

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2010

D.U.E. Season Charter School

“Distinctions in Urban Education”

1000 Atlantic Avenue
Camden, New Jersey 08104



“Out of little seeds, great trees can grow.”

PREPARED BY

**D.U.E. SEASON CHARTER SCHOOL
CAMDEN, NEW JERSEY**

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(COUNTY OF CAMDEN)**

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INTRODUCTORY SECTION



D.U.E. Season Charter School

"Distinctions in Urban Education"

1000 Atlantic Avenue
Camden, New Jersey 08104

December 3, 2010

Commissioner
New Jersey Department of Education
100 Riverview Executive Plazas
CN – 500
Trenton, New Jersey 08625-0500

Dear Commissioner:

We hereby submit the Comprehensive Annual Financial Report of the D.U.E. Season Charter School ("DSCS", the "School" or the "Charter School") for the fiscal year ended June 30, 2010. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to fairly present the financial position and result of operations of the various funds and account groups of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School's organizational chart and a list of principal officials. The financial section includes the Management's Discussion and Analysis, the basic financial statements, required supplementary information and other supplementary information, as well as the auditor's report thereon. The statistical section includes five unaudited fiscal years of data. The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget (OMB) Circular A-133, *"Audits of States, Local Governments and Non-Profit Organizations"*, and the New Jersey OMB Circular Letter 04-04, *"Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid."* Information related to this single audit, including the auditor's report on internal control and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES**

The Charter School is an independent reporting entity within the criteria adopted by the Government and Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the Charter School are included in this report.

School Description

Startup and Current Year: D.U.E. Season Charter School commenced implementation in the 2005 school year and just completed its fifth year of operation.

Address: D.U.E. Season Charter School is located at 1000 Atlantic Ave. Camden, NJ 08104.

Facility: The school is located in a five story multi-use facility. The primary location is the former patient tower of the Virtua Hospital Building. The school facility consists of 70,000 sq. ft. of space utilized for academics, recreation, assembly and cafeteria.

Number of Students, Grades and Classes: The school's charter authorized a maximum enrollment of five hundred students for the 2009-2010 school year. The enrollment at the beginning of the school year was 500 students. At the end of the year the enrollment was 496 students. There are four classes at each grade level from Kindergarten through sixth grades. There are three classes at each grade level in seventh and eighth grades.

Maximum Class Size: Class size is approximately 15-17 students per class, 11 in each K class.

School Day: The school day begins at 8 a.m. and ends at 3:00 p.m. for a total time of seven hours. Total instructional time is six hours for first through eighth grades and 6.5 hours for Kindergarten.

School Year: School year began August 31, 2009 and ended June 29, 2010, for a total of 186 school days.

Student/Teacher Ratio: 10:1

Planned Expansion: No expansion is planned for the 2010-2011 school year.

1. REPORTING ENTITY AND ITS SERVICES - CONTINUED

Approved District(s) or Region of Residence: The school draws its students from the following districts: Camden (96%), Collingswood (01%), Woodlynne (01%), Lindenwold (01%), and Pennsauken (01%).

Employees: The school employs a lead person, two assistant principals, one dean of students; fifty-eight teachers, five program aides, three special education teachers, a nurse, a social worker, guidance counselor, and two physical education teachers, two music teachers, a Spanish teacher, dance teacher, a performing arts teacher, three instructional specialists, master teacher, parent facilitator, four instructional interns, five administrative assistants, development coordinator, technology coordinator, business manager, human resources manager, six security officers, three cafeteria workers, and two custodians.

Lead Person: The school's lead person is Dr. Doris Carpenter (Tel. (856) 225-0511), (Fax (856) 668-2196), (email: drcarpenter@dueseasoncharterschool.org).

Theme/Defining Attributes: The defining attributes of the school are its emphasis on performing arts, character development, and technology.

Organizational Affiliation (if any): The school is affiliated with the Lion of Judah Restoration Ministries, Inc. of Camden, a non-profit faith-based community service agency.

2) ECONOMIC CONDITION AND OUTLOOK

The city of Camden continues to experience a period of recover and restoration from being named the poorest and the most violent city in the country. The children who grew up in this city suffer relentless exposure to risk and D.U.E. Season Charter School serves an oasis in the midst of negativity. The city is developing neighborhood plans to design and conduct redevelopment throughout. The increasing number of business this will draw to the city will result in an increase in the employment level which results in an increased tax base, both residential and industrial. The redevelopment has begun and is expected to continue making it reasonable to project Camden to come back and begin to prosper.

3) **SUMMARY OF MAJOR ACCOMPLISHMENTS**

Governance: Board of Trustees:

D.U.E. Season Charter School Board of Trustees is driven by the mission statement and purposed for the student's attainment of the maximum levels of academic performance and to improve the quality of life for the urban student. The Board continues to acknowledge and commend our Chief Education Officer, Dr. Doris Carpenter, administrators, teachers and support staff for their diligent work and commitment to excellence during the 2009-2010 school year. The following are major accomplishments realized during the 2009-2010 school year:

- Undertaking another expansion within the existing facility to provide an arts wing including a larger multipurpose room and a band room.
- Secured an additional 9,000 sq. ft. in our existing facility to begin preparation for additional facility expansion.
- Approved preliminary budget for 2010-2011 school year.
- Maintained a meeting quorum of voting board members throughout the year.
- Solicitation and appointment of new Board members who shall serve to enlarge our circle of influence in the community.
- Opened a state of the arts Roland Piano Lab which accommodates 20 students.
- Completed dance studio for student classes.

Board Members

Trustees are nominated and elected on the basis of a firm commitment to the mission, educational philosophy, goals and objectives of D.U.E. Season Charter School and for qualities of leadership, service, and expertise in an array of fields which they bring to the school. The Board is at full strength.

Policies

The Board approved policies created or revised during the 2008-2009 included the following:

- Search and Seizure Policy
- Administering Medication Policy
- Homebound Instruction Policy
- Chief Education Officer Policy
- Sexual Harassment of Students Policy
- Use of Physical Intervention Policy
- Nepotism Policy
- Harassment, Intimidation and Bullying Policy

3) **SUMMARY OF MAJOR ACCOMPLISHMENTS - CONTINUED**

School Administration

There were two changes in school administration in the 2009-2010 school year. The Board hired a new Assistant Principal and a new Business Manager. In addition, the Board hired a Dean of Students and a Development Manager.

