before and After Care</u>	<u>Totals</u>
ASSETS:			
Current Assets:			
Accounts Receivable:			
State	\$ 461	\$ -	\$ 461
Federal	12,846		12,846
Other	655	1,110	1,765
Total Current Assets	<u>\$ 13,962</u>	<u>\$ 1,110</u>	<u>\$ 15,072</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 11,052		\$ 11,052
Due to General Fund	2,910	1,110	4,020
Total Current Liabilities	<u>13,962</u>	<u>1,110</u>	<u>15,072</u>
NET ASSETS:			
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to basic financial statements are an integral part of this statement.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Statement of Revenues, Expenditures, and Changes in Fund Net Assets

Proprietary Funds

For the Fiscal Year Ended June 30, 2008

	Business-Type Activities - Enterprise Fund		
	Food Service	Before and After Care	Total Enterprise
Operating Revenues:			
Sales and Charges for Services	\$ 22,133	\$ 144,067	\$ 166,200
Total Operating Revenues	<u>22,133</u>	<u>144,067</u>	<u>166,200</u>
Operating Expenses:			
Cost of sales - food and general supplies	141,138	-	141,138
Salaries	22,473	132,312	154,785
Payroll Taxes	1,837	11,469	13,306
Supplies	-	131	131
Total Operating Expenses	<u>165,448</u>	<u>143,912</u>	<u>309,360</u>
Operating Income (Loss)	<u>(143,315)</u>	<u>155</u>	<u>(143,160)</u>
Non-Operating Revenues:			
State Sources:			
State School Lunch Program	10,599	-	10,599
Federal Sources:			
National School Lunch Program	132,680	-	132,680
School Breakfast Program	5,659		
Total Non-Operating Revenues	<u>143,279</u>	<u>-</u>	<u>143,279</u>
Change in Net Assets	(36)	155	119
Total Net Assets - July 1, 2007	<u>36</u>	<u>(155)</u>	<u>(119)</u>
Total Net Assets - June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to basic financial statements are an integral part of this statement.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2008

	Business-Type Activities - Enterprise Fund		
	Food Service	Before and After Care	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 21,568	\$ 145,680	\$ 167,248
Payments to Employees and Benefits	(24,310)	(143,781)	(168,091)
Payments to Suppliers	(137,221)	(131)	(137,352)
Net Cash Provided by (Used for) Operating Activities	<u>(139,963)</u>	<u>1,768</u>	<u>(138,195)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State Sources	4,922	-	4,922
Federal Sources	137,789	-	137,789
Transfers (to) from Other Funds	(2,748)	(1,768)	(4,516)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>139,963</u>	<u>(1,768)</u>	<u>138,195</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	-
Balances - July 1, 2007	-	-	-
Balances - June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (143,315)	\$ 155	\$ (143,160)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
(Increase) Decrease in Accounts Receivable, Net	(565)	1,613	1,048
Increase (Decrease) in Accounts Payable	3,917	-	3,917
Total Adjustments	<u>3,352</u>	<u>1,613</u>	<u>4,965</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (139,963)</u>	<u>\$ 1,768</u>	<u>\$ (138,195)</u>

The accompanying notes to basic financial statements are an integral part of this statement.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2008

	<u>Agency Funds</u>
ASSETS:	
Cash and Cash Equivalents	<u>\$ 13,021</u>
LIABILITIES:	
Due to Student Groups	<u>\$ 13,021</u>
NET ASSETS	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,021</u>

The accompanying notes to basic financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Notes to Financial Statements

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Board of Trustees (the "Board") of Robert Treat Academy Charter School, Inc. (the "School") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

A. Description of School and Reporting Entity:

The School is a not for profit corporation of the State of New Jersey, established to function as an educational institution. The Board consists of trustees and is responsible for the fiscal control of the School. A superintendent/principal is appointed by the Board and is responsible for the administrative control of the School.

The School receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the School is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Board members have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the School's reporting entity. The financial statements include all funds of the School over which the Board exercises operating control.

B. Basis of Presentation:

The School's basic financial statements include the statement of net assets 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 assets and the statement of activities display information about the School as a whole. These statements include the financial activities of the 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 School. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Notes to Financial Statements

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. Basis of Presentation: (Continued)

The statement of net assets presents the financial condition of the governmental and business-type activities of the School at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the School and for each function of the 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 revenue, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School.

Fund Financial Statements

During the fiscal year, the School segregates transactions related to certain School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate financial statements are provided for Governmental Funds, Proprietary Funds, and Fiduciary Funds. The New Jersey Department of Education (NJDOE) has elected to require New Jersey 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 school financial reporting models.

The School reports the following Governmental Funds:

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

As required by the NJDOE, the School includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources cannot be transferred from and to current expense without Board resolution and NJ DOE approval.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Notes to Financial Statements

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. Basis of Presentation: (Continued)

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

Capital Projects Fund: The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). As of June 30, 2008, there was no Capital Projects Fund.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on, mortgage obligations to finance major property acquisition, construction and improvements programs. As of June 30, 2008, there was no Debt Service Fund.

Proprietary Funds

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

Fiduciary Funds

Trust and Agency Funds (Student Activity Fund): The Trust and Agency Fund is used to account for the assets that the School holds on behalf of others as their agent. The Trust and Agency Fund is custodial in nature and does not involve measurement of results of operations. Agency funds include payroll and student activity funds.

C. Basis of Accounting:

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

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Notes to Financial Statements

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. Basis of Accounting: (Continued)

Charter School-wide, Proprietary, and Fiduciary Fund Financial Statements: The School-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise funds, 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. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its School the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year.

The School records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The 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 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.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared each year for the General and Special Revenue Funds. The budgets are submitted to the State Department of Education after being voted upon at the monthly Board of Trustees meeting. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as noted below. 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 and transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Notes to Financial Statements

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. Budgets/Budgetary Control: (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and GAAP. 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.

E. Encumbrance 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 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.

F. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

For the purposes of the statement of cash flows for proprietary and similar fund-types, the School considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statue 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the School has adopted a cash management plan that requires it to deposit public 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 Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Notes to Financial Statements

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. Assets, Liabilities and Equity: (Continued)

Cash and Cash Equivalents: (Continued)

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Receivables:

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventories:

Inventory purchases, other than those recorded in the Enterprise Fund, are recorded as expenditures during the year of purchase.

Short-Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School and that are due within one year.

Capital Assets:

The School has established a formal system of accounting for its capital assets. Pursuant to Statute, the school capitalizes assets with an initial individual cost of \$2,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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.

All reported capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture	10
Office and Computer Equipment	5
Instructional and Other Equipment	5

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Notes to Financial Statements

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. Assets, Liabilities and Equity: (Continued)

Capital Assets: (Continued)

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

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.

Salaries and Benefits Payable:

Certain School employees who provide services to the School over the eleven-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. As of June 30, 2008, the amount earned by these employees but not disbursed was \$302,634.

