

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
NEW HORIZONS COMMUNITY
CHARTER SCHOOL
OF NEWARK, NEW JERSEY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**

NEW HORIZON COMMUNITY CHARTER SCHOOL
JUNE 30, 2009
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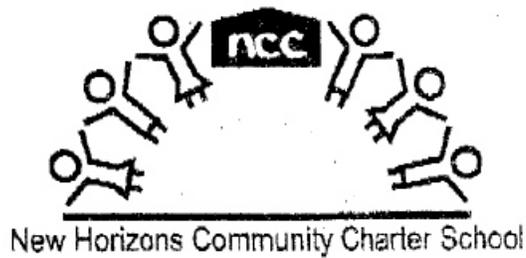
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November 3, 2009

Commissioner
New Jersey Department of Education
100 Riverview Executive Plaza
CN 500
Trenton, NJ 08625

Dear Commissioner:

The Comprehensive Annual Financial Report of the New Horizons Community Charter School for the fiscal year ended June 30, 2009, 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 school. To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups 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 and list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report. The statistical section includes audited data from the school's first six fiscal years. The school is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U. S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws and regulations and findings and recommendations is included in the single audit section of this report.

- 1) **REPORTING ENTITY AND ITS SERVICES:** New Horizons Community Charter School constitutes an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and account groups of the entity are included in this report.

The New Horizons Community Charter School services 466 students from the City of East Orange, Irvington and Newark. The main facility, a three story newly constructed brick building, houses main academic classes, including Computers, Spanish, and Basic Skills. The second facility, NCC Recreational Center is located directly across the street from the school and is used to conduct classes in Art, Music and Physical Education. The third property houses the Business Office.

New Horizons Community Charter School is a community-based school focusing on the overall growth and development of each child and the school community. The school is affiliated with the New Community Corporation of Newark, UMDNJ, Liberty Science Center, Franklin Institute, Girl Scouts of New Jersey, Kids Camp, North Fork Bank, Scholastic Books, Newark Police Department, Newark Fire Department, Newark Service Bureau and Loyola University.

New Horizons Community Charter School will continue to implement Balanced Literacy and Everyday Mathematics. In an effort to generate higher student achievement in the area of reading, writing, and mathematics, plans are in place for the 2008-2009 school years to employ a literacy supervisor and mathematics coach to further support our efforts in improving teacher performance.

- 2) **ENROLLMENT OUTLOOK:** The school’s charter authorized a maximum enrollment of 500 students in grades kindergarten through five. At the beginning of the 2007-2008 school year, the enrollment was 496 students. At the end of the year the enrollment was 446 students. Class size is approximately 21 students per class.

Fiscal Year – June 30, 2009	
Grade	Student Enrollment
K	84
1	84
2	85
3	84
4	82
5	47

- 3) **MAJOR ACCOMPLISHMENTS** – The New Horizons Community Charter School provided a challenging core curriculum for all students that were aligned to the New Horizon Community Charter School. The Charter Education program as well as the structured behavior intervention program provided a safe and orderly instructional environment for learning.

Under the NHCCS administration the school continues to improve student performance, character development and life skills. The following initiatives took place during the 2008-2009 school year:

- Implementation of the parent/student Handbook & Code of Civility
- Increased standardized test scores on NJASK 3,4,5
- School made AYP in 2007 and 2008
- Creation of a new teacher evaluation system to enhance professional practice

- 10 new Dell computers were purchased for the kindergarten and first grade classrooms
- Study Island, a web-based software, was purchased to allow teachers to assess student performance
- Use of data analysis to drive instruction from both TerrNova and NJASK
- Continued implementation of Reading Recovery program for struggling first grade readers
- Under the auspices of Rutgers University, two of our teachers facilitated five workshops for students and parents in Family Science; the program ran for 5 weeks.
- Five evening workshops for Everyday Mathematics was provided for students and families
- Uninterrupted block schedule for test preparation in grades 3, 4, 5. Measuring Up and NJASK Coach Curriculum

- 4) **INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining an internal control structure 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 generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognized that: (1) the cost of a control should not exceed the benefits like to be derived: and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

- 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 the Board of Trustees and the State of New Jersey. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2009.

- 6) **ACCOUNTING SYSTEM AND REPORTS:** The Charter Schools' accounting records reflect generally accepted accounting principles, as promulgated by the Government Accounting Standards Board (GASB). The accounting system of the School is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1

- 7) **FINANCIAL INFORMATION AT FISCAL YEAR – END:** As demonstrated by the various statements and schedules included in the financial section of report, the School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund and special revenue fund for the fiscal year ended June 30, 2009.

Revenue	Amount	Percent of Total
Local	822,475	11%
State	5,510,627	73%
Federal	894,153	12%
Food Service	280,762	3%
Misc Revenue	<u>16,102</u>	<u>1%</u>
Total	<u>\$7,524,119</u>	<u>100%</u>

The following schedule presents a summary of the general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2009.

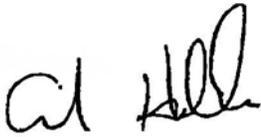
Expenditures	Amount	Percent of Total
Current	4,902,604	79%
Capital Outlay	76,718	2%
Special Revenue	894,153	14%
Food Service	<u>330,761</u>	<u>5%</u>
Total	<u>\$6,204,236</u>	<u>100%</u>

- 8) **CASH MANAGEMENT:** The investment policy of the School is guided in large by the state Statute as detailed in “Notes to the Financial Statements,” Note 2. The School had adopted a cash management plan, which 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 failed banking institutions in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 9) **RISK MANAGEMENT:** The School carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, and hazard and theft insurance on property and Contents.

10) **OTHER INFORMATION:**

Independent Audit – State statutes require an annual audit by independent Certified Public Accountants (CPA) or Registered Municipal Accountant. The Accounting firm of Scott J. Loeffler, CPA was selected by the Charter School. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133 and the state Treasury Circular letter 04-04 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial statement of this report. The auditor's reports related specifically to the single audit act are included in the single audit section of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "a Hollis". The signature is written in a cursive, somewhat stylized font.

Andre Hollis
Director, New Horizons Community Charter School

NEW HORIZONS COMMUNITY CHARTER SCHOOL

**ROSTER OF TRUSTEES AND OFFICERS
JUNE 30, 2009**

BOARD OF TRUSTEES

Mr. Arthur Wilson, President

Ms. Barbara Johnson, Secretary

Msgr. William Linder, Member

Mr. Okeckukwu Anyanwu, Member

Mr. James Anderson, Member

Mr. Edgar Nemorin, Treasurer, Non-Voting

CONSULTANTS AND ADVISORS

AUDIT FIRM

Scott J. Loeffler, CPA
7 Cleveland Street
Caldwell, NJ 07006

ATTORNEYS

Mr. Melvin C. Randall
Love and Randall
Attorneys At Law
57 Washington Street
East Orange, NJ 07107

OFFICIAL DEPOSITORY

Chase Bank
475 Bloomfield Avenue
1st Floor
Montclair, NJ 07042

FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANT
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**UNQUALIFIED OPINION ON BASIC FINANCIAL
STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY
INFORMATION AND SUPPLEMENTARY SCHEDULE OF
FEDERAL AWARDS AND OTHER SUPPLEMENTARY INFORMATION -
GOVERNMENT ENTITY**

Independent Auditor's Report

The Honorable Chairman and
Members of the Board of Trustees
New Horizons Community Charter School
County of Essex
Newark, New Jersey

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Trustees of the New Horizons Community Charter School, County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2009, which collectively comprise the charter schools' basis financial statements, as listed in the table of contents. These financial statements are the responsibility of the Board of Trustee's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; 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 I 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. I believe that my audit provides reasonable basis for my opinion.

In my 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 New Horizons Community Charter School, Board of Trustees, in the County of Essex, State of New Jersey, as of June 30, 2009, 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*, I have also issued my report dated November 3, 2009 on my consideration of the New Horizons Community Charter School, in the County of Essex, State of New Jersey, Board of Trustee's internal control over financial reporting and my 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 my 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis and Budgetary Comparison schedules on pages 9 through 19 are not a required part of the basic financial statements but are supplementary information required by the accounting principle's generally accepted in the United States of America. I 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, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the New Horizons Community Charter School Board of Trustees basic financial statements. The accompanying introductory section, other supplementary information including combining fund financial schedules, and statistical information 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 my 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, I express no opinion on them. The school has expended certain federal and state grants in a manner, which may have violated certain of the restrictive provisions of the related grants. These items have been disclosed in the accompanying schedule of Findings of Noncompliance and Questioned costs and separately in the Auditors Management Report on Administrative Findings – Financial Compliance and Performance. The possible outcome of these matters is uncertain at this time. Accordingly, no provision for any liability has been made for possible federal and state claims for refunds of those grant monies.

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 my opinion, is fairly stated in all material respects in relations to the basic financial statements taken as a whole.

Licensed Public School Accountant No. 870

A handwritten signature in black ink that reads "Scott J. Loeffler CPA". The signature is written in a cursive style with a horizontal line under the name.