Anticipated Issues

- The Board of Trustees still struggle with the issue of finance regarding facility expansion. The Board recognizes the challenges of securing financing for charter schools in urban areas. The cost of facility acquisition/expansion is a critical issue. State charter school laws do not allow funding for charter school for facilities, as a result, charter schools must raise private funds or find other financing for up-front costs and then make lease and loan payments out of their operating funds. Since it is not uncommon for facilities costs to amount to 20-25% of a charter school's total budget, the net effect on the school's operating budget is severe.
- Interventions that address psychosocial risk mechanisms are needed at the elementary/middle school levels to make significant impact on the academic achievement of D.U.E. Season Charter School students. It is at the elementary/middle school level that D.U.E. Season Charter School will help students develop both an attachment to academics and a method of positive risk response, which will follow them through their academic careers.

Summary of Curriculum Development Progress

D.U.E. Season Charter School employed a number of methods to create curriculum and ensure the implementation of the curriculum. During the summer, a committee of teachers and the instructional leaders worked on the development and revision of the curriculum. During the school year, the curriculum team created student friendly skills lists for Language Arts Literacy and Math that were derived from the New Jersey Core Curriculum Content Standards. In addition, the process of creating curriculum maps was initiated. Benchmark assessments were designed for each marking period to assess the mastery of the skills. Benchmark assessments were aligned in content, format and rigor to the state assessments. In addition, data analysis documents were created to assist teachers in gathering, organizing and analyzing the data.

Curriculum was monitored in order to ensure both consistency of implementation and compliance with the NJCCCS. This was achieved through numerous methods. Teachers submitted weekly lesson plans to administrators and coaches for review. Each teacher was observed at least three times throughout the school year. In addition, each teacher conferred with an administrator to discuss their students' data for each marking period. Instruction goals and plans were designed based on this data for the forthcoming marking period.

3) **SUMMARY OF MAJOR ACCOMPLISHMENTS - CONTINUED**

A goal for the 2010-2011 school year is to better ensure consistency and implementation of the curriculum. It is the goal of the instructional leaders of the school to give constructive feedback on lesson plans, increase the number of informal and formal class observations and walkthroughs, and hold constructive instruction based conference with teachers.

Furthermore, one of the goals of the curriculum committee is to complete curriculum mapping for Social Studies, Science, Health, and Math. The curriculum committee will begin reviewing the new core standards.

Delivery of Services to 'At-Risk' Students

Intensive Acceleration for Students 'At-Risk': D.U.E. Season Charter School does not provide "remediation" for students due to the fact that "remediation" implies a deficiency within the student. Therefore, any student who considers himself/herself in need of "remediation" may be subject to self-indoctrination, which is counter indicative of what D.U.E. Season Charter School represents.

At D.U.E. Season Charter School, students who are performing below academic and social expectations are accelerated. Intensive acceleration is the opposite side of the coin from "remediation". Consequently, it produces a paradigm shift focus from negative to positive.

Any D.U.E. Season Charter School student who may be in need of acceleration services are identified through the annual standardized assessment. The assessment instrument used this year was the NJ ASK. After analyzing the data, students who demonstrated the greatest need were assigned small group instruction for specific content areas of difficulty. These support services were offered during regular school hours. The services were monitored and provided by a select group of teachers in our Next Level department. Next Level is coined because of its approach to provide the borderline students to move up to the —next level□ of proficiency or advance proficiency. Throughout the year the students were monitored to review their progress. Monitoring occurred via report card grades and benchmark testing. Every marking period students completed benchmark tests. Benchmark results allow teachers to identify individual student needs and create learning plans that assist student achievement.

Students that consistently demonstrate weakness due to poor benchmark grades and/or report card grades eventually get referred to I&RS. D.U.E. Season Charter School has an I&RS Team that responds to the needs of those students identified by data and/or teachers as having academic and/or behavior difficulties that either interferes with the processes of the classroom or to his/her progress at school. This team, which meets as needed (but no less than monthly), is chaired by the assistant principal and is comprised of the following members: a teacher from each grade level and discipline, the school nurse, and a guidance counselor. Teachers begin the process by completing a referral form, which solicits detailed documentation, anecdotal records and records of previous

3) **SUMMARY OF MAJOR ACCOMPLISHMENTS - CONTINUED**

interventions attempted to meet the student's needs. Team interventions must be clearly defined with measurable outcomes indicated. Issues involving poor attendance, frequent disciplinary behavior referrals and/or suspensions, low marking period grades, a sense of apathy or school resistance, may all be grounds for IR&S Team referrals.

Students are referred to I&RS or Next Level as the need arises. During the 2009-2010 school year, approximately 40% of the population was identified as being in need of the services of the IR&S Team or Next Level services.

Innovative/Exemplary Programs and Practices The Celebration of Learning- At the end of the school year, our students and teachers are afforded the opportunity to showcase the product of their cumulative learning for the school community. Parents and other community members are invited to view student performances, projects and other displays that extend beyond the classroom environment. It is a day to celebrate their knowledge and share it with the surrounding community.

Next Level- At the Elementary/Middle School divisions, D.U.E. Season Charter School students, who scored within a ten point range of meeting proficiency on the state standardized test, are given enrichment classes from the Next Level teachers. Next Level teachers specialized in the content area of reading and math and worked in conjunction with the regular education teacher to provide rigorous instruction that would enable students to become proficient learners.

Professional Learning Communities- This year D.U.E. Season Charter School implemented PLCs to promote and sustain the learning of all professionals in the school community with the collective purpose of enhancing pupil learning. Our benchmark data and the NJASK Mathematics data showed the need for improvement, therefore, our PLCs focused on teacher collaboration and innovative practices for ongoing professional learning in mathematics. Grade level teachers met bi-monthly with administrators and coaches to discuss best practices in math.