Compensated Absences:

School employees are granted vacation and sick leave in varying amounts under the School's personnel policies. It is the policy of the School that all full-time employees are allowed compensated sick leave of ten (10) working days per fiscal year. In addition, unused vacation and sick time carries over at the end of the school year. However, at the time of termination of employment, employees forfeit all accrued benefits except for vacation.

The School has not recorded any liability for compensated absences at June 30, 2008.

Deferred Revenue:

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

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Notes to Financial Statements

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. Assets, Liabilities and Equity: (Continued)

Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves:

The 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. Fund balance reserves have been established for encumbrances.

Revenues - Exchanges and Nonexchange Transactions:

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

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

Under the modified accrued basis, property taxes, interest and miscellaneous revenues are considered to be both measurable and available at year end.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Notes to Financial Statements

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. Assets, Liabilities and Equity: (Continued)

Interfund Transactions:

Transfers between governmental and business-type activities on the 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.

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activities of the Enterprise Fund. For the School, these revenues are sales for food service and fees for the Before and After Care programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

Estimates and Assumptions:

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Allocation of Indirect Expenses:

The 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, pension, 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. The School has no long term debt.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Notes to Financial Statements

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. 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.

NOTE 2 - CASH AND CASH EQUIVALENTS:

Custodial Credit Risk – Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School has a deposit policy for custodial credit risk. As of June 30, 2008, the School's bank balance of \$488,266 was not exposed to custodial credit risk, as the School's deposits are primarily in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. See Note 1.

As of June 30, 2008, cash and cash equivalents of the School consisted of the following:

	<u>Governmental Funds</u>
Checking account	\$ 448,356
U.S. Government Money Market Fund	<u>1,608</u>
	<u>\$ 449,964</u>

During the period ended June 30, 2008, the School did not hold any investments other than money market accounts. The carrying amount of the Board's cash and cash equivalents at June 30, 2008 was \$449,964 and the bank balance was \$488,266. Of the bank balance, \$100,000 was insured with Federal Deposit Insurance.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Notes to Financial Statements

June 30, 2008

NOTE 3 - RECEIVABLES

Receivables at June 30, 2008, consisted of accounts (miscellaneous), interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental activities	
General fund:	
State	\$ 286,181
Interfund	4,020
Other	<u>793</u>
 Total governmental activities	 <u>290,994</u>
 Business-type activities	
Food services	13,962
Before and after care	<u>1,110</u>
 Total business-type activities	 <u>15,072</u>
 Total receivables	 <u><u>\$ 306,066</u></u>

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES:

The following interfund balances remained on the fund financial statements at June 30, 2008:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 4,020	\$
Enterprise Funds	<u></u>	<u>4,020</u>
	<u><u>\$ 4,020</u></u>	<u><u>\$ 4,020</u></u>

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Notes to Financial Statements

June 30, 2008

NOTE 5 - CAPITAL ASSETS:

Capital assets' activity for the year ended June 30, 2008, was as follows:

	<u>Balance as of July 1, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance as of June 30, 2008</u>
Furniture and equipment	\$ 1,225,817	\$ 17,975	\$ 5,642	\$ 1,238,150
Total at historical cost	<u>1,225,817</u>	<u>17,975</u>	<u>5,642</u>	<u>1,238,150</u>
Less accumulated depreciation for:				
Furniture and equipment	<u>1,050,253</u>	<u>76,368</u>	<u>5,642</u>	<u>1,120,979</u>
Total accumulated depreciation	<u>1,050,253</u>	<u>76,368</u>	<u>5,642</u>	<u>1,120,979</u>
Governmental activity capital assets - net	<u>\$ 175,564</u>	<u>\$ (58,393)</u>	<u>\$</u>	<u>\$ 117,171</u>

Depreciation expense was charged to the following functions:

Governmental activities:

 Unallocated \$ 76,368

NOTE 6 - COMMITMENTS:

The School rents its facility under a one year operating lease from The North Ward Center, Inc. a non-profit organization. Rent expense for the year ended June 30, 2008 was \$814,000.

The School also has a fiscal service agreement with The North Ward Center, Inc. a non-profit organization. Fiscal service expense was \$96,000 for the year ended June 30, 2008. The School also has a security service agreement for 2008 with The North Ward Center, Inc. for \$35,000. The School has a legal agreement with Grieco, Oates & DeFilippo, LLC, with a legal service expense of \$28,000 for the year ended June 30, 2008. The agreement with Caulfield Associates for program consulting expense was \$24,000 for the year ended June 30, 2008.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Notes to Financial Statements

June 30, 2008

NOTE 6 - COMMITMENTS: (Continued)

Future minimum commitment payments are as follows:

	<u>Rent</u>	<u>Fiscal Services</u>	<u>Legal</u>	<u>Program Consultant</u>	<u>Security Services</u>	<u>Total</u>
June 30, 2009	<u>\$ 843,167</u>	<u>\$ 96,000</u>	<u>\$ 28,000</u>	<u>\$ 24,000</u>	<u>\$ 35,000</u>	<u>\$ 1,026,167</u>

The building, security and fiscal service agreement are with the same non-profit organization.

The School signed an operating lease for office equipment which expires in 2009.

Future minimum lease payments are as follows:

<u>Year ended June 30,</u>	
2009	\$ <u>7,984</u>
	\$ <u>7,984</u>

NOTE 7 - PENSION PLANS:

Description of Plans:

All required employees of the School are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund (cost-sharing multiple-employer defined benefit pension plans) (the "Systems") 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.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Notes to Financial Statements

June 30, 2008

NOTE 7 - PENSION PLANS: (Continued)

Teachers' Pension and Annuity Fund ("T.P.A.F."):

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

Public Employees' Retirement System ("PERS"):

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administrated retirement system or other state or local jurisdiction.

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 T.P.A.F. 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 1/55 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 T.P.A.F. 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.

Vesting and Benefit Provisions:

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.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Notes to Financial Statements

June 30, 2008

NOTE 7 - PENSION PLANS: (Continued)

Contribution Requirements:

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% 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 both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the School is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2008	\$ 42,350	100 %	\$ -0-
2007	22,291	100	-0-
2006	10,914	100	-0-

**Three-Year Trend Information for TPAF
(Paid on Behalf of the School)**

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2008	\$ 160,121	100 %	\$ -0-
2007	160,867	100 %	-0-
2006	n/a		

The NJ Public Employees' Retirement System notified the School that the 2007-2008 pension contribution is \$52,938 but that a credit of \$10,588 reduced the contribution to \$42,350 in accordance with NJ legislation requiring a phase in of the contribution over the next five years.