Scott J. Loeffler, CPA
November 3, 2009

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2009

This section of New Horizons Community Charter School annual financial report presents our discussion and analysis of the school's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the transmittal letter at the front of this report and the school's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year (2008-09) and the prior year (2007-08) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2008-09 fiscal year include the following:

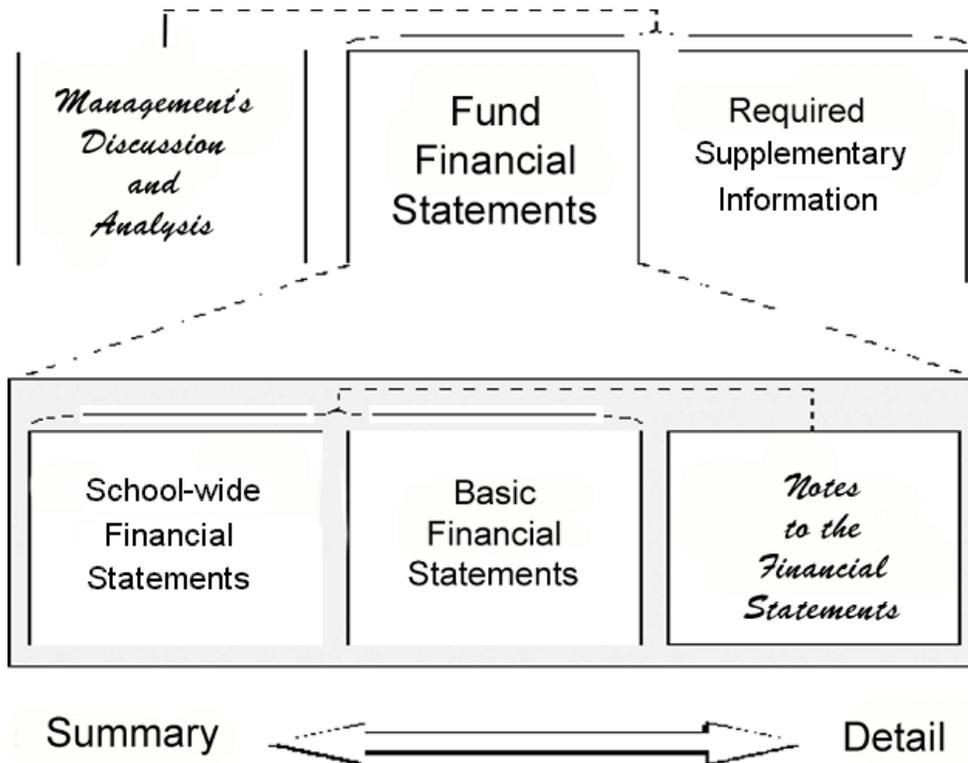
- Net assets are \$2,975,631.
- Net Assets increased by \$1,299,063 from July 1, 2008 to June 30, 2009.
- The General Fund balance at June 30, 2009 is \$2,123,511, an increase of \$1,369,882 when compared with the beginning balance at July 1, 2008.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information that includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the New Horizons Community Charter School.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2009

Figure A-1. Required Components of the Board's Annual Financial Report



- The first two statements are school-wide financial statements that provide both short-term and long-term information about the New Horizons Community Charter School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the New Horizons Community Charter School, reporting the New Horizons Community Charter School's operation in more detail than the school-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the Food Service activities the New Horizons Community Charter School operates like businesses.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2009

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. Figure A-1 summarizes the major features of the New Horizons Community Charter School's financial statements, including the portion of the New Horizons Community Charter School's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 - Major Features of the School-wide and Financial Statements

	<u>School-wide Statements</u>	<u>Fund Financial Statements</u>	
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Scope	Entire school (except fiduciary funds)	The activities of the New Horizons Community Charter School that are for the school operations and not proprietary or fiduciary, such as teachers' salaries, special education and building maintenance, food service, and community education	Activities the New Horizons Community Charter School operates similar to private businesses: Internal service fund
Required financial statements	Statements of net assets	Balance sheet	Statement of net assets
	Statement of activities	Statement of revenue expenditures and changes in fund balances	Statement of revenue, expenses, and changes in fund net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Statement of cash flows Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2009

School-wide Statements

The school-wide statements report information about the New Horizons Community Charter School as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the New Horizons Community Charter School's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two school-wide statements report the New Horizons Community Charter School's net assets and how they have changed. Net assets – the difference between the New Horizons Community Charter School's assets and liabilities – are one way to measure the New Horizons Community Charter School's financial health or position.

In the school-wide financial statements, the New Horizons Community Charter School's activities are shown in two categories:

- *Governmental activities*- Most of the New Horizons Community Charter School's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The New Horizons Community Charter School's Food Service Fund is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the New Horizons Community Charter School's funds – focusing on its most significant or “major” funds – not the New Horizons Community Charter School as a whole.

Funds are accounting devices the New Horizons Community Charter School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2009

The New Horizons Community Charter School use other funds, established in accordance with the State of New Jersey Uniform Chart, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is property using certain revenues (e.g., federal funds).

The New Horizons Community Charter School has three kinds of funds:

- **Governmental funds-** Most of the New Horizons Community Charter School's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the New Horizons Community Charter School's programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds-** Services for which the New Horizons Community Charter School charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the school-wide statements.
- **Fiduciary funds-** The New Horizons Community Charter School is the trustee, or *fiduciary*, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. The New Horizons Community Charter School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the New Horizons Community Charter School's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. I exclude these activities from the New Horizons Community Charter School's government-wide financial statements because the New Horizons Community Charter School cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE NEW HORIZONS COMMUNITY CHARTER SCHOOL AS A WHOLE

Net assets. The New Horizons Community Charter School's net assets are \$2,975,631 on June 30, 2009. (See Table A-1).

Governmental	\$2,975,631
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The Statement of Net Assets of \$2,975,631 reflects total capital assets at net of assumed depreciation from inception.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2009

The New Horizons Community Charter School's financial position is the product of these factors:

- Total revenues during the 2008-09 school year were \$7,524,119.
- Total expenditures were \$5,461,101.

Table A-1
NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Net Assets
As of June 30, 2009

	<u>Total</u>
Current and Other Assets	2,926,970
Capital Assets (Including Business Activities)	829,473
Total Assets	<u>\$3,756,443</u>
Long-Term Liabilities	
Other Liabilities	780,812
Total Liabilities	<u>\$780,812</u>
Net Assets:	
Invested In Capital Assets, Net of Related Debt	829,473
Restricted	
Unrestricted	2,146,158
Total Net Assets	<u><u>\$2,975,631</u></u>

Total Governmental and Business Activities revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net assets of \$2,975,631 on June 30, 2009.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2009

Table A-2
NEW HORIZONS COMMUNITY CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Fiscal Year Ended June 30, 2009

Revenues	Total
Program revenues	
Charges for services	
Operating grants and contributions	
General revenues	
Local Share	822,475
Federal and State Aid-Unrestricted	5,082,913
Federal and State Aid-Restricted	1,321,867
Food Service	280,762
Other	16,102
Decrease in Net Capital Outlay	(20,820)
Total revenues	\$ 7,503,299
Expenses	
Regular Instruction	2,694,457
General Administrative	1,192,916
School Administrative	1,729,439
On-behalf TPAF Social Security	179,945
Capital Outlay	76,718
Food Service	330,761
Total expenses	\$ 6,204,236
(Decrease) in net assets	1,299,063
Net Assets, Beginning July 1	1,676,568
Net Assets, End of Year June 30	\$ 2,975,631

Changes in Net Assets. The New Horizons Community Charter School's total revenues were \$7,524,119, which represents 100% of revenues. Local shares of \$822,475 represented 10% of revenues. The federal and state aid of \$6,685,542 represented 89% of revenues.

The smallest component of revenues is "Other Revenue." The "Other Revenue" for 2009 is \$16,102 represented 1% of revenues.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2009

Total revenues of the general fund and special revenue and enterprise fund were greater than expenditures, increasing net assets \$476,386 from the beginning balance at July 1, 2008.

Table A-3 (See Exhibit A-2)
NEW HORIZONS COMMUNITY CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Fiscal Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Source</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Governmental Activities			
Instruction			
Regular	B-2	2,694,457	2,694,457
Support Services			
General Administrative Services	B-2	1,192,916	1,192,916
School Administrative Services	B-2	1,729,439	1,729,439
On-behalf TPAF Social Security	B-2	179,945	179,945
Capital Outlay	B-2	76,718	76,718
Food Service	B-5	330,761	330,761
Total Governmental Activities		\$ 6,204,236	\$ 6,204,236

FINANCIAL ANALYSIS OF THE NEW HORIZON COMMUNITY CHARTER SCHOOL FUNDS

The financial performance of the New Horizons Community Charter School as a whole is reflected in its governmental activities Exhibit A-2. As the New Horizons Community Charter School completed the year, its general funds reported a combined fund balance of \$2,123,511.

Revenues for the New Horizons Community Charter School's school-wide funds were \$7,524,119 while total expenses were \$6,204,236. (Table A-2) (Exhibit A-2)

GENERAL FUND

The General Fund includes the primary operations of the New Horizons Community Charter School in providing educational services to students from grade K through grade 5.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2009

The following schedule presents a summary of Government Revenues. The summary reflects the dollar and percent increase (decrease) from the prior year.

Table A-4 (See Exhibit B-2)
NEW HORIZONS COMMUNITY CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Years Ended June 30, 2009 and 2008

General Fund Revenues	Year Ended 06/30/2009	Year Ended 06/30/2008	Amount of Increase (Decrease)
Local Sources:			
Local Share	822,475	1,039,241	(216,766)
Other Local Revenue	16,102	24,842	(8,740)
Total Local Sources	\$ 838,577	\$ 1,064,083	\$ (225,506)
Intergovernmental			
State Sources	5,510,627	4,134,004	1,376,623
Federal Sources	894,153	568,705	325,448
Food Service	280,762	267,749	13,013
Total Intergovernmental Sources	\$ 6,685,542	\$ 4,970,458	\$ 1,715,084
Total Revenue	\$ 7,524,119	\$ 6,034,541	\$ 1,489,578

The following schedule presents a summary of Governmental expenditures. The summary reflects the dollar and percent increases (decreases) from the prior year.

Table A-5 (See Exhibit B-2)
NEW HORIZONS COMMUNITY CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Years Ended June 30, 2009 and 2008

General Fund Expenditures	Year Ended 06/30/2009	Year Ended 06/30/2008	Amount of Increase (Decrease)
Current:			
Regular Instruction	2,694,457	2,286,437	408,020
General Administrative Services	1,192,916	1,095,248	97,668
School Administration	1,729,439	1,591,924	137,515
On-behalf TPAF Social Security	179,945	164,431	15,514
Capital outlay	76,718	86,597	(9,879)
Food Service	330,761	236,464	94,297
Total Expenditures	\$ 6,204,236	\$ 5,461,101	\$ 743,135

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2009

Total expenditures increased \$743,135.

UNRESERVED-UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES

The following table shows the General Fund unreserved-undesignated fund balance.