Technology and Technology Integration- This year D.U.E. Season purchased two mobile computer labs and five Smart interactive boards to help bring technology and technology integration right into the classroom. Our students enjoyed learning through hands-on interactive lessons that complimented and reinforced the academic plans of their teachers. We also added a full scale digital Piano lab through a partnership with Roland piano company. Our students K-5 enjoyed learning the essentials of classic piano through fun custom lesson plans provided through the work of Roland's Educational Division. D.U.E. Season is one of the first K-8 schools on the Eastern Coast of the United States to pilot this type of model piano lab designed by Roland. It has enriched our students learning academically, culturally, and socially.

Interdisciplinary Instruction. After a successful start, interdisciplinary instruction continues to be infused into all curriculums and grade levels. Teachers and instructional support staff are expected to complete at least one interdisciplinary project per marking period, in addition to providing relevance across disciplines on a regular basis.

3) **SUMMARY OF MAJOR ACCOMPLISHMENTS - CONTINUED**

Mastery Learning. Mastery learning at D.U.E. Season Charter School has been introduced through piloting the use of portfolio assessments. In selected situations, students continued to work on specific projects until mastery was achieved. If mistakes were made, the students were encouraged to modify the area of deficiency until mastery was accomplished. Teachers are required to maintain a portfolio for each student. The portfolios are then utilized to illustrate the progress the student has made throughout the year in each subject area. Consequently, the student portfolios are then passed on the next grade following the student.

Higher Order Thinking and Problem Solving Skills. D.U.E. Season Charter School utilizes pedagogical strategies which are data driven and found to develop critical thinking skills including, but not limited to: the meaningful use of technology, project-based instruction, problem solving, discovery learning, cooperative learning, reading seminars, etc., as are deemed developmentally appropriate for students. These strategies will also be incorporated into daily instruction and learning practices within the classroom. As a result, the D.U.E. Season Charter School student will develop the ability to think abstractly, reflectively and flexibly; develop a repertoire of alternate solutions for both cognitive and social problems; demonstrate a willingness to try when confronted with new challenges and situations; and seek effective and non-violent solutions to problems.

Attendance to the Affective Domain. Consistent with Resiliency Theory and brain research data, attendance to the effective domain of the learning environment is critical to student success. Accordingly, D.U.E. Season Charter School will continue to provide a supportive, nurturing and safe learning environment, where students learn to love and respect themselves and others. Attention will also be given to the student/teacher and student/student interactions, and their respective impact on student achievement as a whole. In addition, attention will be focused on reducing the stressors that may act as additional risk factors in the learning environment and work toward disengaging the student from learning.

High Expectations. At D.U.E. Season Charter School, all teachers and instructional staff will receive on-going staff development training in the processes of communicating high expectations to our students. This training will be critical to the academic and social success of students by assisting in the development of resiliency of self, within our children and youth. A crucial component of the successful communication of high expectations lies in the presentation of subject material. A challenging curriculum paired with a high paced instructional technique has been documented to lead to high academic and social outcomes (Rist, 1970; Slavin et al., 1989). The students of those teachers who hold high expectations for them, internalize may internalize those expectations for themselves and become empowered to succeed (Bernard, 1991).

3) **SUMMARY OF MAJOR ACCOMPLISHMENTS - CONTINUED**

Project-based Learning. At the Elementary/Middle School divisions, D.U.E. Season Charter School teachers and instructional staff receive in-service training on the use of rubrics for the following: writing, listening, speaking and math. Teachers utilize the rubrics to grade school-wide writing projects. Teachers are required to implement project-based instruction into the curriculum. Each month, a designated department focuses on a large scale project for that month. Many teachers continue working with projects in the classrooms when they see the high engagement and recommitment to learning exhibited by the students. In addition, the reading seminars are highly successful. Students frequently begin to demonstrate self-interest in reading and sharing what they have read with their peers.

Parent and Community Involvement Activities and Outcomes

The Parent Resource Center has been an essential component in encouraging parents to increase involvement in their child's education. D.U.E. Season Charter School is in its fifth year of developing a Parent Resource Center for families to have their questions answered and obtain information regarding school and community resources. One of the primary goals of the school is to promote and encourage parent involvement. Studies indicate that parental involvement in the home is a strong indicator determining a student's success both in and outside of the classroom. The Parent Resource Center has created an environment allowing a constant flow of communication, and information on a daily basis. Parents are made to feel welcome and can communicate with the Parent Coordinator whose role is to help them navigate through school policies and procedures in a way that is personable and efficient. Parents are afforded the opportunity to ask questions, communicate concerns and make suggestions in a safe and supportive manner. The primary objectives of the Parent Resource Center are to provide support and accountability to parents and guardians through daily realization of the Four E's of Excellence:

Empowerment: To provide parents with resources and practical tools needed to empower parents to help their children become healthy, life-long learners. The Parent Resource Center is a place to share ideas, suggestions, and have concerns addressed in a caring, respectful manner.

Education: To promote parental involvement as an integral part of a child's educational success; to facilitate parent trainings and workshops, providing parents and guardians access to information on a variety of prevalent parenting issues.

Encouragement: To motivate and inspire, building confidence in the skills and abilities each parent possesses; helping to instill in each person the belief that the key to a successful family begins with a healthy parent.

3) **SUMMARY OF MAJOR ACCOMPLISHMENTS - CONTINUED**

Engagement: Finally, the Parent Resource Center is designed with the goal of building bridges between the home and school environment; in doing so developing positive, long-term relationships, ensuring continuity between home and school and ensuring success for every student.

Parent Resources / Parent Computer Parents at D.U.E. Season Charter School have access to community resources through pamphlets, handbooks, and written material made available through the Parent Resource Center. In addition to obtaining information about the school and community resources, parents have at their disposal a computer that is set up in the PRC for their use throughout the year. Parents have used the computer to search for jobs, housing and apply for social services. This year we had forty-one visits to the Parent Resource Center for the purpose of utilizing our parent computer.

Home Visits Home visits are done on an as needed basis as requested by the School Social Worker, Teachers and Administration. Any student has excessive absences, is involved in a situation involving possible neglect and/or abuse, or if attempts at communicating with a parent/guardian have been unsuccessful, the Parent Coordinator in collaboration with the Social Worker will conduct a home visit to determine how to best support the family. This year, three home visits were conducted in an effort to extend support to families who needed immediate intervention.