During the fiscal year ended June 30, 2008, the State of New Jersey contributed \$160,121 for normal and post-retirement medical benefits on behalf of the School by the State of New Jersey. In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the School \$162,317 during the year ended June 30, 2008 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the charter school-wide financial statements, and the fund based statements as a revenue and expenditure in accordance with GASB 24.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Notes to Financial Statements

June 30, 2008

NOTE 8 - POST-RETIREMENT BENEFITS:

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (T.P.A.F.) and 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. As of June 30, 2007, there were 75,860 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one half of 1% of the active State payroll.

The State made post-retirement (PRM) contributions of \$592.7 million for T.P.A.F. and \$224.3 million for PERS in fiscal year 2007.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, 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. In fiscal year 2007, the State paid \$110.3 million toward Chapter 126 benefits for 11,747 eligible retired members in fiscal year 2007.

NOTE 9 - DEFERRED COMPENSATION:

The Board offers its employees a choice of deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by Valic, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 10 - RISK MANAGEMENT:

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

Property and Liability Insurance:

The charter school maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this comprehensive annual financial report.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Notes to Financial Statements

June 30, 2008

NOTE 11 - OTHER MATTERS:

The School participates in federal awards and state financial assistance grant programs. Expenditures financed by such assistance are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2008, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

NOTE 12 - FUND BALANCE APPROPRIATED:

General Fund: Of the \$306,594 General Fund balance in the fund financial statement at June 30, 2008, \$33,000 is reserved for encumbrances; and \$273,594 is unreserved and undesignated.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Budgetary Comparison Schedule

General Fund

Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,054,933	\$ (1,919)	\$ 1,053,014	\$ 1,053,014	\$ -
Interest Income	2,000	-	2,000	1,153	(847)
Miscellaneous	-	-	-	942	942
Total - Local Sources	1,056,933	(1,919)	1,055,014	1,055,109	95
State Sources:					
Core Curriculum Standards Aid	2,582,767	(4,698)	2,578,069	2,578,069	-
Special Education Aid	123,762	(25,222)	98,540	98,540	-
Bilingual Education	9,344	(5,840)	3,504	3,504	-
Early Childhood Aid	367,650	(817)	366,833	366,833	-
DEPA (Administrative) Aid	208,350	(463)	207,887	207,887	-
Other Categorical Aid	239,100	146,709	385,809	387,149	1,340
Abbott Kindergarten Aid	170,150	(3,403)	166,747	166,747	-
On-behalf TPAF pension and post retirement medical contributions (non-budgeted)				160,121	160,121
Reimbursed TPAF social security contributions	145,896	16,421	162,317	162,317	-
Total - State Sources	3,847,019	122,687	3,969,706	4,131,167	161,461
Total Revenues	4,903,952	120,768	5,024,720	5,186,276	161,556
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,821,849	56,036	1,877,885	1,877,885	-
Other Salaries for Instruction	196,800	(63,465)	133,335	133,241	94
Other Purchased Services	10,000	7,050	17,050	16,975	75
General Supplies	90,000	12,247	102,247	102,087	160
Textbooks	80,000	(27,000)	53,000	51,330	1,670
Total Instruction	2,198,649	(15,132)	2,183,517	2,181,518	1,999
Administrative:					
Salaries - Administration	284,530	10,470	295,000	295,000	-
Salaries of Secretarial and Clerical Assistants	113,316	6,773	120,089	120,089	-
Unallocated Benefits	664,324	14,455	678,779	666,113	12,666
Purchased Professional and Technical Services	181,000	2,000	183,000	182,887	113
Communications/Telephone	25,000	1,600	26,600	26,561	39
Supplies and Materials	70,000	2,000	72,000	71,819	181
Total Administrative	1,338,170	37,298	1,375,468	1,362,469	12,999

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

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Budgetary Comparison Schedule (Continued)

General Fund

Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Support Services					
Salaries	\$ 300,544	\$ 17,233	\$ 317,777	\$ 317,777	\$ -
Purchased Professional and Technical Services	55,000	(25,000)	30,000	22,516	7,484
Other Purchased Services	88,500	100,050	188,550	179,648	8,902
Rental of Land, Building and Other Lease Purchases	814,000	-	814,000	814,000	-
Insurance	20,000	0	20,000	19,129	871
Supplies and Materials	3,500	400	3,900	3,852	48
Transportation - Other than to/from School	4,000	-	4,000	2,416	1,584
Energy Costs	141,000	23,800	164,800	164,677	123
Miscellaneous Expenditures	21,000	(6,100)	14,900	13,428	1,472
Total Support Services	<u>1,447,544</u>	<u>110,383</u>	<u>1,557,927</u>	<u>1,537,443</u>	<u>20,484</u>
On-behalf TPAF pension and post retirement medical contributions (non-budgeted)				160,121	(160,121)
Total undistributed expenditures	<u>1,447,544</u>	<u>110,383</u>	<u>1,557,927</u>	<u>1,697,564</u>	<u>(139,637)</u>
Total expenditures - current expense	<u>4,984,363</u>	<u>132,549</u>	<u>5,116,912</u>	<u>5,241,551</u>	<u>(124,639)</u>
Capital Outlay					
Instructional Equipment	10,000	(10,000)	-	-	-
Non-Instructional Equipment	20,000	(2,025)	17,975	17,975	0
Total Capital Outlay	<u>30,000</u>	<u>(12,025)</u>	<u>17,975</u>	<u>17,975</u>	<u>0</u>
Total Expenditures	<u>5,014,363</u>	<u>120,524</u>	<u>5,134,887</u>	<u>5,259,526</u>	<u>(124,639)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(110,411)	244	(110,167)	(73,250)	36,917
Fund Balance - July 1, 2007	<u>399,542</u>	<u>(19,698)</u>	<u>379,844</u>	<u>379,844</u>	<u>-</u>
Fund Balance - June 30, 2008	<u>\$ 289,131</u>	<u>\$ (19,454)</u>	<u>\$ 269,677</u>	<u>\$ 306,594</u>	<u>\$ 36,917</u>
Recapitulation:					
Reserve for Encumbrances				\$ 33,000	
Unrestricted Fund Balance				273,594	
				306,594	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				-	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 306,594</u>	

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

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Budgetary Comparison Schedule

Special Revenue Fund

For the Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 412,356	\$ -	\$ 412,356	\$ 412,356	\$ -
Total Revenues	<u>412,356</u>	<u>-</u>	<u>412,356</u>	<u>412,356</u>	<u>-</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	306,545	-	306,545	306,545	-
General Supplies	1,535	-	1,535	1,535	-
Total Instruction	<u>308,080</u>	<u>-</u>	<u>308,080</u>	<u>308,080</u>	<u>-</u>
Support Services:					
Salaries	900	-	900	900	-
Personal Services - Employee Benefits	41,333	-	41,333	41,333	-
Purchased Professional and Technical Services	59,552	-	59,552	59,552	-
Other Purchased Services	2,324	-	2,324	2,324	-
Supplies and Materials	167	-	167	167	-
Total Support Services	<u>104,276</u>	<u>-</u>	<u>104,276</u>	<u>104,276</u>	<u>-</u>
Total Expenditures	<u>412,356</u>	<u>-</u>	<u>412,356</u>	<u>412,356</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2008