Table A-6
NEW HORIZONS COMMUNITY CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Fiscal Year Ended June 30, 2009

General Fund	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Unreserved-Undesignated							
Fund Balance	923,955	389,715	183,473	59,298	211,474	753,629	2,123,511
Expenditures	4,539,731	5,217,967	4,859,299	5,515,336	5,243,983	5,224,637	6,204,235
Percentages	20%	7%	4%	1%	4%	14%	34%

The New Horizons Community Charter School values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during school year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2009, in the General Fund, the New Horizons Community Charter School had invested \$1,343,567 in a broad range of capital assets, including computer and audio-visual equipment, and administrative offices, etc. (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total General Fund depreciation expenses for the year for the year was \$97,538.

Table A-7
NEW HORIZONS COMMUNITY CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Fiscal Year Ended June 30, 2009

Facilities Improvement	437,621
Equipment	905,946
Total - General Fund	<u>\$1,343,567</u>
Less: Accumulated Depreciation	(514,094)
Total - Net Capital Assets General Fund	<u><u>\$829,473</u></u>

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2009

FACTORS BEARING ON THE SCHOOL'S FUTURE

State Aid—As part of the “time-out” decision of the Supreme Court, the NJDOE was granted permission for level spending for the 2008-09 school year. The practical implication of this ruling is that the New Horizons Community Charter School 2008-09 budget can be not greater than its kindergarten through grade 12 expenditures in the 2008-09 school year. The financial position of the State of New Jersey will likely result in continued level state aid for the 2008-09 school year. The school is likely to feel financial pressures related to contractual obligations that will put pressure on the school programs, inclusive of staffing levels.

No Child Left Behind (NCLB)—The integration of the requirements of this federal legislation needs to be integrated into in a way that eliminates duplication. The challenge before the State of New Jersey is development of a single, seamless process of assessment, planning, implementation, and evaluation that satisfies both State and federal authorities.

**CONTACTING THE NEW HORIZON COMMUNITY CHARTER SCHOOL'S
FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the New Horizons Community Charter School's finances and to demonstrate the New Horizons Community Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, New Horizons Community Charter School, 45-59A Hayes Street, Newark, New Jersey 07103.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the New Horizons Community Charter School's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2009.

SCHOOL-WIDE FINANCIAL STATEMENTS

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,482,814	\$ 10,393	\$ 2,493,207
Investments			-
Receivables, net	258,343	55,670	314,013
Rental Deposit	119,750		119,750
Restricted assets:			-
Cash and cash equivalents			
Capital reserve account - cash			
Capital assets, net (Note 2):	<u>829,473</u>		<u>829,473</u>
Total Assets	<u>3,690,380</u>	<u>66,063</u>	<u>3,756,443</u>
LIABILITIES			
Cash Overdraft		-	-
Accounts payable	627,893	43,416	671,309
Due to Newark Board of Ed.	-		-
Deposits payable			
Payable to federal government	38,453		38,453
Payable to state government	-		-
Deferred revenue	71,050		71,050
Noncurrent liabilities (Note 3):			
Due within one year			
Due beyond one year			
Total liabilities	<u>737,396</u>	<u>43,416</u>	<u>780,812</u>
NET ASSETS			
Invested in capital assets, net of related debt	829,473		829,473
Restricted for:			
Debt service			
Capital projects			
Permanent endowment - nonexpendable			
Other purposes			
Unrestricted	2,123,511	22,647	2,146,158
Total net assets	<u>\$ 2,952,984</u>	<u>\$ 22,647</u>	<u>\$ 2,975,631</u>

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

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Activities
For the Year Ended June 30, 2009

Exhibit A-2

Functions/Programs	Expenses	Program Revenues		Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
Instruction:						
Regular	\$ 2,694,457		\$ 829,866		\$ (1,864,591)	\$ (1,864,591)
Support services:						
General administration	1,192,916		64,287		(1,128,629)	(1,128,629)
School administrative services/ operations plant serv.	1,729,439				(1,729,439)	(1,729,439)
On - behalf TPAF Social Security	179,945				(179,945)	(179,945)
Capital Outlay	76,718				(76,718)	(76,718)
Total governmental activities	5,873,475		894,153		(4,979,322)	(4,979,322)
Business-type activities:						
Food Service		330,761			(330,761)	-
Total business-type activities					(330,761)	-
Total primary government	\$5,873,475	\$ 330,761	\$ 894,153		\$ (4,979,322)	\$ (330,761)
General revenues:						
Local Share				822,475		822,475
State Share				5,082,913		5,082,913
State and Federal Aid				427,714	280,762	708,476
Miscellaneous Income				16,102	-	16,102
Decrease in net Capital Outlay				(20,820)		(20,820)
Total general revenues, special items,				6,328,384	280,762	6,609,146
Change in Net Assets				1,349,062	(49,999)	1,299,063
Net Assets—beginning				1,603,922	72,646	1,676,568
Net Assets—ending				\$ 2,952,984	\$ 22,647	\$ 2,975,631

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Balance Sheet
Governmental Funds
June 30, 2009

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 2,444,731	\$ 38,083			\$ 2,482,814
Investments					
Receivables, net	124,316	134,027			258,343
Rental Deposit	119,750				119,750
Total assets	<u>\$ 2,688,797</u>	<u>\$ 172,110</u>	<u> </u>	<u>\$ -</u>	<u>\$ 2,860,907</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash Overdraft					
Accounts payable	565,286	62,607			627,893
Due to Newark Board of Ed.					0
Payable to federal government		38,453			38,453
Payable to state government	-	-			0
Deferred revenue		71,050			71,050
Total liabilities	<u>565,286</u>	<u>172,110</u>	<u> </u>	<u>-</u>	<u>737,396</u>
Fund Balances:					
Reserved for:					
Encumbrances					
Legally restricted -- unexpended additional spending proposal					
Legally restricted -- designated for subsequent year's expenditures					
Capital reserve account					
Excess surplus					
Excess surplus -- designated for Subsequent year's expenditures					
Other purposes					
Unreserved, reported in:					
General fund	2,123,511				2,123,511
Capital projects fund					
Permanent fund					
Total Fund balances	<u>2,123,511</u>	<u> </u>	<u> </u>	<u> </u>	
Total liabilities and fund balances	<u>\$ 2,688,797</u>	<u>\$ 172,110</u>	<u>\$ -</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 3)

Net assets of governmental activities

1,343,567
(514,094)

\$ 2,952,984

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

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources:					
Local share	\$ 822,475				\$ 822,475
State Share	5,082,913				5,082,913
Other Restricted Miscellaneous Revenues					
Miscellaneous	16,102				16,102
Total - Local Sources	5,921,490				5,921,490
State sources	427,714	-			427,714
Federal sources		894,153			894,153
Total revenues	6,349,204	894,153			7,243,357
EXPENDITURES					
Current:					
Regular instruction	\$ 1,864,591	\$ 829,866			\$ 2,694,457
Support services- General Administrative	1,128,629	64,287			1,192,916
Support Services- School Admin/ operations plant se	1,729,439				1,729,439
On-behalf TPAF Social Security	179,945				179,945
Capital outlay	76,718				76,718
Total expenditures	4,979,322	894,153			5,873,475
Excess (Deficiency) of revenues over expenditures	1,369,882				1,369,882
OTHER FINANCING SOURCES (USES)					
Transfers in					-
Transfers out					-
Total other financing sources and uses					-
Net change in fund balances	1,369,882				1,369,882
Fund balance—July 1	753,629				753,629
Fund balance—June 30	\$ 2,123,511				\$ 2,123,511

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

**NEW HORIZON COMMUNITY CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2009**

Total net change in fund balances - governmental funds (from B-2) \$ 1,369,882

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	\$	(97,538)	
Capital outlays		<u>76,718</u>	
			\$ (20,820)

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

Change in net assets of governmental activities \$ 1,349,062

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

PROPRIETARY FUNDS

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Net Assets
Proprietary Funds
June 30, 2009

			Business-type Activities Enterprise funds Food Service
ASSETS			
Current assets:			
Cash and cash equivalents	\$	10,393	
Investments			
Accounts receivable		55,670	
Other receivables			
Inventories			
Total current assets			66,063
Noncurrent assets:			
Restricted cash and cash equivalents			
Furniture, machinery & equipment			
Less accumulated depreciation			
Total noncurrent assets			
Total assets			66,063
LIABILITIES			
Current liabilities:			
Cash overdraft			-
Accounts payable		43,416	
Compensated absences			
Total current liabilities			43,416
Total liabilities			43,416
NET ASSETS			
Invested in capital assets net of related debt			
Restricted for:			
Capital projects			
Unrestricted			22,647
Total net assets	\$		22,647

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

Exhibit B-5

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

		Business-type Activities Enterprise Fund
		Food Service
		<hr/> <hr/>
Operating revenues:		
Charges for services:		
Daily sales - Reimbursable programs and Special Lunch Program	\$	-
After School Revenue		-
Total operating revenues		<hr/> <hr/>
Operating expenses:		
Cost of sales		
Salaries and Benefits		
Supplies, Materials and Other Expenses		(330,761)
Total Operating Expenses		<hr/> <hr/>
Operating income (loss)		<hr/> <hr/>
Nonoperating revenues (expenses):		
State sources:		
State school lunch program		12,315
Federal sources:		
National school breakfast program		77,892
National school lunch program		190,255
USDA Community		300
Total nonoperating revenues (expenses)		<hr/> <hr/>
Income (loss) before contributions & transfers		<hr/> <hr/>
Capital contributions		
Transfers in (out)		
Change in net assets		<hr/> <hr/>
Total net assets—beginning		72,646
Total net assets—ending	\$	<hr/> <hr/>

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

Exhibit B-6

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009**

	Business-type Activities Enterprise Funds
	Food Service
	<hr/> <hr/>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	
Payments to employees and benefits	
Payments to suppliers	(313,113)
Net cash provided by (used for) operating activities	<hr/> <hr/> (313,113)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State and Federal Sources	276,979
Operating subsidies and transfers to other funds	0
Net cash provided by (used for) non-capital financing activities	<hr/> <hr/> 276,979
CASH FLOWS FROM INVESTING ACTIVITIES	
Increase In Fixed Assets	
Proceeds from sale/maturities of investments	
Net cash provided by (used for) investing activities	
Net increase (decrease) in cash and cash equivalents	(36,134)
Cash Balances—beginning of year	46,527
Cash Balances—end of year	<hr/> <hr/> \$ 10,393
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (49,999)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation and net amortization	
(Increase) decrease in accounts receivable, net	(3,783)
(Increase) decrease in inventories	
(Increase) decrease in USDA Commonities	
Increase (decrease) in accounts payable	17,648
Increase (decrease) in accrued compensated absences	
Total adjustments	<hr/> <hr/> (36,134)
Net cash provided by (used for) operating activities	<hr/> <hr/> \$ (36,134)

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

FIDUCIARY FUNDS

Exhibit B-7

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009**

NOT APPLICABLE

Exhibit B-8

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2009**

NOT APPLICABLE

NOTES TO FINANICAL STATEMENTS

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the New Horizons Community Charter School been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the New Horizons Community Charter School's accounting policies are described below.