Uniform Donation Program / School Supplies The Parent Office accepts gently worn uniforms from parents and makes them available for students in need throughout the year. Additionally, donations of school supplies are accepted throughout the year to be used for students demonstrating a need. Information about uniforms and donations can be obtained from the Parent Coordinator and on our school website.

Plans

D.U.E. Season is proud of their ongoing collaboration with New Jersey Parent Information Resource Center. NJPIRC is a program of Prevent Child Abuse-New Jersey, a statewide, non-profit organization founded to help provide leadership and technical assistance to local educational agencies to help those organizations put successful parental involvement programs in place. The goals of NJPIRC are:

- To strengthen parental understanding of how to support their child's education in the home by increasing the availability of information on this topic for parents throughout NJ.
- To strengthen parenting skills & parental understanding of how to support education in the home by increasing the availability of parent training, information, & support programs in NJ, particularly in the Abbott or other high needs districts.
- To improve student achievement in NJ Abbott or other high needs school district throughout the state by providing training & technical assistance to strengthen and/or develop parental involvement policies, programs & activities.

3) **SUMMARY OF MAJOR ACCOMPLISHMENTS - CONTINUED**

Plans - continued

- Increase parent's skill & understanding of how to support the development of their child's literacy skills by providing literacy training programs, particularly in disadvantaged areas in NJ.
- To improve parents' understanding of the NJ accountability system & opportunities for supplemental services & public school choice under Section 1116 ESEA.
- To further the developmental progress of disadvantaged/special needs children in NJ.
- To coordinate PIRC activities with existing Federal, State & local programs & services.

Through this collaboration it is our goal to provide parents at D.U.E. Season Charter School with parent workshops offered through NJPIRC for the 2010-2011 school year.

Student and Staff Recruitment Activities

Admissions Timeline and Recruitment Activities Recruitment is an ongoing process for D.U.E. Season Charter School. The recruitment is either to maintain the wait list for the current year or to fill seats for the coming year. D.U.E. Season Charter School opens the application season for the next school year in November of the year before (i.e. November -09 for September-10). The application period extends until early January of the following year. The first open lottery was held on December 29, 2009. The second lottery, if needed, is held on January 13, 2010 to allow ample time to apprise the Commissioner of enrollment information. Recruitment was conducted across the city to attract students from a cross section of the city. In the opening year recruitment activities included:

- Posted advertisement in the Courier Post, Al Dia, The Retrospect and other local publications
- Advertised on local radio and television stations.
- Set up recruitment stations in local restaurants and grocery stores.
- Participation in citywide family days.
- Postings in community churches, stores, and everyplace conceivable that parents gather.
- Posting on the Website.
- Meetings with the "Boat People", the representative group for the Vietnamese community.
- Contact with local schools.
- Word of mouth from satisfied "customers".

3) **SUMMARY OF MAJOR ACCOMPLISHMENTS - CONTINUED**

All recruitment materials were distributed in English, Spanish, and Vietnamese. The school website has been upgraded and can be read in multiple languages with the click of a button.

Admissions Results D.U.E. Season Charter School's student composition continues to be a mirror of the community. Approximately, ninety-five percent of the student population is African-American and Latino, and two percent Caucasian and other. Enrolled students reside within district, with the exception of a few. Students are recruited from a cross-section of the district as evidenced by the need for transportation, which is limited to students living outside a two mile range from the school. The enrollment challenge is recruitment of students in lower grades because of transportation regulations. Students in lower grades who live within the two mile limit are difficult to recruit consequent to the danger associated with the walk to school. Many potential parent do not have access to transportation to bring their children to school.

An additional challenge is presented as the district schools begin to erect new and beautiful buildings. The potential parent group would prefer their children attend the new school building as it represents a fresh, new program in their minds. Retention of middle school students has become a challenge as parents transfer their middle school children to schools that also have a high school. Enrollment was full at the beginning of the school year. The Wait list was healthy and was utilized to sustain enrollment for the remainder of the year.

Student Withdrawals and Exit Interviews As previously mentioned, D.U.E. Season Charter School had an excellent student retention rate overall. There were some students whose parents elected to remove them from the school this year, however the number is minimal. Some of the reasons for student transfers were as follows:

- Parent moved out of district. Keeping the child at D.U.E. Season Charter School was too difficult for the parent.
- Willful non-compliance with school regulations.
- Distance from school. (Child was in the lower school. The parent lived too close to the school to receive transportation and it was unsafe for the student to walk).
- School hours are not conducive to family needs. Students transferred to school with longer hours to avoid paying for after care.
- Dissatisfaction with program.

The Lead Person meets with all parents who express an interest in transferring their child out of D.U.E. Season Charter School. During the conference, concerns the parent may have are addressed and an earnest effort is made to reconcile. If this is not possible, the reason for transfer is logged and the parent is wished the best of luck. The parent is always asked to bring the child back to the school to visit. Even though the child is no longer a student of D.U.E. Season Charter School, the school maintains an active interest in his/her progress.

3) **SUMMARY OF MAJOR ACCOMPLISHMENTS - CONTINUED**

Staff Recruitment D.U.E. Season Charter School's focus is on providing an education for our students that is distinguished by excellence. Many of our teaching staff were either unwilling or unable to rise to the challenge this placed before them, resulting in an unusually large rate of teacher turn-over. Five of the teachers who left were replaced mid-year, and our Business Manager was replaced mid-year. At the close of the 2009 - 2010 school year we had thirteen vacancies left by teachers, the guidance counselor and the social worker. Also, because of the implementation of summer school, a change in middle school programming, school expansion and receiving the 21st Century Grant award, we developed a need for several new positions. The total number of vacancies including those left by three of our non-certificated staff, was twenty-five.

Recruitment Results Recruitment efforts have been fruitful, yielding over two hundred applications for certificated positions. From these, we have interviewed forty-five candidates, and we have successfully filled all teacher positions for the 2010 - 2011 school year. We have also placed a math coach and a guidance counselor.