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	<u>\$ 5,186,276</u>	<u>\$ 412,356</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>\$ 5,186,276</u></u>	<u><u>\$ 412,356</u></u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 5,259,526</u>	<u>\$ 412,356</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 5,259,526</u></u>	<u><u>\$ 412,356</u></u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Combining Schedule of Revenues and Expenditures - Budgetary Basis

Special Revenue Fund

For the Fiscal Year Ended June 30, 2008

	Title I	Title II-A	Title II-D	Title IV	Title V	IDEA- Basic	IDEA- Preschool	Charter School Dissemination	Total
Revenues:									
Federal Sources	\$ 227,729	\$ 26,676	\$ 1,549	\$ 5,150	\$ 1,143	\$ 85,983	\$ 2,101	\$ 62,025	\$ 412,356
Total Revenues	<u>227,729</u>	<u>26,676</u>	<u>1,549</u>	<u>5,150</u>	<u>1,143</u>	<u>85,983</u>	<u>2,101</u>	<u>62,025</u>	<u>412,356</u>
Expenditures:									
Instruction:									
Salaries of Teachers	209,110	21,300	310	4,775	900	68,500	1,650	-	306,545
General Supplies	1,041	51	18	10	18	358	39	-	1,535
Total Instruction	<u>210,151</u>	<u>21,351</u>	<u>328</u>	<u>4,785</u>	<u>918</u>	<u>68,858</u>	<u>1,689</u>	<u>-</u>	<u>308,080</u>
Support Services:									
Salaries	-	-	900	-	-	-	-	-	900
Personal Services - Employee Benefits	17,578	5,325	303	365	225	17,125	412	-	41,333
Purchased Prof. & Tech Svcs	-	-	-	-	-	-	-	59,552	59,552
Other Purchased Services	-	-	-	-	-	-	-	2,324	2,324
Supplies and Materials	-	-	18	-	-	-	-	149	167
Total Supportive Services	<u>17,578</u>	<u>5,325</u>	<u>1,221</u>	<u>365</u>	<u>225</u>	<u>17,125</u>	<u>412</u>	<u>62,025</u>	<u>104,276</u>
Total Expenditures	<u>227,729</u>	<u>26,676</u>	<u>1,549</u>	<u>5,150</u>	<u>1,143</u>	<u>85,983</u>	<u>2,101</u>	<u>62,025</u>	<u>412,356</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAPITAL PROJECTS FUND DETAIL STATEMENTS

The Capital Projects Fund is used to account for the acquisition and construction of major facilities and equipment purchases other than those financed by propriety funds.

At June 30, 2008, there was no Capital Projects Fund.

PROPRIETARY FUNDS DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise - where the intent of the School's Board is that the costs of providing goods or services be financed through user charges.

FOOD SERVICE FUND

This Fund provides for the operation of food services for the School.

BEFORE AND AFTER CARE FUND

This Fund provides for the operation of before and after care services for the School.

This section has already been included in Statements B-4, B-5 and B-6

FIDUCIARY FUNDS DETAIL STATEMENTS

Agency Funds are used to account for assets when the School is functioning either as a trustee or as an agent for another party.

STUDENT ACTIVITY FUND

This Agency Fund is used to account for the student funds held at the school.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2008

	<u>Student Activity Fund</u>
ASSETS:	
Cash and Cash Equivalents	<u>\$ 13,021</u>
LIABILITIES:	
Due to Student Groups	<u>\$ 13,021</u>
NET ASSETS	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,021</u>

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Student Activity Agency Fund

Schedule of Receipts and Disbursements

For the Fiscal Year Ended June 30, 2008

Robert Treat Academy
Charter School, Inc.

<u>Balance July 1, 2007</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Accounts Payable June 30, 2008</u>	<u>Balance June 30, 2008</u>
\$ 26,123	\$ 60,123	\$ 73,225	\$ -	\$ 13,021

LONG-TERM DEBT SCHEDULES

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School. This includes mortgage obligations outstanding and obligations under capital leases.

At June 30, 2008, there were no Long-Term Debt Schedules.

The School did not have any mortgages payable or obligations under capital leases.

STATISTICAL SECTION
(Unaudited)

Robert Treat Academy Charter School, Inc. has been in operation for ten (10) years. GASB requires that ten years of statistical data be presented.

FINANCIAL TRENDS

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Net Assets by Component

For the Last Five Fiscal Years
(Accrual Basis of Accounting)

Unaudited

	Fiscal Year Ending June 30,				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental Activities:					
Invested in Capital Assets, Net of Related Debt	\$ 117,171	\$ 175,564	\$ 287,860	\$ 364,437	\$ 490,487
Restricted	33,000	31,500			
Unrestricted	<u>273,594</u>	<u>178,344</u>	<u>250,753</u>	<u>188,020</u>	<u>138,210</u>
Total Governmental Activities, Net Assets	<u>423,765</u>	<u>385,408</u>	<u>538,613</u>	<u>552,457</u>	<u>628,697</u>
Business-Type Activities - Unrestricted	<u>0</u>	<u>(119)</u>	<u>(173)</u>	<u>22</u>	<u>(104)</u>
SCHOOL WIDE:					
Total Activities:					
Invested in Capital Assets, Net of Related Debt	117,171	175,564	287,860	364,437	490,487
Restricted	33,000	31,500			
Unrestricted	<u>273,594</u>	<u>178,225</u>	<u>250,580</u>	<u>188,042</u>	<u>138,106</u>
Total School Net Assets	<u>\$ 423,765</u>	<u>\$ 385,289</u>	<u>\$ 538,440</u>	<u>\$ 552,479</u>	<u>\$ 628,593</u>

Note: Robert Treat Academy Charter School, Inc. implemented GASB 34 FYE 6/2004 and is reporting on the five years of GASB 34.