The Governmental Accounting Standards Board (GASB) unanimously approved basic Financial Statements and Management's Discussion and Analysis for State and Local governments (Statement No. 34). This statement provides for significant changes in financial reporting and was first implemented by the New Horizons Community Charter School for the fiscal year ending June 30, 2003. In addition, the school has implemented GASB Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments Omnibus and Statement No. 38, Certain Financial Statement Note Disclosures.

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 generally accepted accounting principles. Encumbrance accounting is employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

The New Horizons Community Charter School is an instrumentality of the State of New Jersey, established to function as an education institution. The New Horizons Community Charter School Board of Trustees is responsible for the fiscal control of the New Horizons Community Charter School. An Executive Director is appointed by the New Horizons Community Charter School and is responsible for the administrative control of the New Horizons Community Charter School. Under existing statutes, the New Horizons Community Charter School's duties and powers include, but are not limited to the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The New Horizons Community Charter School Board of Trustees also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The accompanying financial statements present the government and its component units, entities for which the school is considered to be financially accountable. The New Horizons Community Charter School has no blended or discretely presented component units. Furthermore, the New Horizons Community Charter School is not includable in any other reporting entity as a component unit.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Government-wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the New Horizons Community Charter School and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *miscellaneous revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:
(continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this measurement focus and basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available).

Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the New Horizons Community Charter School considers revenues to be available if they are collected within 90 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures, which are recorded when payment is due and compensated absences and claims and judgments which are recorded only to the extent that there are expendable financial resources available.

Other items associated with the current fiscal period are all considered to susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the New Horizons Community Charter School.

The New Horizons Community Charter School reports the following major governmental funds:

The *general fund* is the New Horizons Community Charter School's primary operating fund. It accounts for all financial resources of the New Horizons Community Charter School, except those required to be accounted for in another fund.

The New Horizons Community Charter School reports the following major proprietary fund which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:
(continued)

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for private donations for scholarships. All resources of the fund, including any earnings on invested resources, may be used to support the intended purposes. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The New Horizons Community Charter School has elected not to follow FASB guidance issued subsequent to December 1, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* in the New Horizons Community Charter School -wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund includes the cost of sales and services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

D. Assets, Liabilities and Net Assets or Equity:

1. *Deposits and Investments*

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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

3. *Inventories and Prepaid Items*

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred revenue.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Accrued Liabilities and Payables

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the 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.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

D. Assets, Liabilities and Net Assets or Equity: (continued)

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Capital assets are defined by the New Horizons Community Charter School as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method.

5. *Fund Equity*

Reservations/Designations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures. Specific reservations/designations of the fund balance accounts are summarized below.

Reserve for Encumbrances - This reserve is created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30. There were no reserve for encumbrance at June 30, 2009.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

D. Assets, Liabilities and Net Assets or Equity: (continued)

Reserve for Capital Reserve Account - This reserve is created by budget appropriation to fund future capital expenditures.

Reserve for Legally Restricted - Designated for Subsequent Year's Expenditures
- This reserve is created to represent the portion of fund balance at June 30, 2009 restricted and utilized in the adopted subsequent year's budget. At June 30, 2009 there were no reserves.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

No difference noted.

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information:

In accordance with the requirements of the New Jersey Department of Education, the New Horizons Community Charter School annually prepares its operating budget for the forthcoming year. The budget, except for the special revenue fund, which is more fully explained below, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The budget is submitted to the county superintendent and is voted upon by the Board of Trustees. Budget adoptions and amendments are recorded in the New Horizons Community Charter School minutes.

The budget is properly amended by the New Horizons Community Charter School trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. Budgetary Information: (continued)

The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The school approved several budget transfers during 2008-2009.

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 accounting principles generally accepted in the United States of America, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the special revenue fund from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.

	<u>Revenues</u>	<u>Expenditures</u>	<u>Operating In</u>	<u>Transfers Out</u>
Budgetary Basis	\$894,153	\$894,153	-	-
Adjustments:	-	-	-	-
Add encumbrances at June 30, 2008	-	-	-	-
Less encumbrances at June 30, 2009	-	-	-	-
GAAP Basis	<u>\$894,153</u>	<u>\$894,153</u>	-	-

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. Budgetary Information: (continued)

Encumbrance accounting is employed in the governmental funds. 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.

B. Capital Reserve Account:

Funds placed in the capital reserve account are restricted to capital projects in the New Horizons Community Charter School's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR).

NOTE 4. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), 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 the deposits to the governmental unit.

As of June 30, 2009, New Horizons Community Charter School cash and cash equivalents consisted of the following:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Enterprise Fund</u>	<u>Total</u>
Operating Account	\$2,444,731	\$38,083	\$10,393	\$2,493,207

Category 1 - Insured or collateralized with securities held by the school or its agent in the school's name.

Category 2 - Collateralized with securities held by the pledging financial institutions trust department or agent in the school's name.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

NOTE 4. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

Deposits (continued)

Category 3 - Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the New Horizons Community Charter School's name.

	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Bank</u> <u>Balance</u>
Deposits	\$2,493,207	\$ 0	\$ 0	\$2,493,207

The New Horizons Community Charter School's cash deposits as June 30, 2009 were entirely covered by the Federal Deposit Insurance Corporation (F.D.I.C.) or by the pledged collateral pool maintained by the banks as required by New Jersey statutes.

Investments

New Jersey statutes permit the New Horizons Community Charter School to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States of America.
- b. Government Money Market Mutual Funds.
- c. Any obligations that a federal agency or a federal instrumentality has issued, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest.
- d. Bonds or other obligations of the New Horizons Community Charter School or bonds or other obligations of the local unit or units which the school district is located.
- e. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- f. Local Government investment pools.
- g. Agreements or the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 18A:20-37.

The New Horizons Community Charter School had no outstanding investments at June 30, 2009.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

Investments (continued)

Receivables as of year-end for the government's individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise Fund</u>	<u>Total</u>
Account:				
Receivables	<u>\$124,316</u>	<u>\$134,027</u>	<u>\$55,670</u>	<u>\$314,013</u>
Gross Receivables	<u>\$124,316</u>	<u>\$134,027</u>	<u>\$55,670</u>	<u>\$314,013</u>

B. Deferred Revenue

There is no deferred revenue in the general fund.

Special Revenue Fund:

NCLB Title I	\$22,617
NCLB Title I SIA	1,611
NCLB Title II Part A	38,814
NCLB Title II Part D	1,610
NCLB Title IV	<u>6,398</u>
	<u>\$71,050</u>

C. Capital Assets

Capital assets as at the year ended June 30, 2009 was as follows:

Primary Government:

	<u>Balance at June 30, 2009</u>
Capital assets, being depreciated:	
Building Improvements	437,621
Furniture and Fixtures	<u>905,946</u>
Total capital assets being depreciated	<u>\$1,343,567</u>
Less :	
Accumulated Depreciation	<u>(\$514,094)</u>
Total capital assets, being depreciated, net all funds	<u>\$829,473</u>

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

C. Capital Assets (continued)

Capital assets as at the year ended June 30, 2009 was as follows:

Primary Government (continued):

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Total depreciation expense - governmental activities	<u>\$97,538</u>
--	-----------------

Capital assets are depreciated in the financial statements using the straight-line method over the estimated useful life of the asset.

D. Interfund Receivables, Payables, and Transfers:

As of June 30, 2009, there were no interfund transactions reflected.

NOTE 5. OTHER INFORMATION

A. Contingent Liabilities

The New Horizons Community Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the New Horizons Community Charter School may be required to reimburse the grantor government. As of June 30, 2009, significant amounts of grant expenditures have not been audited by the various grantor agencies but the New Horizons Community Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the New Horizons Community Charter School.

The New Horizons Community Charter School's attorney's letter advises that there is no litigation, pending litigation claims, contingent liabilities, unasserted claims for assessments or statutory violations which involved the New Horizons Community Charter School and which might materially affect the New Horizons Community Charter School's financial position.

B. Employee Retirement Systems and Pension Plans

Plan Description

Substantially all of the New Horizons Community Charter School's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS).

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

NOTE 5. OTHER INFORMATION (continued)

B. Employee Retirement Systems and Pension Plans (continued)

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible school employees.

Public Employees' Retirement System (PERS) -Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Teachers' Pension and Annuity Fund (TPAF) -Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system. According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trusts.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

NOTE 5. OTHER INFORMATION (continued)

B. Employee Retirement Systems and Pension Plans (continued)

Other Pension Funds (continued)

The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Significant Legislation

P.L. 2007, c.92, implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform: established a Defined Contribution Retirement Program (DCRP) for elected and certain appointed officials, effective July 1, 2007; closed the Workers' Compensation Judges part of PERS to new members, effective July 1, 2007;

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

NOTE 5. OTHER INFORMATION (continued)

B. Employee Retirement Systems and Pension Plans (continued)

Significant Legislation (continued)

eliminated the four percent fixed rate of interest for loans from the defined benefit plans and provided that the rate of interest will be set by the State Treasurer at a commercially reasonable rate as required by the Internal Revenue Code and permitted that an administrative processing fee may be charged for such loans.

It also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the system when excess assets are available.