Teacher Retention Exit Interview Procedures and Data At D.U.E. Season Charter School, This is a very simple process. On the last day of employment, the terminating employee is asked to meet with the Human Resources Manager and complete a brief questionnaire which is designed to determine their reason for leaving, what they liked or disliked about school policies and culture, and suggestions for school improvement. Very few employees are willing to participate in the process, but employees who are voluntarily terminating are required to submit a letter of resignation. Following is the retained information on exiting employees: (teachers, guidance counselor, and social worker)

Self-Evaluation and Accountability Plan

Description of Major Areas of Self-Evaluation D.U.E. Season Charter School is accountable to the general public, its students and staff, the Board of Trustees, and the public agency granting its charter. The school holds itself accountable with regard to its management in accordance with its fulfillment of the terms of the charter, including financial stability and competent governance and staffing, and all applicable regulatory and statutory requirements.

D.U.E. Season Charter School is accountable for the academic success of the students it serves including students either demonstrating high academic achievement or a need for consistent and measurable improvement.

D.U.E. Season Charter School's self-evaluation entails comparison of its performance against its stated mission, goals and objectives and not against the performance of any other public or private school.

3) **SUMMARY OF MAJOR ACCOMPLISHMENTS - CONTINUED**

The school's focus is on student achievement as measured against baseline and cohort data, and includes non-academic measures of pupil and staff attendance rates, numbers of applications and enrollment; degree of parent participation, school environment including safety and order, professional development, physical plant, and fiscal management, as well as others.

Student performance assessment procedures, along with instruments internal to the school, also include both state-mandated and voluntary national standardized testing to afford ready comparison with a broader student population.

D.U.E. Season Charter School continues to refine its record-keeping system to track all the information needed for state and federal reporting requirements with which the school must comply. Data has been collected beginning with the first student application and continuing throughout the ensuing school year for an ongoing collection and reporting effort. These data fall into four major categories: student; staff; financial; and nutrition (for participation in federal food programs). Financial records are kept according to Generally Accepted Accounting Principles and are examined annually by an independent auditor hired by, and reporting to, the Board of Trustees.

Individual student records are maintained by the business office under the supervision of the Principal/CEO and shall be retained after the student leaves the school, as required. Aggregate statistics of student performance are reported to the Board of Trustees and included in the Annual Report as detailed above. One or more database systems have been established using the data elements necessary for school use or required by laws and regulations. Data is collected monthly from all divisions of the school and presented to the Board of Trustees by the Chief Education Officer with recommendations for effective priority and/or modification.

Current and/or Proposed Changes to the SEAP The federal education law known as No Child Left Behind (NCLB) requires all U.S. public schools to demonstrate yearly progress in reading and mathematics. This is usually measured by standardized state assessments. D.U.E. Season Charter School is currently in year three as a school in needs of improvement. To increase the efficiency of the management of the school, D.U.E. Season Charter School has established a management team which consists of administrators and managers. The team meets monthly to discuss to devise a needs assessment plan and determine the effectiveness of our programs. Next year D.U.E. Season Charter School will establish our own accountability system by implementing a School Improvement Committee. As a committee, we will specify the area(s) in which the school fell short of required performance standards and set measurable performance goals. We will also outline a set of research-based strategies that are designed to meet those goals. When drafting a school improvement plan, we will seek input from the administrators, faculty, parents and the community in which the school is located.

3) **SUMMARY OF MAJOR ACCOMPLISHMENTS - CONTINUED**

Summary of Progress in Achieving Strategic Improvement Plans and Milestone Goals At present D.U.E. Season Charter School is on target in achieving its five-year plan as outlined in the school Business Plan. In some ways the charter school has exceeded its phase-in schedule, *i.e.* some staffing positions were phased in earlier to provide more efficacies in program management. The Commissioner granted the school Charter Renewal this year which is accomplishing a major milestone.

D.U.E. Season Charter School is also on target in the expansion of facilities needed to house the remainder of the program up and through the end of the Charter. D.U.E. Season Charter School now has three floors in the multi-use building of location, 2 computer labs and three instructional divisions.

4) **INTERNAL ACCOUNTING CONTROLS**

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

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

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

5) **BUDGETARY CONTROLS**

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the School's Board of Trustees. Annual appropriated budgets are adopted for the General Fund and Special Revenue Fund. The final budget amount, as amended for the fiscal year is reflected in the financial section.

6) **ACCOUNTING SYSTEM AND REPORT**

The Charter School's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Charter 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 STATEMENT INFORMATION AT FISCAL YEAR-END**

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund and special revenue funds for the fiscal year ended June 30, 2010.

<u>Revenue</u>	<u>2010</u>	<u>2009</u>	<u>Increase/ (decrease)</u>	<u>% Change</u>
Local sources	\$ 328,070	\$ 361,756	\$ (33,686)	-9.31%
State sources	6,123,120	6,030,989	92,131	1.53%
Federal sources	880,630	434,275	446,355	102.78%
Total	<u>\$ 7,331,820</u>	<u>\$ 6,827,020</u>	<u>\$ 504,800</u>	7.39%

The increase in federal sources is due to an increase in No Child Left Behind Grant funding and ARRA funding for both the Title I and IDEA grants.

The monies received from State and the number of children enrolled in our program determines Federal sources attributable to grants in aid. As our enrollment increases, we anticipate an increase in aid in the said programs.

The following schedule presents a summary of general fund and special revenue expenditures for the fiscal year ended June 30, 2010.

<u>Expenditures</u>	<u>2010</u>	<u>2009</u>	<u>Increase/ (decrease)</u>	<u>% Change</u>
Instructional	\$ 2,729,160	\$ 2,516,260	\$ 212,900	8.46%
Support Services:				
Administrative Expenses	1,665,662	1,742,958	(77,296)	-4.43%
Support Services	1,626,446	1,550,517	75,929	4.90%
Capital Outlay	118,549	405,164	(286,615)	-70.74%
TPAF	208,624	158,389	50,235	31.72%
Total Expenses	<u>\$ 6,348,441</u>	<u>\$ 6,373,288</u>	<u>\$ 77,143</u>	1.21%

8) **CASH MANAGEMENT**

The investment policy of the Charter School is guided in large part by State Statute as detailed in "Notes to the Financial Statements", Note 2. The Charter School has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) **RISK MANAGEMENT**

The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, fidelity bonds and worker's compensation.