Source: Robert Treat Academy Charter School, Inc.'s records.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Changes in Net Assets

For the Last Five Fiscal Years
(Accrual Basis of Accounting)

Unaudited

	Fiscal Year Ending June 30,				
	2008	2007	2006	2005	2004
Expenses					
Governmental Activities					
Instruction	\$ 2,964,052	\$ 3,027,977	\$ 2,423,225	\$ 2,415,587	\$ 2,215,324
Administrative	615,325	583,795	1,439,977	1,196,242	997,589
Support Services	1,904,530	1,826,662	1,526,194	1,303,850	1,210,344
Unallocated Depreciation	76,368	127,160			
Total Governmental Activities	<u>5,560,275</u>	<u>5,565,594</u>	<u>5,389,396</u>	<u>4,915,679</u>	<u>4,423,257</u>
Business-Type Activities					
Food Service	165,448	148,083	137,831	144,781	122,254
Before and After Care	143,912	122,390	142,312	139,465	121,499
Total Business-Type Activities	<u>309,360</u>	<u>270,473</u>	<u>280,143</u>	<u>284,246</u>	<u>243,753</u>
Total School Expenses	<u>\$ 5,869,635</u>	<u>\$ 5,836,067</u>	<u>\$ 5,669,539</u>	<u>\$ 5,199,925</u>	<u>\$ 4,667,010</u>
Program Revenues:					
Governmental Activities:					
Operating Grants and Contributions	\$ 734,794	\$ 781,953			
Total Governmental Activities Program Revenues	<u>734,794</u>	<u>781,953</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-Type Activities					
Charges for Services					
Food Service	22,133	19,881	14,960	15,808	12,288
Before and After Care	144,067	122,327	142,222	139,569	121,470
Operating Grants and Contributions	143,279	128,319	122,766	128,995	110,099
Total Business-Type Activities Program Revenues	<u>309,479</u>	<u>270,527</u>	<u>279,948</u>	<u>284,372</u>	<u>243,857</u>
Total School Program Revenues	<u>\$ 1,044,273</u>	<u>\$ 1,052,480</u>	<u>\$ 279,948</u>	<u>\$ 284,372</u>	<u>\$ 243,857</u>
Net (Expense) Revenue					
Governmental Activities	\$ (4,825,481)	\$ (4,783,641)	\$ (5,389,396)	\$ (4,915,679)	\$ (4,423,257)
Business-Type Activities	119	54	(195)	126	104
Total School-Wide Net Expense	<u>\$ (4,825,362)</u>	<u>\$ (4,783,587)</u>	<u>\$ (5,389,591)</u>	<u>\$ (4,915,553)</u>	<u>\$ (4,423,153)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Property Taxes, Levied for General Purposes, Net	\$ 1,053,014	\$ 796,237	\$ 762,989	\$ 690,060	\$ 663,322
Federal and State Aid Not Restricted	3,808,729	3,748,773	4,523,453	3,967,376	3,589,043
Interest Income	1,153	3,890	3,576	1,768	1,382
Miscellaneous Income	942	81,536	85,534	180,235	18,071
Total Governmental Activities	<u>\$ 4,863,838</u>	<u>\$ 4,630,436</u>	<u>\$ 5,375,552</u>	<u>\$ 4,839,439</u>	<u>\$ 4,271,818</u>
Changes in Net Assets					
Governmental Activities	\$ 38,357	\$ (153,205)	\$ (13,844)	\$ (76,240)	\$ (151,439)
Business-Type Activities	119	54	(195)	126	104
Total School	<u>\$ 38,476</u>	<u>\$ (153,151)</u>	<u>\$ (14,039)</u>	<u>\$ (76,114)</u>	<u>\$ (151,335)</u>

Note: Robert Treat Academy Charter School, Inc. implemented GASB 34 FYE 6/2004 and is reporting on the five years of GASB 34.

Source: Robert Treat Academy Charter School, Inc.'s records.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Fund Balances - Governmental Funds

**For the Last Five Fiscal Years
(Modified Accrual Basis of Accounting)**

Unaudited

	Fiscal Year Ending June 30,				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund					
Reserved	\$ 33,000	\$ 31,500	\$ 89,368	\$ 65,497	\$ -
Unrestricted	<u>273,594</u>	<u>348,344</u>	<u>329,385</u>	<u>247,523</u>	<u>229,210</u>
Total General Fund	<u><u>\$ 306,594</u></u>	<u><u>\$ 379,844</u></u>	<u><u>\$ 418,753</u></u>	<u><u>\$ 313,020</u></u>	<u><u>\$ 229,210</u></u>

Note: Robert Treat Academy Charter School, Inc. implemented GASB 34 FYE 6/2004 and is reporting on the five years of GASB 34.

Source: Robert Treat Academy Charter School, Inc.'s records.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Unaudited

	Fiscal Year Ending June 30,									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues:										
Local Tax Levy	\$ 1,053,014	\$ 796,237	\$ 762,989	\$ 690,060	\$ 663,332	\$ 677,413	\$ 572,675	\$ 347,874	\$ 367,270	\$ 288,825
State Revenue	4,131,167	4,050,831	3,992,927	3,736,214	3,096,393	2,657,157	2,249,381	1,910,129	1,222,942	875,165
Federal Revenue	412,356	454,895	530,526	231,162	492,650	137,151	292,146	15,193	118,385	40,000
Other Local Revenue	2,095	110,426	89,110	182,003	19,453	4,536	30,580	40,870	26,820	19,301
Total Revenue	5,598,632	5,412,389	5,375,552	4,839,439	4,271,828	3,476,257	3,144,782	2,314,066	1,735,417	1,223,291
FUNCTION										
Instruction:										
Salaries	2,011,126	1,909,883	1,691,155	1,873,797	1,360,805	1,328,341	999,414	795,927	511,119	422,476
Professional/Technical Services	16,975	-	1,616	13,472	14,420	-	14,603	13,875	-	7,423
General Educational Supplies	102,087	107,694	63,385	70,975	75,268	29,028	-	52,293	33,319	44,608
Instructional Text and Books	51,330	40,182	74,825	124,780	152,020	10,361	160,092	48,414	57,006	27,065
Administrative Cost:										
Salaries, Administration	415,089	377,150	544,753	356,000	341,070	297,319	260,539	196,999	171,717	142,070
Total Benefit Costs	826,234	829,163	589,303	502,435	413,551	388,786	283,740	224,519	130,434	106,261
Professional/Technical Services	182,887	124,000	129,002	153,500	140,960	101,225	96,000	80,000	68,000	57,500
Other Purchased Service	0	30,770	64,669	24,270	18,832	17,472	29,853	17,463	12,570	7,384
Communications and Telephone	26,561	29,109	15,936	34,754	11,325	22,339	18,384	7,099	7,611	4,499
Supplies and Materials	71,819	98,270	87,043	85,270	68,260	46,615	44,600	22,096	26,866	21,915
Interest on Lease Purchase Agreements	-	-	-	-	-	-	-	-	-	1,426

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Changes in Fund Balances - Governmental Funds (Continued)