P.L. 2007, c.103, certain parts effective July 1, 2007, provided for the following: changed employee contribution rates of TPAF, PERS (State employees only) and DCRP to 5.5 percent of annual compensation; imposed an annual maximum wage contribution base and a new retirement age to new employees; implemented changes to State Health Benefits Program (SHBP) and established for State employees an employee contribution of 1.5 percent of the employee's base salary.

Public Law 2009, c. 19 (S-21) was enacted on March 17, 2009 and allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying the full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the PERS and or PFRS obligations for payments due in the State fiscal year ending June 30,2009. These payments were due on April 1,2009.

Funding Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 76.0 percent with an unfunded actuarial accrued liability of \$28.4 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

NOTE 5. OTHER INFORMATION (continued)

B. Employee Retirement Systems and Pension Plans (continued)

Funding Status and Funding Progress (continued)

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time.

The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2007 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.0% for PERS and 5.5% for TPAF of the employee's annual compensation. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF.

Annual Pension Costs (APC)

During the year ended June 30, 2009 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals the annual required contribution.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

NOTE 5. OTHER INFORMATION (continued)

B. Employee Retirement Systems and Pension Plans (continued)

Annual Pension Costs (APC) (continued)

TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the school to the pension system in accordance with Chapter 114, P.L. 1997.

During the years ended June 30, 2009, 2008 and 2007 the school was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension contributions (including non-contributory group life insurance (NCGI)).

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the school \$179,945 during the year ended June 30, 2009 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the school-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

C. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, Financial Reporting for Post-employment Benefit Plans Other than Pension Plans (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund -State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund -Local classified as a cost-sharing multiple-employer plan in the State's CAFR.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

NOTE 5. OTHER INFORMATION (continued)

C. Post-Retirement Medical Benefits (continued)

The health benefit programs had a total of 452 state and local participating employers and contributing entities for Fiscal Year 2008.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Funds. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the State had a \$50.6 billion unfunded actuarial accrued liability for other post employment benefits (OPEB) which is made up to \$18.4 billion for state active and retired members and \$32.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

NOTE 5. OTHER INFORMATION (continued)

C. Post-Retirement Medical Benefits (continued)

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2007, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 45.0 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2008, there were 80,181 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$16.0 million toward Chapter 126 benefits for 12,545 eligible retired members in fiscal year 2008.

THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
Notes to Financial Statements
Year Ended June 30, 2009

NOTE 5. OTHER INFORMATION (continued)

C. Post-Retirement Medical Benefits (continued)

Post-Retirement Medical Benefits Contributions (continued)

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF and PERS retirees' post-retirement benefits on behalf of the school was not determined or made available by the State of New Jersey.

NOTE 6. RISK MANAGEMENT

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

NOTE 7. SUBSEQUENT EVENTS

The school has evaluated subsequent events occurring after the balance sheet through the date of November 3, 2009, which is the date the financial statements were available to be issued. Based on this evaluation, the school has determined no subsequent events require disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Share	\$ 833,884	\$ -	\$ 833,884	\$ 822,475	\$ (11,409)
State Share	5,151,929	(581,269)	4,570,660	5,082,913	512,253
Other Restricted Miscellaneous Revenues Miscellaneous	-	-	0	16,102	16,102
Total - Local Sources	<u>5,985,813</u>	<u>(581,269)</u>	<u>5,404,544</u>	<u>5,921,490</u>	<u>516,946</u>
Early Childhood Program Aid	-	-	0	-	-
Security Aid	219,405	-	219,405	211,423	(7,982)
Technology Aid	-	-	0	-	-
Demonstrably Effective	-	-	0	-	-
Bilingual Education	-	-	0	-	-
Special Education	49,320	-	49,320	36,346	(12,974)
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	-	-
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	179,945	179,945
Total State Sources	<u>268,725</u>	<u>-</u>	<u>268,725</u>	<u>427,714</u>	<u>158,989</u>
Federal Sources:					
Impact Aid					
Medical Assistance Program					
Total - Federal Sources					
Total Revenues	<u>6,254,538</u>	<u>(581,269)</u>	<u>5,673,269</u>	<u>6,349,204</u>	<u>675,935</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Teachers Salary	\$ 2,232,259	(754,760)	1,477,499	1,466,676	\$ 10,823
Other Salaries	283,748	1,843	285,591	285,591	-
Prof/Tech Services	96,184	(79,373)	16,811	2,540	14,271
Other Purchased Services (400-500 series)	-	25,373	25,373	25,360	13
General Supplies	66,144	-	66,144	50,784	15,360
Textbooks	81,536	(12,477)	69,059	33,360	35,699
Other Objects	11,024	-	11,024	280	10,744
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>2,770,895</u>	<u>(819,394)</u>	<u>1,951,501</u>	<u>1,864,591</u>	<u>86,910</u>

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - General Administrative					
Salaries of Administrative Salaries	400,000	(150,000)	250,000	217,647	32,353
Salaries of Secretarial and Clerical Assistants	68,120	-	68,120	68,120	-
Cost of Benefits	937,963	153,888	1,091,851	743,631	348,220
Purchased Professional and Technical Services	96,184	(2,000)	94,184	46,520	47,664
Other Purchased Services (400-500 series)	79,373	(5,300)	74,073	12,308	61,765
Communications/Telephone	15,434	10,000	25,434	13,072	12,362
Supplies and Materials	32,500	(6,000)	26,500	6,925	19,575
Other Objects	15,000	21,300	36,300	20,406	15,894
	<u>1,644,574</u>	<u>21,888</u>	<u>1,666,462</u>	<u>1,128,629</u>	<u>537,833</u>
Support Services - School Admin/Operation Plant Services					
Salaries	310,946	305,401	616,347	616,227	120
Purchased Professional and Technical Services	120,705	-	120,705	113,200	7,505
Other Purchased Services	137,198	(27,198)	110,000	61,458	48,542
Rental of Land and Building- other than Lease Purchase Agreements	857,000	-	857,000	779,250	77,750
Insurance	69,888	(69,888)	-	-	-
General Supplies	32,500	-	32,500	31,980	520
Transportation- Trips	16,536	5,001	21,537	6,551	14,986
Energy (Energy and Electricity)	127,079	(79)	127,000	114,223	12,777
Other Objects	25,000	-	25,000	6,550	18,450
	<u>1,696,852</u>	<u>213,237</u>	<u>1,910,089</u>	<u>1,729,439</u>	<u>180,650</u>
Total Undist. Expend. - Other Oper. & Maint. Of Plant					
Food Service					
Other Purchased Services	-	-	-	-	-
Total Food Services	-	-	-	-	-
On-behalf TPAF pension Contributions (non-budgeted)					
Reimbursed TPAF Social Security Contributions (non-budgeted)				179,945	(179,945)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	179,945	(179,945)
TOTAL UNDISTRIBUTED EXPENDITURES					
	<u>3,341,426</u>	<u>235,125</u>	<u>3,576,551</u>	<u>3,038,013</u>	<u>538,538</u>
TOTAL GENERAL CURRENT EXPENSE	<u>6,112,321</u>	<u>(584,269)</u>	<u>5,528,052</u>	<u>4,902,604</u>	<u>625,448</u>

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Instructional Equipment	50,000	(43,000)	7,000	4,908	2,092
Non-Instructional Equipment	15,000	118,000	133,000	67,506	65,494
Miscellaneous	77,217	(72,000)	5,217	4,304	913
Total Equipment	<u>142,217</u>	<u>3,000</u>	<u>145,217</u>	<u>76,718</u>	<u>68,499</u>
TOTAL EXPENDITURES- GENERAL FUND	6,254,538	(581,269)	5,673,269	4,979,322	693,947
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1,369,882	1,369,882
Other Financing Sources:					
Operating Transfer In:	-	-	-		
Total Other Financing Sources:	<u>-</u>	<u>199,303</u>	<u>199,303</u>		
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	-	199,303	199,303	1,369,882	1,369,882
Fund Balance, July 1	-	-	753,629	753,629	
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 199,303</u>	<u>\$ 952,932</u>	<u>\$ 2,123,511</u>	<u>\$ 1,369,882</u>

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2009

Exhibit C-2
Page 1

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources					
State Sources	0		0	0	
Federal Sources	894,153		894,153	894,627	
Total Revenues	<u>894,153</u>		<u>894,153</u>	<u>894,153</u>	
EXPENDITURES:					
Instruction					
Salaries of Teachers	327,775		327,775	327,775	
Other Salaries for Instruction					
Purchased Professional -Educational Services					
Purchased Professional and Technical Services	193,788		193,788	193,788	
Travel	0		0	0	
Other Purchased Services (400-500 series)			0	0	
General Supplies	212,045		212,045	212,045	
Personal Services- Employee Benefits	96,258		96,258	96,258	
Textbooks	0		0	0	
Other Objects	0		0	0	
Total Instruction	<u>829,866</u>		<u>829,866</u>	<u>829,866</u>	
Support Services					
Salaries of Supervisor of Instruction	0		0	0	
Salaries of Nurse	0		0	0	
Salaries of Other Professional Staff	22,500		22,500	22,500	
Salaries of Secretaries & Clerical Assistants	0		0	0	
Other Salaries			0	0	
Personal Services - Employee Benefits			0	0	
Purchased Professional - Educational Services			0	0	
Trips and Teachers Development	0		0	0	
Purchased Technical Services	0		0	0	
Supplies and Materials	41,787		41,787	41,787	
Internet Wiring	0		0	0	
Electrical wiring	0		0	0	
Travel	0		0	0	
Other purchased Services (400-500 series)	0		0	0	
Supplies & Materials	0		0	0	
Total Support Services	<u>64,287</u>		<u>64,287</u>	<u>64,287</u>	

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Buildings Improvements					
Instructional Equipment					
Noninstructional Equipment					
Total Facilities Acquisition and Construction Services					
Transfer to Charter School					
Total Expenditures	894,153		894,153	894,153	
Other Financing Sources (Uses)					
Transfer in from General Fund					
Transfer Out to Whole School Reform (General Fund)					
Total Other Financing Sources (Uses)					
Total Outflows					
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)					

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2009

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

The general fund budget and the special revenue budget basis are GAAP, therefore no reconciliation is required

SPECIAL REVENUE FUND

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

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Revenues and Expenditures- Budgetary Basis
For the Year Ended June 30, 2009