10) **OTHER INFORMATION**

Independent Audit

The State of New Jersey Statute requires an annual audit by independent certified public accountants or registered municipal accountants. The Charter School appointed the accounting firm of Leonora Galleros, CPA. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the OMB Circular A-133 and the New Jersey OMB Circular Letter 04-04. The auditor's report on the general-purpose financial statements, combining and individual fund statements, and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) **ACKNOWLEDGMENTS**

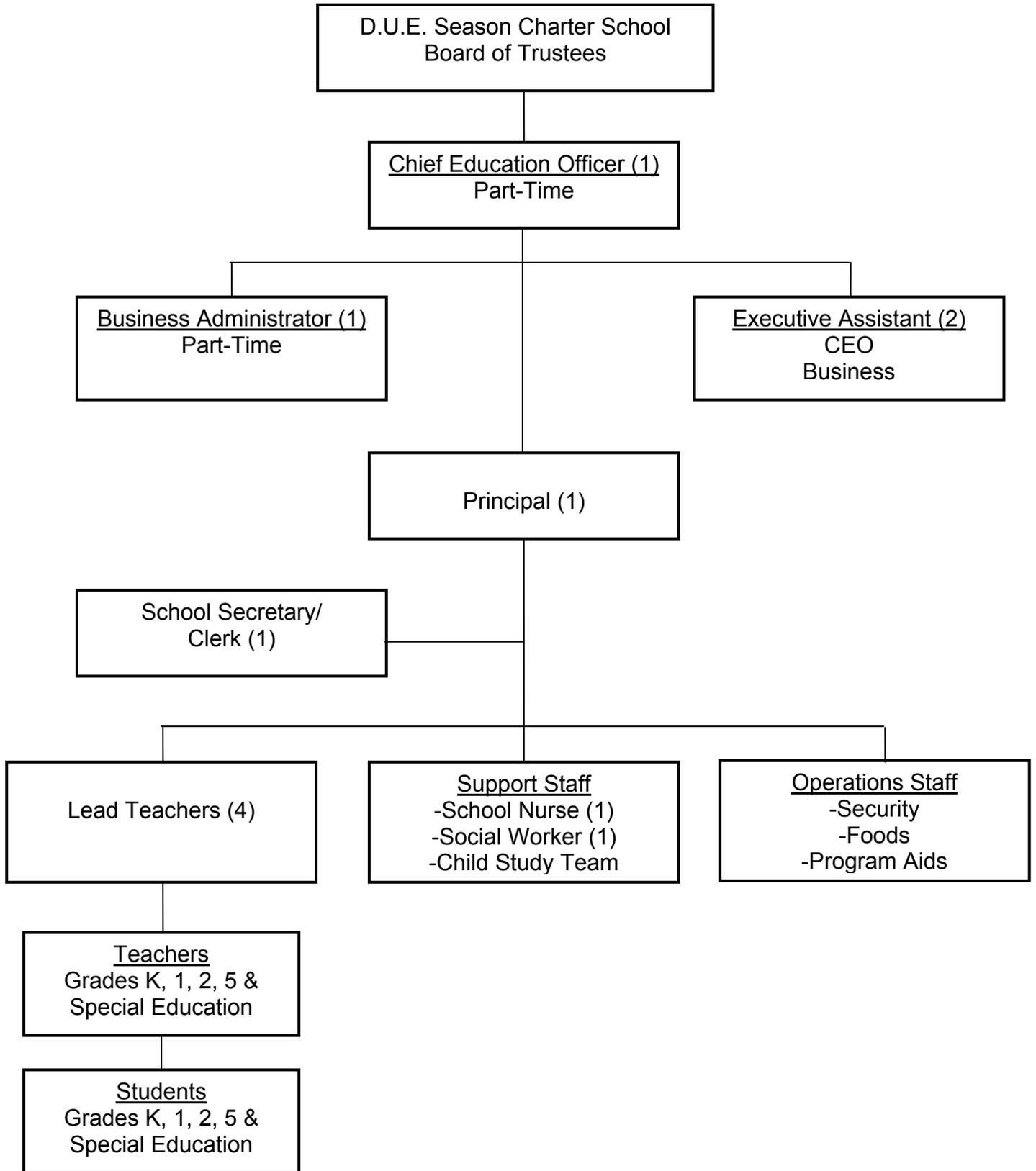
We would like to express our appreciation to the members of the Board of Trustees of the D.U.E. Season Charter School for their concern in providing fiscal accountability to the citizens and taxpayers of Newark and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our administrative staff.

Respectfully submitted,



Wellington Davenport
Board Secretary and School Business Administrator

D.U.E. SEASON CHARTER SCHOOL ORGANIZATIONAL CHART



D.U.E. SEASON Charter School
"Out of little seeds, great trees can grow."

ROSTER OF OFFICIALS

BOARD OF TRUSTEES

Ralph Green	President, Voting
Jennifer Idler	Vice-President, Voting
Monique Bonnier	Treasurer, Non-Voting
Wellington Davenport	Board Secretary, Non-Voting
Amir Khan	Member, Voting
Brandi Johnson, Esq.	Member, Voting
Danyell Barnes	Member, Voting
Edward Venable	Member, Voting
Linda Jones	Member, Voting
Michael Phelps	Member, Voting
Walter Milton	Member, Voting
Doris Carpenter	CEO, Non-Voting

D.U.E. SEASON Charter School
"Out of little seeds, great trees can grow."