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Unaudited

	Fiscal Year Ending June 30,									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Support Services:										
Salaries	\$ 317,777	\$ 232,551	\$ 117,726	\$ 225,800	\$ 194,593	\$ 143,570	\$ 87,854	\$ 80,819	\$ 58,036	\$ 60,732
Professional/Technical Services	22,516	44,848	44,215	44,462	84,465	59,301	74,775	44,691	43,274	37,745
Other Purchased Services	179,648	3,410	5,188	3,755	2,410	2,265	1,575	878	890	4,281
Rental of Land and Buildings	814,000	814,000	814,000	714,000	615,000	516,000	417,000	219,000	167,484	107,040
Insurance for Property, Liability, Fidelity	19,129	19,632	19,293	33,389	31,978	23,759	24,541	16,531	11,090	9,552
Supplies and Materials	3,852	90,330	98,356	47,832	74,584	31,984	27,474	19,630	11,105	10,798
Transportation - Other than to/from School	2,416	25,117	8,185	12,345	10,449	390	31	50	127	1,128
Energy Costs (Heat and Electricity)	164,677	160,713	139,876	120,517	104,815	85,409	64,157	27,569	23,521	15,349
Miscellaneous Expense	13,428	19,717	13,231	17,487	18,062	13,691	12,003	5,262	10,792	5,492
Capital Outlay:										
Instructional Equipment	-	-	13,537	31,334	121,299	-	114,288	169,400	100,633	46,968
Non-Instructional Equipment	17,975	14,864	-	30,293	53,088	15,282	74,376	188,168	98,738	1,986
Lease Purchase Agreements - Principal	-	-	-	-	-	-	3,900	-	-	6,568
Special Revenue:										
State	-	-	204,000	4,000	4,000	4,000	4,000	4,000	-	-
Federal	412,356	479,895	530,526	231,162	492,650	137,151	292,146	15,193	105,944	40,000
Other	-	-	-	-	-	-	16,189	24,184	36,425	-
Total Expenditures	\$5,671,882	\$5,451,298	\$5,269,820	\$4,755,629	\$4,403,904	\$3,274,288	\$3,121,534	\$2,274,060	\$1,686,701	\$1,190,266
Excess (Deficiency) of Revenues Over (Under) Expenditures	(73,250)	(38,909)	105,732	83,810	(132,076)	201,969	23,248	40,006	48,716	33,025
Net Change in Fund Balance	\$ (73,250)	\$ (38,909)	\$ 105,732	\$ 83,810	\$ (132,076)	\$ 201,969	\$ 23,248	\$ 40,006	\$ 48,716	\$ 33,025

Source: Robert Treat Academy Charter School, Inc.'s records.

DEMOGRAPHIC AND ECONOMIC INFORMATION

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Demographic and Economic Statistics

Last Ten Fiscal Years

Unaudited

<u>Year</u>	<u>City of Newark Population^a</u>	<u>Personal Income^b</u>	<u>Essex County Per Capita Income^c</u>	<u>City of Newark Unemployment Rate^d</u>
2008	283,827	N/A	N/A	5.30%
2007	282,865	N/A	N/A	5.50%
2006	281,402	13,196,346,790	46,895	8.50%
2005	280,007	12,306,587,657	43,951	4.20%
2004	279,196	11,649,732,296	41,726	4.90%
2003	277,827	10,745,237,052	38,676	6.30%
2002	276,321	10,429,459,824	37,744	6.30%
2001	274,507	10,453,775,574	38,082	4.30%
2000	272,885	10,106,023,090	37,034	3.70%
1999	271,741	9,137,562,866	33,626	4.80%

^aState of New Jersey Department of Labor - 2008 number is increased by the average annual increase rate of .34%

^bPersonal income has been estimated based upon population and per capita income

^cState of New Jersey Department of Labor

^dState of New Jersey Department of Labor

Source: Robert Treat Academy Charter School, Inc.'s records.

OPERATING INFORMATION

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Full-Time Equivalent Charter School Employees by Function/Program

Last Ten Fiscal Years

Unaudited

	Fiscal Year Ending June 30,									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Employees:										
Certified	42	36	43	36	32	31	28	21	17	16
Other	34	39	39	42	44	44	40	32	20	9
Total Employees	<u>76</u>	<u>75</u>	<u>82</u>	<u>78</u>	<u>76</u>	<u>75</u>	<u>68</u>	<u>53</u>	<u>37</u>	<u>25</u>

Source: Robert Treat Academy Charter School, Inc.'s records.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Operating Statistics

Last Ten Fiscal Years

Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>Average Daily Enrollment</u>	<u>Operating Expenditures a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Average Daily Attendance b</u>	<u>% Change Average Daily Enrollment b</u>	<u>Student Attendance Percent</u>
2008	449	5,653,907	12,592.22	4.19%	434	(0.23%)	96.6%
2007	449.8	5,436,434	12,086.34	3.24%	435	0.50%	96.6%
2006	449	5,256,283	11,706.64	12.23%	433	(0.22%)	96.4%
2005	450	4,694,002	10,431.12	(1.60%)	434	12.78%	96.4%
2004	399	4,229,514	10,600.29	13.52%	388	14.33%	97.2%
2003	349	3,259,006	9,338.13	(4.48%)	338	16.33%	96.8%
2002	300	2,932,870	9,776.23	27.53%	291	20.00%	97.0%
2001	250	1,916,492	7,665.97	3.08%	242	25.00%	96.8%
2000	200	1,487,330	7,436.65	(2.26%)	193	33.33%	96.5%
1999	150	1,141,309	7,608.73	23.11%	145	50.00%	96.7%

Source: Robert Treat Academy Charter School, Inc.'s records.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

School Building Information

Last Ten Fiscal Years

Unaudited

Robert Treat Academy Charter School, Inc. rents 49,896 square feet of space in a school building constructed and owned by the North Ward Center, Inc.

Source: Robert Treat Academy Charter School, Inc.'s records.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

General Fund

Schedule of Allowable Maintenance Expenditures by School Facility

Last Ten Fiscal Years

Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>Robert Treat Academy Charter School, Inc.</u>
2008	\$ 87,163
2007	\$ 90,330
2006	\$ 98,356
2005	\$ 47,628
2004	\$ 49,353
2003	\$ 17,502
2002	\$ 12,247
2001	\$ 12,983
2000	\$ 4,464
1999	\$ 4,492

Source: Robert Treat Academy Charter School, Inc.'s records.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Insurance Schedule

June 30, 2008

Unaudited

	<u>Coverage</u>	<u>Annual Premium</u>
Commercial Property and General Liability:		
Personal Property/Fire Damage	\$ 773,085	
Bodily Injury and Property Damage	\$ 11,000,000	
Sexual Abuse Annual Aggregate	\$ 17,000,000	
Sexual Abuse Per Occurrence Per Perpetrator	\$ 11,000,000	
Bodily Injury for Products and Completed Operations	\$ 11,000,000	
Personal and Advertising Inquiry Occurrence/Aggregate	\$ 11,000,000	
Premises Medical - Each Accident	\$ 10,000	
Terrorism Per Occurrence/Aggregate	\$ 1,000,000	
Employee Benefits program Liability	\$ 11,000,000	
Crime:		
Employee Dishonesty	\$ 250,000	
Theft - Loss of Money and Securities - On and Off Premises	\$ 5,000	\$ 12,552
School Leaders E & O Liability:		
Coverage A:	\$ 11,000,000	
Deductible Each Claim	\$ 5,000	
Coverage B:		
Each Claim	\$ 100,000	
Each Period	\$ 300,000	
Deductible Each Claim	\$ 5,000	\$ 5,236
Workers Compensation:		
Statutory:		
Coverage A		
Coverage B		
Each Accident	\$ 2,000,000	
Disease - Policy Limit/Employee	\$ 2,000,000	\$ 40,010
WC Supplementary Indemnity:		
7-Day Waiting Period, Per Week	\$ 2,000	\$ 979
Umbrella Policy:		
Each Occurrence/Annual Aggregate		\$ 3,043
Student Accident	\$ 1,000,000	\$ 1,341
Public Official Bond Treasurer	\$ 160,000	\$ 640

Source: Robert Treat Academy Charter School, Inc.'s records.