Exhibit E-1

	TOTAL	IDEA PART			NCLB						IDEAL GRANT c/o Reg. Prog.	
		B-Basic	TITLE I SIA	TITLE I	TITLE I		TITLE I		TITLE I			
					Reg. Prog.	I	SIA C/O	C/O	2006-07	II A		II D
REVENUES												
Intergovernmental												
DEFERRED												
Federal	894,153	115,272	25,569	467,761	41,787	72,191	139,529	12,089	2,456	209	17,290	
Other Sources												
Miscellaneous												
Total Revenues	894,153	115,272	25,569	467,761	41,787	72,191	139,529	12,089	2,456	209	17,290	
EXPENDITURES												
Instruction												
Salaries	327,775	92,218		235,557								
Salaries Teachers Assts	0											
Transportation	0											
Personal Services	0											
Purchased Prof. and Tech. Services	193,788			120,751		59,010		12,089	1,938			
General Supplies	212,045		25,569	24,438		4,492	139,529		518	209	17,290	
Textbooks	0											
Personal Services - Employee Benefits	96,258	23,054		64,515		8,689						
Other Objects	0											
Equipment Instructional	0						0					
Total Instruction	829,866	115,272	25,569	445,261	0	72,191	139,529	12,089	2,456	209	17,290	
Support Services												
Salaries of Supervisors of Instruction												
Salaries of Program Directors	22,500			22,500								
Salaries of Other Prof. Staff												
Salaries of Secretarial and Clerical Ass't												
Personal Services - Employee Benefits												
Supplies and Materials	41,787				41,787							
Other Purchased Services												
Purchased Professional/Educational Services												
Class- room Improvements												
Building Improvements												
Other Objects												
Total Support Services	64,287			22,500	41,787	0	0	0	0	0		
TOTAL EXPENDITURES	894,153	115,272	25,569	467,761	41,787	72,191	139,529	12,089	2,456	209	17,290	

PROPRIETARY FUNDS

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services be financed through user charges or where the board has decided that periodical determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Food Service Fund - The fund provides for the operation of food services in all schools.

Exhibit G-1

NEW HORIZONS COMMUNITY CHARTER SCHOOL
 Statement of Net Assets
 JUNE 30, 2009

	Business-Type Activities
	Enterprise Fund Food Services
ASSETS	
Current Assets	
Cash	\$10,393
Intergovernmental Receivable	53,201
Accounts Receivable	2,469
Total Current Assets	<u>66,063</u>
Total Assets	<u><u>66,063</u></u>
LIABILITIES	
Cash Overdraft	0
Accounts Payable	43,416
Total Current Liabilities	<u>43,416</u>
Net Assets	
Unrestricted	22,647
Invested in capital assets net of related debt	0
Total Net Assets	<u><u>\$22,647</u></u>

Exhibit G-2

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
Year Ended June 30, 2009

	Business-Type Activities
	Enterprise Fund
	Food Services
OPERATING REVENUES	
Local Sources	
Daily Sales - Reimbursable Programs	
Special Lunch and Breakfast Program	\$0
Special Functions	
Total Operating Revenues	0
OPERATING EXPENSES	
Salaries, wages and employee benefits	
Supplies, Materials & Other	(330,761)
Professional Fee	
Depreciation	
Cost of Sales	
Total Operating Expenses	(330,761)
Income (Loss) From Operations	(330,761)
Nonoperating Revenues	
State Sources	
State Sources	12,315
Federal Sources	
School Breakfast Program	77,892
National School Lunch Program	190,255
U.S. D.A. Commodities	300
Board Subsidy	0
Total Nonoperating Revenues	280,762
Net Income (Loss)	(49,999)
Total Net Assets- Beginning of Year	72,646
Total Net Assets- End of Year	\$22,647

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Statements of Cash Flows
For the Year Ended June 30, 2009

2009

Cash flows from operating activities	
Cash Received from Customers	
Cash Payments to Employee's Salaries and Benefits	
Cash Payments to Suppliers for Goods and Services	(313,113)
Net Cash (Used) by Operating Activities	(\$313,113)
Cash Flows from Noncapital Financing Activities	
Cash Received from General Fund Transfer (Contribution)	0
Cash Received from State and Federal Subsidy Reimbursements	276,979
Net Cash Provided by Noncapital Financing Activities	276,979
Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	(36,134)
Cash and Cash Equivalents, Beginning of Year	46,527
Cash and Cash Equivalents, End of Year	\$10,393
Reconciliation of Operating (Loss) to Net Cash	
Used by Operating Activities	
Operating (Loss)	(\$49,999)
Adjustments to Reconcile Operating (Loss) to	
Net Cash Used by Operating Activities	
Depreciation	
Decrease in Accounts Receivable	(3,783)
USDA Commodities	
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	17,648
Increase/(Decrease) in Deferred Revenue	
Increase/(Decrease) in Compensated Absences	
Increase/(Decrease) in Inventory	
Total Adjustment	(36,134)
Net Cash Used by Operating Activities	(\$36,134)

FIDUCIARY FUNDS

Exhibit H-1

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Combining Statement of Agency Fund Net Assets
Fiduciary Funds
As of June 30, 2009**

NOT APPLICABLE

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Nonexpendable Trust Fund
Combining Statement of Agency Fund Net Assets
Fiduciary Funds
As of June 30, 2009**

NOT APPLICABLE

Exhibit H-3

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Year Ended June 30, 2009**

NOT APPLICABLE

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Year Ended June 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
ASSETS				
Cash and Cash Equivalents		\$3,047,046	\$3,047,046	
Total Liabilities		3,047,046	3,047,046	
LIABILITIES				
Payroll Deductions and Withholdings		1,144,702	1,144,702	
Accrued Salaries and Wages		1,902,344	1,902,344	
Total Liabilities		\$3,047,046	\$3,047,046	

Exhibit H-5

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Unemployment Compensation Insurance Trust Fund
Statement of Receipts and Disbursements
Fiduciary Funds
For the Year Ended June 30, 2009**

NOT APPLICABLE

FINANCIAL TRENDS

NEW HORIZONS COMMUNITY CHARTER SCHOOL
NET ASSETS BY COMPONENT
FOR THE FISCAL YEARS ENDED JUNE 30, 2009, 2008, 2007, 2006, 2005, 2004

	<u>2009</u>	<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	\$ 829,473	\$ 850,293	\$ 947,347	\$ 1,043,454	\$ 1,131,616	\$ 1,109,384
Restricted						
Unrestricted	2,123,511	753,629	211,474	67,600	173,473	389,715
Total governmental activities net assets	<u>\$ 2,952,984</u>	<u>\$ 1,603,922</u>	<u>\$ 1,158,821</u>	<u>\$ 1,111,054</u>	<u>\$ 1,305,089</u>	<u>\$ 1,499,099</u>
Business-type activities						
Invested in capital assets, net of related debt						
Restricted	22,647	72,646	41,361	-	-	-
Unrestricted	<u>\$ 22,647</u>	<u>\$ 72,646</u>	<u>\$ 41,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total business-type activities net assets						
School-wide						
Invested in capital assets, net of related debt	829,473	850,293	947,347	1,043,454	1,131,616	1,109,384
Restricted						
Unrestricted	2,146,158	826,275	252,835	67,600	173,473	389,715
Total school net assets	<u>\$ 2,975,631</u>	<u>\$ 1,676,568</u>	<u>\$ 1,200,182</u>	<u>\$ 1,111,054</u>	<u>\$ 1,305,089</u>	<u>\$ 1,499,099</u>

NEW HORIZONS COMMUNITY CHARTER SCHOOL
CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2009, 2008, 2007, 2006, 2005, 2004

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses						
Governmental activities						
Instruction						
Regular	2,017,761	2,467,600	2,393,117	2,392,864	2,286,437	2,694,457
Support Services:						
General administration	1,976,569	1,300,509	1,421,113	1,179,363	1,095,248	1,192,916
School Administrative Services	1,510,807	1,548,806	1,488,001	1,449,991	1,591,924	1,729,439
On-behalf TPAF Social Security	134,607	151,894	139,738	144,177	164,431	179,945
Capital outlay	224,018	63,504	73,367	77,588	86,597	76,718
Unallocated depreciation	29,188	102,588	102,588	103,688	104,425	97,538
Total governmental activities expenses	<u>5,892,950</u>	<u>5,634,901</u>	<u>5,617,924</u>	<u>5,347,671</u>	<u>5,329,062</u>	<u>5,971,013</u>
Business-type activities:						
Food service	0	0	(200,758)	(222,993)	(236,464)	(280,762)
Child Care						
Total business-type activities expense	<u>0</u>	<u>0</u>	<u>(200,758)</u>	<u>(222,993)</u>	<u>(236,464)</u>	<u>(280,762)</u>
Total school expenses	<u>5,892,950</u>	<u>5,634,901</u>	<u>5,417,166</u>	<u>5,124,678</u>	<u>5,092,598</u>	<u>5,690,251</u>
Program Revenues						
Governmental activities:						
Charges for services:						
Daily Sales - National Lunch Program	0	0	0	0	0	0
Pupil transportation		0	0	0	0	0
Central and other support services						
Operating grants and contributions	218,712	218,712	209,060	256,052	267,749	330,761
Capital grants and contributions						
Total governmental activities program revenues	<u>218,712</u>	<u>218,712</u>	<u>209,060</u>	<u>256,052</u>	<u>267,749</u>	<u>330,761</u>
Business-type activities:						
Charges for services:						
Food service	0	0	0	0	0	0
Child care						
Operating grants and contributions						
Capital grants and contributions						
Total business type activities program revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total school program revenues	<u>218,712</u>	<u>218,712</u>	<u>209,060</u>	<u>256,052</u>	<u>267,749</u>	<u>330,761</u>
Net (Expense)/Revenue						
Governmental activities	(5,674,238)	(5,416,189)	(5,626,226)	(5,314,612)	(5,297,777)	(6,021,012)
Business-type activities	0	0	0	0	0	0
Total school-wide net expense	<u>(5,674,238)</u>	<u>(5,416,189)</u>	<u>(5,626,226)</u>	<u>(5,314,612)</u>	<u>(5,297,777)</u>	<u>(6,021,012)</u>