CONSULTANTS AND ADVISORS

AUDIT FIRM

Leonora Galleros, CPA
115 Davis Station Road
Cream Ridge, NJ 08514

ATTORNEY

Capehart & Scatchard PA
Laurel Corporate Center
8000 Midatlantic Drive, Suite 300 South
Mount Laurel, NJ 08054

OFFICIAL DEPOSITORIES

PNC Bank
110 North Broadway
Camden, NJ 08102

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
D.U.E. Season Charter School
County of Camden
Camden, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the D.U.E. Season Charter School Board of Trustees (the Charter School), in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Charter School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the D.U.E. Season Charter School Board of Trustees' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the D.U.E. Season Charter School Board of Trustees, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 3, 2010, on our consideration of the D.U.E. Season Charter School Board of Trustees' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

The Management Discussion and Analysis on pages 23 through 30 and Budgetary Comparison Information on pages 61 through 64 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the D.U.E. Season Charter School Board of Trustees' basic financial statements. The accompanying introductory section, other supplementary information including combining statements and individual 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 statements and individual fund financial schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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



Leonora Galleros, CPA
Licensed Public School Accountant
No. 20CS002239400

December 3, 2010

REQUIRED SUPPLEMENTARY INFORMATION

PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management Discussion and Analysis (MD&A) provides an analysis of the Charter School's overall financial position and results of operations.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FOR THE YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Introduction

This section of the D.U.E. Season Charter School's (the Charter School) annual financial report presents our discussion and analysis of the Charter School's financial performance and provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2010. It should be read in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting Model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*, issued June 1999; GASB Statement No. 37, *Basic Financial Statement – and Management's Discussion and Analysis- for State and Local Governments: Omnibus*, an amendment to GASB Statement No. 21 and No. 34, issued in June 2001, and; in GASB Statement No 38, *Certain Financial Statement Note Disclosures*, issued in 2001.

Financial Highlights

Key financial highlights for fiscal year 2010 are as follows:

- General revenues accounted for \$6,231,599 or 83% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$1,309,274 or 17% of total revenues of \$7,540,873.
- The Charter School had \$6,532,533 in expenses; only \$1,309,274 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$6,231,599 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$6,440,223 in revenues and \$5,456,844 in expenditures. The General Fund's fund balance increased \$983,379 over 2009.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Basic Financial Statements

This annual report consists of a series of basic financial statements, required supplementary information, other supplementary information and notes to those statements and information.

The report is organized so the reader can understand the D.U.E. Season Charter School as a financial whole, or as an entire operating entity. The first two basic financial Statements, the Statement of Net Assets and the statement of activities, are governmental- wide financial statements and provide overall information about the activities of the entire Charter School, presenting both an aggregate view of the Charter School's finances and a long-term view of those finances.

Fund Financial Statements

The remaining basic financial statements are fund financial statements that focus on the individual parts of the government, reporting the Charter School's operation in more detail than the government-wide statements. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in a single column. For the D.U.E. Season Charter School, the General Fund is the most significant fund.

The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short and long-term financial information about the activities; the government operates like a business, such as food service.

Fiduciary fund statements provide information about financial relationship in which the Charter School acts solely as a trustee or agent for the benefits of other, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of Required Supplementary Information that further explains and supports the information in the financial statements.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Reporting the Charter School as a Whole

Statement of Net Assets and Statements of Activities

While this report contains the funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, "how did we do financially during fiscal year 2010?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all the Charter School's assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. These bases of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the Charter School's net assets and changes in those assets. This change in net assets is important because it identifies whether the financial position of the Charter School has improved or diminished for the Charter School as a whole. This change is the result of many factors some financial, some not. Financial factors represent increases in federal and state funding that resulted from the increase in enrollment noted for the fiscal year ended June 30, 2010. These factors are presented in our discussions on the Charter School as a whole. Non-financial factors include the property tax base of the School District where the Charter School is located, current educational funding laws in New Jersey, facilities conditions, required educational programs, and other factors. In the Statements of Net Assets and the Statements of Activities, the Charter School is divided into two distinct kinds of activities:

Governmental Activities – Most of the Charter School's programs and services are reported here including instructional, extracurricular activities, curriculum, staff development, special education and other support services, operation and maintenance of plant, pupil transportation, health services and general administration.

Business-Type Activity – Services are provided on a charge for goods or services or reimbursement basis to recover the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Reporting the School Charter School's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Charter School's major funds, not the Charter School as a whole. Funds are accounting devices that the Charter School uses to keep track of a multitude of financial transactions. The Charter School's only major governmental fund is the General Fund.

Governmental Funds

Most of the Charter School's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statement provides a detailed short-term view of the Charter School's general government operations and the basic services it provides.

Governmental fund information helps determine whether there are sufficient financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the Statement of Net Assets and the Statement of Activities and the governmental funds are reconciled in the financial statements.

Enterprise Fund

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

The Charter School as a Whole

The perspective of the Statement of Net Assets is of the Charter School as a whole. The table below provides a summary of the Charter School's net assets at June 30, 2010.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

The Charter School as a Whole

The perspective of the Statement of Net Assets is of the Charter School as a whole. The table below provides a summary of the Charter School's net assets at June 30, 2010 and 2009.

	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current Assets	\$ 2,322,476	\$ 1,532,569	\$ 125,635	\$ 57,210	\$ 2,448,111	\$ 1,589,779
Capital Assets, net	616,704	595,592	-	-	616,704	595,592
Total Assets	<u>2,939,180</u>	<u>2,128,161</u>	<u>125,635</u>	<u>57,210</u>	<u>3,064,815</u>	<u>2,185,371</u>
Liabilities						
Current Liabilities	<u>331,516</u>	<u>524,988</u>	<u>100,195</u>	<u>35,419</u>	<u>431,711</u>	<u>560,407</u>
Total Liabilities	<u>331,516</u>	<u>524,988</u>	<u>100,195</u>	<u>35,419</u>	<u>431,711</u>	<u>560,407</u>
Net Assets						
Invested in Capital Assets	616,704	725,551	-	-	616,704	725,551
Unrestricted	<u>1,990,960</u>	<u>877,622</u>	<u>25,440</u>	<u>21,791</u>	<u>2,016,400</u>	<u>899,413</u>
Total Net Assets	<u>\$ 2,607,664</u>	<u>\$ 1,603,173</u>	<u>\$ 25,440</u>	<u>\$ 21,791</u>	<u>\$ 2,633,104</u>	<u>\$ 1,624,964</u>

The total net assets of the Charter School have increased by \$1,001,290 at the end of the fiscal year.