SINGLE AUDIT SECTION

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Honorable President and
Members of the Board of Trustees
Robert Treat Academy Charter School, Inc.
County of Essex
Newark, New Jersey

We have audited the financial statements of the Board of Trustees of the Robert Treat Academy Charter School, Inc., in the County of Essex, State of New Jersey as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated October 27, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Robert Treat Academy Charter School, Inc. Board of Trustees' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Robert Treat Academy Charter School, Inc. Board of Trustees' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Robert Treat Academy Charter School, Inc. Board of Trustees' internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

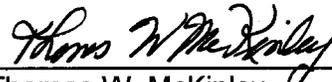
As part of obtaining reasonable assurance about whether the Robert Treat Academy Charter School, Inc. Board of Trustee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance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

We noted certain matters that we reported to the Board of Trustees of the Robert Treat Academy Charter School, Inc. in a separate report entitled *Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance* dated October 27, 2008.

This report is intended solely for the information and use of the management, the Robert Treat Academy Charter School, Inc. Board of Trustee's, the New Jersey State Department of Education, and other federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



McKINLEY, WHITE & CO., L.L.P.
Certified Public Accountants



Thomas W. McKinley
Licensed Public School Accountant
License #20CS00044200

Paramus, New Jersey
October 27, 2008

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and
Members of the Board of Trustees
Robert Treat Academy Charter School, Inc.
County of Essex
Newark, New Jersey

Compliance

We have audited the compliance of the Board of Trustees of the Robert Treat Academy Charter School, Inc., in the County of Essex, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2008. Robert Treat Academy Charter School, Inc. Board of Trustees' major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Robert Treat Academy Charter School, Inc.'s Board of Trustees' management. Our responsibility is to express an opinion on the Robert Treat Academy Charter School, Inc. Board of Trustees' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; 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*. Those standards, OMB Circular A-133 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about the Robert Treat Academy Charter School, Inc. Board of Trustees' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Robert Treat Academy Charter School, Inc. Board of Trustees' compliance with those requirements.

In our opinion, the Board of Trustees of the Robert Treat Academy Charter School, Inc., in the County of Essex, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2008.

Internal Control Over Compliance

The management of the Board of Trustees of the Robert Treat Academy Charter School, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Robert Treat Academy Charter School, Inc. Board of Trustees' internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Robert Treat Academy Charter School, Inc. Board of Trustees' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the management, the Robert Treat Academy Charter School, Inc. Board of Trustees', the New Jersey State Department of Education, and other federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

McKinley White CPA

McKINLEY, WHITE & CO., L.L.P.
Certified Public Accountants

Thomas W. McKinley

Thomas W. McKinley
Licensed Public School Accountant
License #20CS00044200

Paramus, New Jersey
October 27, 2008

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2007	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year's Balances	Balance at June 30, 2008		
											(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Agriculture													
Passed-through State Department of Education:													
Enterprise Fund:													
Child Nutrition Cluster:													
Cash Assistance:													
School Breakfast Program	10.553	07007730	4,533	7/1/06-6/30/07	\$ (419)	\$ -	\$ 419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
National School Lunch Program	10.555	07007730	119,239	7/1/06-6/30/07	(11,877)	-	11,877	-	-	-	-	-	-
School Breakfast Program	10.553	08007730	5,659	7/1/07-6/30/08	-	-	5,035	5,659	-	-	(624)	-	-
National School Lunch Program	10.555	08007730	132,680	7/1/07-6/30/08	-	-	120,458	132,680	-	-	(12,222)	-	-
U.S. Department of Education													
Passed-through State Department of Education:													
Special Revenue Fund:													
Title I - Part A	84.010A	NCLB7730-08	227,729	9/1/07-8/31/08	-	-	227,729	227,729	-	-	-	-	-
Title II - Part A	84.367A	NCLB7730-08	26,676	9/1/07-8/31/08	-	-	26,676	26,676	-	-	-	-	-
Title II - Part D	84.318X	NCLB7730-08	1,549	9/1/07-8/31/08	-	-	1,549	1,549	-	-	-	-	-
Title IV	84.186B	NCLB7730-08	5,150	9/1/07-8/31/08	-	-	5,150	5,150	-	-	-	-	-
Title V	84.298A	NCLB7730-08	1,143	9/1/07-8/31/08	-	-	1,143	1,143	-	-	-	-	-
NJ Charter Schools Grant -Program Dissemination	84.282X	06000260	377,335	10/1/05-8/31/07	94,270	-	15,716	62,025	-	-	-	-	47,961
IDEA-Basic	84.027X	IDEA773008	85,983	9/1/07-8/31/08	-	-	85,983	85,983	-	-	-	-	-
IDEA - Pre-School	84.173	IDEA773008	2,101	9/1/07-8/31/08	-	-	2,101	2,101	-	-	-	-	-
Total Expenditures of Federal Awards					\$ 81,974	\$ -	\$ 503,836	\$ 550,695	\$ -	\$ -	\$ (12,846)	0	\$ 47,961

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

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Schedule of Expenditures of State Financial Assistance, Schedule B