NEW HORIZONS COMMUNITY CHARTER SCHOOL
CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2009, 2008, 2007, 2006, 2005, 2004

General Revenues and Other Changes in Net Asse	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities:						
Local share	801,036	710,903	791,409	747,120	1,039,241	822,475
State Share	3,876,335	3,919,656	2,565,575	2,459,885	2,543,117	5,082,913
State and Federal aid	637,795	891,736	2,033,005	2,184,980	2,159,592	1,321,867
Miscellaneous income	14,356	26,703	17,776	4,174	24,842	16,102
Increase in Net Capital Outlay	50,914	39,393	14,426	7,581	7,371	76,718
Transfers						
Total governmental activities	<u>5,380,436</u>	<u>5,588,391</u>	<u>5,422,191</u>	<u>5,403,740</u>	<u>5,774,163</u>	<u>7,320,075</u>
Business-type activities:						
Investment earnings						
Transfers						
Total business-type activities	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total school-wide	<u>293,802</u>	<u>172,202</u>	<u>(204,035)</u>	<u>89,128</u>	<u>476,386</u>	<u>1,299,063</u>
Change in Net Assets						
Governmental activities	293,802	172,202	(212,337)	56,069	445,101	1,349,062
Business-type activities	0	0	8,302	33,059	31,285	(49,999)
Total school	<u>293,802</u>	<u>172,202</u>	<u>(204,035)</u>	<u>89,128</u>	<u>476,386</u>	<u>1,299,063</u>

EXHIBIT J-3

NEW HORIZONS COMMUNITY CHARTER SCHOOL
 FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2009, 2008, 2007, 2006, 2005, 2004

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund						
Reserved						
Unreserved	\$ 389,715	\$ 183,473	\$ 59,298	\$ 211,474	\$ 753,629	\$ 2,123,511
Total general fund	<u>\$ 389,715</u>	<u>\$ 183,473</u>	<u>\$ 59,298</u>	<u>\$ 211,474</u>	<u>\$ 753,629</u>	<u>\$ 2,123,511</u>
All Other Governmental Funds						
Reserved						
Unreserved, reported in:						
Special revenue fund						
Capital projects fund						
Debt service fund						
Permanent fund						
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NEW HORIZONS COMMUNITY CHARTER SCHOOL
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
JUNE 30, 2003, 2004, 2005, 2006, 2007, 2008, 2009

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues							
Local tax Levy	\$951,571	\$801,036	\$710,903	\$791,409	\$747,120	\$1,039,241	\$822,475
Other local revenue	1,979	14,356	22,498	17,776	4,174	24,842	16,102
State sources	3,730,096	3,876,335	3,937,998	4,040,153	3,919,671	4,134,004	5,510,627
Federal sources	545,151	637,795	654,682	541,823	725,194	568,705	894,153
Total revenue	<u>5,228,797</u>	<u>5,329,522</u>	<u>5,326,081</u>	<u>5,391,161</u>	<u>5,396,159</u>	<u>5,766,792</u>	<u>7,243,357</u>
Expenditures							
Instruction	1,646,860	2,017,761	1,839,632	1,883,764	1,667,670	1,752,619	1,864,591
Regular Instruction							
Support Services:							
General administration	1,101,254	1,330,774	1,255,463	1,384,643	1,179,363	1,060,361	1,128,629
School administrative services/Plant	1,488,502	1,510,807	1,548,806	1,488,001	1,449,991	1,591,924	1,729,439
TPAF Social Security	112,523	134,607	151,894	139,738	144,177	164,431	179,945
Food Service							
Capital outlay	190,592	224,018	63,504	73,367	77,588	86,597	76,718
Debt service:							
Principal							
Interest and other charges							
Special Revenue	545,151	645,795	673,024	545,823	725,194	568,705	894,152
Total expenditures	<u>5,084,882</u>	<u>5,863,762</u>	<u>5,532,323</u>	<u>5,515,336</u>	<u>5,243,983</u>	<u>5,224,637</u>	<u>5,873,474</u>
Excess (Deficiency) of revenues over (under) expenditures							
Other Financing sources (uses)							
Proceeds from borrowing							
Capital leases (non-budgeted)							
Proceeds from refunding							
Payments to escrow agent							
Transfers in							
Transfers out							
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	<u>\$143,915</u>	<u>(\$534,240)</u>	<u>(\$206,242)</u>	<u>(\$124,175)</u>	<u>\$152,176</u>	<u>\$542,155</u>	<u>\$1,369,883</u>

Debt service as a percentage of
noncapital expenditures

Source: School records

REVENUE CAPACITY

EXHIBIT J-5

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
REVENUE CAPACITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOT APPLICABLE

Exhibit J-6

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Assessed Value and Actual Value of Taxable Property
For the Year Ended June 30, 2009**

NOT APPLICABLE

Exhibit J-7

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Direct and Overlapping Property Tax Rates
For the Year Ended June 30, 2009**

NOT APPLICABLE

Exhibit J-8

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Principal Property Taxpayers
For the Year Ended June 30, 2009**

NOT APPLICABLE

DEBT CAPACITY

Exhibit J-9

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Property Tax Levies and Collections
For the Year Ended June 30, 2009**

NOT APPLICABLE

Exhibit J-10

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Ratios of Outstanding Debt by Type
For the Year Ended June 30, 2009**

NOT APPLICABLE

Exhibit J-11

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Ratios of Net General Bonded Debt Outstanding
For the Year Ended June 30, 2009**

NOT APPLICABLE

Exhibit J-12

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Direct and Overlapping Governmental Activities Debt
For the Year Ended June 30, 2009**

NOT APPLICABLE

DEMOGRAPHIC AND ECONOMIC INFORMATION

Exhibit J-13

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Demographic and Economic Statistics
For the Year Ended June 30, 2009**

NOT APPLICABLE

Exhibit J-14

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Principal Employers
For the Year Ended June 30, 2009**

NOT APPLICABLE

**OPERATING INFORMATION
(UNAUDITED)**

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Full-time Equivalent School Employees by Function/Program
For the Year Ended June 30, 2009**

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Instruction						
Regular	15	15	35	27	31	32
Special education				6	5	6
Other special education						
Vocational						
Other instruction						
Nonpublic school programs						
Adult/continuing education programs						
Support Services:						
Student & instruction related services				11	12	14
General administration				4	4	4
School administrative services				2	2	2
Other administrative services			-	3	3	4
Central services						
Administrative Information Technology				4	1	1
Plant operations and maintenance						
Pupil transportation	-	-	-	-		
Other support services	-	-	-	-		
Special Schools	-	-	-	3	9	9
Food Service						
Child Care						
Total	<u>15</u>	<u>15</u>	<u>35</u>	<u>60</u>	<u>67</u>	<u>72</u>

Source: School Personnel Records

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Operating Statistics
For the Year Ended June 30, 2009**

Pupil/Teacher Ratio

Fiscal Year	Enroll	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	493	4,859,299	9,857	-7.06%	40	N/A	14	N/A			0.00%	97.00%
2006	491	4,969,513	10,121	2.68%	35	N/A	14	N/A			0.00%	98.00%
2007	464	4,969,513	10,710	5.82%	33	N/A	14	N/A			-3.19%	98.00%
2008	466	4,936,989	10,594	-1.08%	36	N/A	14	N/A			N/A	98.00%
2009	464	6,286,088	13,548	27.90%	36	N/A	14	N/A			N/A	98.00%

Sources: School records

NEW HORIZONS COMMUNITY CHARTER SCHOOL
School Building Information
For the Year Ended June 30, 2009

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>School Building</u>						
Building						
Square Feet	37,743	37,743	37,743	37,743	37,743	37,743
Capacity (students)	500	500	500	500	500	500
Enrollment	491	491	491	464	464	464
Number of Schools at June 30, 2009						
Elementary = 466						
Middle School = 0						
Senior High School = 0						

Source: School Office

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Insurance Schedule
For the Year Ended June 30, 2009

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Commercial Property	\$ 1,280,000	1,000 - 7,500
Boiler and Machinery	1,000,000	1000
General Automobile Liability	1,000,000	N/A
School Board Legal Liability	1,000,000	1000
Umbrella	5,000,000	N/A
Workers' Compensation	2,000,000	N/A
 Surety Bonds		
School Board Legal Liability	1,000,000	N/A
Public Official Bond	250,000	N/A

Source: Charter School Records

Exhibit J-19

**NEW HORIZONS COMMUNITY CHARTER SCHOOL
Demographic and Economic Statistics
For the Year Ended June 30, 2009**

NOT APPLICABLE

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Schedule of Allowable Maintenance Expenditures by School Facility
For the Year Ended June 30, 2009

NOT APPLICABLE

SINGLE AUDIT SECTION K

SCOTT J. LOEFFLER
CERTIFIED PUBLIC ACCOUNTANT
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EXHIBIT K-1

**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***

The Honorable Chairman and
Members of the Board of Trustees
New Horizons Community Charter School
County of Essex
Newark, New Jersey

I have audited the financial statements of the Board of Trustees of the New Horizons Community Charter School County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2009, and have issued my report thereon dated November 3, 2009. I conducted my 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 my audit, I considered the New Horizons Community Charter School Board of Trustees internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the New Horizons Community Charter School Board of Trustee's internal control over financial reporting. Accordingly, I do not express an opinion on effectiveness of the New Horizons Community Charter School Board of Trustee's 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.

My 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. I did not identify any deficiencies in internal control over financial reporting that I considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the New Horizons Community Charter School Board of Trustees financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed 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. These are identified in the accompanying schedule of findings and questioned costs.

I also noted certain matters that I reported to management of the New Horizons Community Charter School Board of Trustees in a separate report entitled, Auditors' management Report on Administrative Findings – Financial, Compliance and Performance" dated November 3, 2009.

This report is intended solely for the information and use of the management of the New Horizons Community Charter School, Board of Trustees and the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Licensed Public School Accountant No. 870

A handwritten signature in black ink that reads "Scott J Loeffler CPA". The signature is written in a cursive style with a horizontal line underlining the name.

Scott J Loeffler, CPA
November 3, 2009

SCOTT J. LOEFFLER

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EXHIBIT K-2

**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**

The Honorable Chairman and
Members of the Board of Trustees
New Horizons Community Charter School
County of Essex
Newark, New Jersey

Compliance

I have audited the compliance of the Board of Trustees of the New Horizons Community Charter School, 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, 2009. New Horizons Community Charter School major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the New Horizons Community Charter School management. My responsibility is to express an opinion on the New Horizons Community Charter School compliance based on my audit.

I conducted my 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 I 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 New Horizons Community Charter School's Board of Trustees compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Board of Trustees of the New Horizons Community Charter School compliance with those requirements.

As described in the accompanying schedule of findings and questioned costs, the Board of Trustees of the New Horizons Community Charter School did not comply with all the requirements that are applicable to its major Federal and State programs. Compliance with such requirements is necessary, in my opinion, for the New Horizons Community Charter School to comply with the requirements applicable to those programs.

In my opinion, except for the noncompliance described in the accompanying Schedule of Findings and Questioned Costs, the Board of Trustees of the New Horizons Community Charter School, in the County of Essex, State of New Jersey, complied, in all material aspects, 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, 2009.

Internal Control Over Compliance

The management of the Board of Trustees of the New Horizons Community Charter School 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 my audit, I considered the New Horizons Community Charter School internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly I do not express an opinion on the effectiveness of New Horizons Community Charter School's Board of Trustees internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as described above.

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 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 program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal 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 program will not be prevented or detected by the entity's internal control.

My 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. I did not identify any deficiencies in internal control over compliance that I considered to be material weaknesses.

This report is intended for the information and use of the audit committee, management, the New Horizons Community Charter School Board of Trustees, the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Licensed Public School Accountant No. 870

A handwritten signature in cursive script that reads "Scott J. Loeffler CPA". The signature is written in black ink and is positioned above the printed name and date.

Scott J. Loeffler, CPA
November 3, 2009

NEW HORIZONS COMMUNITY CHARTER SCHOOL
Schedule of Federal Financial Assistance
For the Fiscal Year Ended June 30, 2009

EXHIBIT A

<u>Federal/Grantor Program Title</u>	<u>CFDA/GRANT Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2008</u>	<u>Prior Carry over</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Refund of Prior Years' Balances</u>	<u>Adjustment</u>	<u>Deferred Revenue/ (Accounts Receivable) June 30, 2009</u>	<u>Due to Grantor at June 30, 2009</u>
Enterprise Fund						\$215,246	\$268,447			(\$53,201)	
Special Revenue											
NCLB 2008-2009											
Title 1	*NCLB	09/01/08-08/31/09	490,378			441,173	467,761			(26,588)	
Title 1 SIA	*NCLB	09/01/08-08/31/09	27,180			0	25,569			(25,569)	
Title 11A	NCLB	09/01/08-08/31/09	50,903			40,128	12,089			28,039	
Title 11D	NCLB	09/01/08-08/31/09	4,066			0	2,456			(2,456)	
Title 1V	NCLB	09/01/08-08/31/09	6,607			0	209			(209)	
IDEAL	IDEAL	09/01/08-08/31/09	17,290		17,290	0	17,290			0	
Idea Title VI Grant	IDEA	09/01/08-08/31/09	115,272			79,078	115,272			(36,194)	
NCLB 2007-2008 C/O											
Title 1	NCLB	09/01/08-08/31/09	194		194		0				194
Title 1	NCLB	09/01/08-08/31/09	239,377		239,377		211,720		9,988		37,645
Title IA	NCLB	09/01/08-08/31/09	42,401			42,401	41,787				614
Total Special Revenue					\$256,861	\$602,780	\$894,153		\$9,988	(\$62,977)	\$38,453
GRAND TOTAL					\$256,861	818,026	1,162,600		\$9,988	(\$116,178)	\$38,453

*Major Program

The notes to the Schedule of Federal Financial and State Assistance are an integral part of this schedule.

Exhibit B

NEW HORIZONS COMMUNITY CHARTER SCHOOL
 Schedule of State Financial Assistance
 For the Fiscal Year Ended June 30, 2009

<u>State Grantor/Program Title</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2008</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Prior Years' Balances</u>	<u>Adjustments</u>	<u>(Accts Rec) June 30, 2009</u>
GENERAL FUND									
TPAF Social Security	96-495034095-032	7/1/08-06/30/09	179,945		179,945	179,945			
On Behalf Pension	96-495034095-032	7/1/08-06/30/09							
Charter School Aid - Local *	5120-495/150-360030-60	7/1/08-06/30/09	822,475		822,475	822,475			
Charter School Aid - State *	5120-195/070030-60	7/1/08-06/30/09	5,082,913		5,082,913	5,082,913			
Special Education	5120-195/070030-60	7/1/08-06/30/09	36,346		36,346	36,346			
Security Aid	5120-495/050030-60	7/1/08-06/30/09	211,423		211,423	211,423			
Total General Fund				--	6,333,102	6,333,102			
SPECIAL REVENUE FUND									
Total Special Revenue Fund				--	--	--			
ENTERPRISE FUND	96-100-034-5120-122	7/1/08-06/30/09		--	9,846	12,315			(2,469)
GRAND TOTAL					\$6,342,948	\$6,345,417			(2,469)

*Major Program

The notes to the Schedule of Federal Financial and State Assistance are an integral part of this schedule.

**THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
FOOTNOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

1. GENERAL

The accompanying Schedules of Expenditures of awards and financial assistance present the activity of all federal and state award programs of the New Horizons Community Charter School of Newark. The board of trustees is defined in the Notes to the school's general-purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting revenue is not recognized until the subsequent year or expenditures have been made (GASB 34).

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant account budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's general-purpose financial statements on a GAAP basis as follows:

**THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
FOOTNOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's general-purpose financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ ---	\$6,333,102	\$6,333,102
Special Revenue Fund	894,153		894,153
Food Service Fund	<u>268,447</u>	<u>12,315</u>	<u>280,762</u>
Total Awards and Financial Assistance	<u>\$1,162,600</u>	<u>\$6,345,417</u>	<u>\$7,508,017</u>

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.

5. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2009. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2009.

**THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS OF NONCOMPLIANCE
YEAR ENDED JUNE 30, 2009**

PART 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statement Section

Type of auditor’s report issued:	Unqualified
	<u>YES</u> <u>NO</u>
Internal control over financial reporting:	
Material weakness(es) identified:	X
Significant deficiencies identified not considered to be material weakness(es)?	X
Noncompliance material to financial statements noted?	X

Federal Awards

Internal control over compliance:	
Material weakness(es) identified?	X
Significant deficiencies identified not considered to be material weakness(es)?	X
Type of auditor’s report on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be Reported in accordance with Circular A-133 (section .510a)?	X

Identification of major programs:

<u>C DFA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
84.010A	No Child Left Behind – Title I	
Dollar threshold used to distinguish between type A and type B programs (.520)		\$300,000
Auditee qualified as low risk auditee:		X

**THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
 COUNTY OF ESSEX, NEW JERSEY
 SCHEDULE OF FINDINGS OF NONCOMPLIANCE
 YEAR ENDED JUNE 30, 2009**

PART 1 – SUMMARY OF AUDITOR’S RESULTS (Continued)

State Awards	<u>YES</u>	<u>NO</u>
Dollar threshold used to distinguish between type A and type B programs (.520)	\$300,000	
Auditee qualified as low risk auditee:		X
Type of auditor’s report issued:	Qualified	
Internal control over major programs:		
Material weakness(es) identified:		X
Significant deficiencies identified not considered to be material weakness(es)?		X
Type of auditor’s report on compliance for major programs:	Qualified	
Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 04-04?	X	
Identification of major programs:		
<u>CDEA Number(s)</u>		<u>Name of Federal Program or Cluster</u>
5120-07/08		Charter School Aid Local and State

**THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS OF NONCOMPLIANCE
JUNE 30, 2009**

PART 1 – SUMMARY OF AUDITOR’S RESULTS (continued)

Federal and State Awards Section (continued)

Identification of Major Programs:

Federal

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	No Child Left Behind – Title I

State

<u>Program Number(s)</u>	<u>Name of State Program or Cluster</u>
5120-08	Charter School Aid/Local and State

**THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS OF NONCOMPLIANCE
YEAR ENDED JUNE 30, 2009**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

No financial statement findings noted that are required to be reported under Government Auditing Standards.

**THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
COUNTY OF ESSEX, NEW JERSEY
SCHEDULE OF FINDINGS OF NONCOMPLIANCE
JUNE 30, 2009**

**PART III – SCHEDULE OF FEDERAL AND STATE AWARD FINDINGS AND
QUESTIONED COSTS**

1. That the \$38,453 Title I expenditures disallowed due to spending beyond the allowed 90 days for accrued expenses.
2. Salary expenditures were not recorded in Fund 20 on a monthly basis consistent to the actual performance of activities.
3. The school must ensure that all federal funded salaries be approved within the formal minutes.
4. That the time sheets be utilized to document the salaries allocated to NCLB and IDEA.

**THE NEW HORIZONS COMMUNITY CHARTER SCHOOL
SUMMARY OF SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Status of Prior Year Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

1. That the \$194 of unexpended cancelled orders in the NCLB Title I be refunded to the NCLB Program.
2. Expenditures were not recorded in Fund 20 on a monthly basis.
3. That the TPAF monies for the Federal Program for 2005-06 \$50,576; 2006-07 \$33,653; and \$67,394 for 2007-08, be paid to the State of New Jersey.
4. That time sheets be utilized to document the payroll allocated to NCLB and IDEA. The school began the use of time sheets in April 2008.
5. That all acceptances and approvals of the NCLB and IDEA programs be documented in the minutes.
6. That the unexpended carry over balance for NCLB Title I be less than 15% of the total contract. For the carryover from 2006-07 \$140,326 excluded 15% of the total NCLB Title I contract. The school needed to apply for a wavier to allow the carryover to be allowed. The waiver was obtained from the State of New Jersey Division of Taxation.
7. That the school utilize the Federal approved chart of accounts within its accounting program.