For the Fiscal Year Ended June 30, 2008

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2007			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balances	Balance at June 30, 2008			MEMO		
				Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education															
General Fund:															
Charter School Aid	07-495-034-5120-071	579,607	7/1/06-6/30/07	\$ (2,892)	\$ -	\$ -	\$ 2,892	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 579,607
Special Education Aid	07-495-034-5120-011	86,079	7/1/06-6/30/07	(2,514)	-	-	2,514	-	-	-	-	-	-	-	86,079
Bilingual Education Aid	07-495-034-5120-008	5,606	7/1/06-6/30/07	934	-	-	-	-	934	-	-	-	-	-	4,672
Early Childhood Program	07-495-034-5120-025	365,036	7/1/06-6/30/07	(1,634)	-	-	634	-	-	-	-	-	-	-	365,036
Demonstrably Effective Program	07-495-034-5064-002	206,868	7/1/06-6/30/07	(926)	-	-	926	-	-	-	-	-	-	-	206,868
Charter School Aid	08-495-034-5120-071	407,446	7/1/07-6/30/08	-	-	-	405,956	407,446	-	(1,490)	-	-	1,490	407,446	
Special Education Aid	08-495-034-5120-011	98,540	7/1/07-6/30/08	-	-	-	93,622	98,540	-	(4,918)	-	-	4,918	98,540	
Bilingual Education Aid	08-495-034-5120-008	3,504	7/1/07-6/30/08	-	-	-	3,329	3,504	-	(175)	-	-	175	3,504	
Early Childhood Program	08-495-034-5120-025	366,833	7/1/07-6/30/08	-	-	-	348,524	366,833	-	(18,309)	-	572	18,309	366,833	
Demonstrably Effective Program	08-495-034-5064-002	207,887	7/1/07-6/30/08	-	-	-	197,511	207,887	-	(10,376)	-	324	10,376	207,887	
Targeted At-Risk Aid	08-495-034-5120-005	142,200	7/1/07-6/30/08	-	-	-	142,350	142,200	-	-	-	150	-	142,200	
Reimbursed TPAF Social Security Contributions	07-495-034-5095-002	141,191	7/1/06-6/30/07	(32,219)	-	-	32,219	-	-	-	-	-	-	141,191	
Reimbursed TPAF Social Security Contributions	08-495-034-5095-002	162,317	7/1/07-6/30/08	-	-	-	118,384	162,317	-	(43,933)	-	-	43,933	162,317	
Teacher Quality Mentoring	08-495-034-5120-052	4,250	7/1/07-6/30/08	-	-	-	4,250	4,250	-	-	-	-	-	4,250	
Core Curriculum Standards Aid - State Share	07-495-034-5120-022	2,505,594	7/1/06-6/30/07	(169,677)	-	-	169,677	-	-	-	-	-	-	2,505,594	
Core Curriculum Standards Aid - State Share	08-495-034-5120-022	2,578,069	7/1/07-6/30/08	-	-	-	2,446,889	2,578,069	-	(131,180)	-	8,643	131,180	2,578,069	
Total General Fund				(208,928)	-	-	3,969,677	3,971,046	934	(210,381)	-	9,689	210,381	7,860,093	
Enterprise Fund:															
State School Breakfast Program	07-100-034-3350-021	365	7/1/06-6/30/07	(31)	-	-	31	-	-	-	-	-	-	-	365
State School Lunch Program	07-100-010-3350-023	4,182	7/1/06-6/30/07	(412)	-	-	412	-	-	-	-	-	-	-	4,121
State School Breakfast Program	08-100-010-3350-021	397	7/1/07-6/30/08	-	-	-	355	397	-	(42)	-	-	42	397	
State School Lunch Program	08-100-010-3350-023	4,543	7/1/07-6/30/08	-	-	-	4,124	4,543	-	(419)	-	-	419	4,543	
Total Enterprise Fund				(443)	-	-	4,922	4,940	-	(461)	-	-	461	9,426	
Total Expenditure of State Financial Assistance				\$ (209,371)	\$ -	\$ -	\$ 3,974,599	\$ 3,975,986	\$ 934	\$ (210,842)	\$ -	\$ 9,689	\$ 210,842	\$ 7,869,519	

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

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**Notes to the Schedules of Awards and Financial Assistance****For the Fiscal Year Ended June 30, 2008****NOTE 1 - GENERAL:**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Trustees of the Robert Treat Academy Charter School, Inc. The Board of Trustees is defined in Note 1 to the School'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 are included on the schedule of expenditures of federal awards and state financial assistance, except for the on-behalf TPAF pension contribution, which is excluded from the state financial assistance schedule. These contributions represent the amount paid by the state on behalf of the School for the year ended June 30, 2008 (See Note 3).

NOTE 2 - BASIS OF ACCOUNTING:

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

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS:

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

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

There are no net adjustments to reconcile from the budgetary basis to the GAAP basis for the general or special revenue funds. See the *Notes to Required Supplementary Information* for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general fund and special revenue funds. Awards and financial assistance revenues are reported in the School's basic financial statements on a GAAP basis as follows:

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Notes to the Schedules of Awards and Financial Assistance

For the Fiscal Year Ended June 30, 2008

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS: (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General fund	\$	\$ 4,131,167	\$ 4,131,167
Special revenue fund	412,356		412,356
Food service fund	138,339	4,940	143,279
	<u>550,695</u>	<u>4,136,107</u>	<u>4,686,802</u>
Total federal awards and state financial assistance - GAAP basis			
Less: TPAF Pension Contributions and Post Retirement Medical		<u>160,121</u>	<u>160,121</u>
Total per schedules of expenditures of federal awards and state financial assistance	<u>\$ 550,695</u>	<u>\$ 3,975,986</u>	<u>\$ 4,526,681</u>

NOTE 4 - RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS:

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

NOTE 5 - OTHER:

The amount of \$160,121 reported as TPAF Pension Contribution represents the amount paid by the state on behalf of the School for the year ended June 30, 2008.

T.P.A.F. Social Security Contributions represent the amount reimbursed by the state for the employer's share of social security contributions for T.P.A.F. members for the fiscal year ended June 30, 2008.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Schedule of Findings and Questioned Costs - Federal and State Awards

For the Fiscal Year Ended June 30, 2008

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to basic financial statements noted? Yes No

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Type of auditors' report issued on compliance for major programs: Unqualified

No reportable instances of non-compliance

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027X 84.010A	IDEA - Basic Title I - Part A

Dollar threshold used to distinguish type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Schedule of Findings and Questioned Costs - Federal and State Awards

For the Fiscal Year Ended June 30, 2008

SECTION I - SUMMARY OF AUDITOR'S RESULTS: (Continued)

State Financial Assistance

Dollar threshold used to distinguish between
Type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee:

Yes No

Type of auditors' report issued on compliance
for major programs

Unqualified

Internal Control over major programs:

- Material weakness(es) identified?
- Significant deficiencies identified that are not considered to be material weaknesses?

Yes No

Yes None reported

Type of auditors' report issued on compliance
for major programs

Unqualified

No reportable instances of non-compliance

Any audit findings disclosed that are required to be
reported in accordance with NJ OMB Circular
Letter 04-04?

Yes No

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

08-495-034-5120-022

Core Curriculum Standards -
State Share

08-495-034-5120-008

Bilingual Education Aid

08-495-034-5120-011

Special Education Aid

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Schedule of Findings and Questioned Costs - Federal and State Awards

For the Fiscal Year Ended June 30, 2008

SECTION II - FINANCIAL STATEMENT FINDINGS:

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

There were no significant deficiencies, material weaknesses, or instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

SECTION III - FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS:

This section identifies the audit findings required to be reported by section 5.10(a) of U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04.

There were no audit findings required to be reported by Section 5.10(a) of U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

**Summary Schedule of Prior-Year Audit Findings
And Questioned Costs as Prepared by Management**

For the Fiscal Year Ended June 30, 2008

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*, U.S. OMB Circular A-133 (section.315 (a)(b)) and New Jersey OMB Circular 04-04.

There were no prior year audit findings.