The table that follows reflects the Charter School's revenues for fiscal years 2010 and 2009:

	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues:						
Charge for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating grants and Contributions	<u>1,100,221</u>	<u>-</u>	<u>209,053</u>	<u>225,078</u>	<u>1,309,274</u>	<u>225,078</u>
Total Program Revenues	<u>1,100,221</u>	<u>-</u>	<u>209,053</u>	<u>225,078</u>	<u>1,309,274</u>	<u>225,078</u>
General Revenues:						
Local Aid	305,970	252,130	-	-	305,970	252,130
Federal and State Aid	5,914,496	6,574,890	-	-	5,914,496	6,574,890
Miscellaneous	<u>11,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,133</u>	<u>-</u>
Total General Revenues	<u>6,231,599</u>	<u>6,827,020</u>	<u>-</u>	<u>-</u>	<u>6,231,599</u>	<u>6,827,020</u>
Total Revenues	<u>7,331,820</u>	<u>6,827,020</u>	<u>209,053</u>	<u>225,078</u>	<u>7,540,873</u>	<u>7,052,098</u>

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

The Charter School as a Whole

The table that follows reflects the Charter School's expenses for fiscal years 2010 and 2009.

	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Expenses:						
Instructions	3,357,480	2,516,260	-	-	3,357,480	2,516,260
Support Services:						
Administrative expenses	1,120,201	2,148,122	-	-	1,120,201	2,148,122
Support services	1,752,211	1,550,517	-	-	1,752,211	1,550,517
Unallocated depreciation	97,437	59,715	-	-	97,437	59,715
Food service	-	-	205,404	237,501	205,404	237,501
Total Expenses	<u>6,327,329</u>	<u>6,274,614</u>	<u>205,404</u>	<u>237,501</u>	<u>6,532,733</u>	<u>6,512,115</u>
Change in Net Assets	<u>\$ 1,004,491</u>	<u>\$ 552,406</u>	<u>\$ 3,649</u>	<u>\$ (12,423)</u>	<u>\$ 1,008,140</u>	<u>\$ 539,983</u>

In 2010, total revenues decreased by \$488,775 while total expenses incurred increased by \$27,468.

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2010.

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instructional	\$ 3,357,480	\$ 2,607,959
Support Services:		
Administrative expenses	1,120,201	831,890
Support services	1,752,211	1,689,822
Unallocated depreciation	97,437	97,437
Total Expenses	<u>\$ 6,327,329</u>	<u>\$ 5,227,108</u>

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Business-Type Activity

The only business-type activity of the Charter School is the food service operation. This program had revenues of \$209,053 and operating expenses of \$205,404 for fiscal year 2010.

The Charter School's Funds

The Charter School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues and other financing sources of \$7,331,820 and expenditures and other financing uses of \$6,334,179. The net change in fund balance was most significant in the general fund, an increase of \$976,529 in 2010 and \$612,121 for 2009.

General Fund Budgeting Highlights

The Charter School's budget is prepared according to New Jersey laws and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2010, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue based budgets. The budgeting systems are designed to tightly control the total budget, but provide the flexibility for Charter School management teams.

For the General Fund, final budgeted revenues and other financing sources were \$6,805,146, which included a local tax levy of \$316,359. Expenditures and other financing uses were budgeted at \$7,622,853. The Charter School anticipated an ending fund balance of \$(61,748). In its 2009-2010 budget, General Fund expenditures and other financing uses were more than revenues and other financing sources by \$817,707. Actual revenues and other financing sources were \$6,440,223 and expenditures were \$5,456,844.

The State of New Jersey reimbursed the Charter School \$208,624 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members. This unbudgeted amount is included in both revenues and expenditures.

Capital Assets

At the end of fiscal year 2010, the Charter School had \$616,704 invested in capital assets all in governmental activities.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Capital Assets - continued

The table below reflects fiscal year 2010 balances:

	Governmental Activities	Business Type Activities	Total
Leasehold improvement	\$ 264,837	\$ -	\$ 264,837
Machinery & equipment	599,793	-	599,793
Total Capital Assets	864,630	-	864,630
Less: Accumulated Depreciation	247,926	-	247,926
Totals	<u>\$ 616,704</u>	<u>\$ -</u>	<u>\$ 616,704</u>

Economic Factors and Next Year's Budget

The State of New Jersey continues to face serious budgetary constraints. These impact the amount of state aid allocated to charter schools. This reality was taken into account when adopting the General Fund budget for 2009-2010. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards.

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to reflect the Charter School's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to:

D.U.E. SEASON CHARTER SCHOOL
1000 Atlantic Avenue
Camden, New Jersey 08104

BASIC FINANCIAL STATEMENTS

**CHARTER SCHOOL
WIDE FINANCIAL STATEMENTS**

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF ESSEX)**

STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 975,674	\$ 66,823	\$ 1,042,497
Accounts receivable	1,122,604	58,812	1,181,416
Accounts receivable-others	60,496	-	60,496
Total current assets	<u>2,158,774</u>	<u>125,635</u>	<u>2,284,409</u>
Capital assets:			
Machinery & equipment	599,793	-	599,793
Leasehold improvements	264,837	-	264,837
	864,630	-	864,630
Less: Accumulated depreciation	247,926	-	247,926
Net capital assets	<u>616,704</u>	<u>-</u>	<u>616,704</u>
Total assets	<u>\$ 2,775,478</u>	<u>\$ 125,635</u>	<u>\$ 2,901,113</u>
Liabilities			
Current Liabilities:			
Accounts payable	\$ 63,778	\$ 100,195	\$ 163,973
Intergovernmental payables:			
State	260,819	-	260,819
Deferred revenue	6,919	-	6,919
Total current liabilities	<u>167,814</u>	<u>100,195</u>	<u>268,009</u>
Net assets			
Invested in capital assets, net of related debt	616,704	-	616,704
Unrestricted	1,990,960	25,440	2,016,400
Total net assets	<u>2,607,664</u>	<u>25,440</u>	<u>2,633,104</u>
Total liabilities and net assets	<u>\$ 2,775,478</u>	<u>\$ 125,635</u>	<u>\$ 2,901,113</u>

See accompanying notes to financial statements.

D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF ESSEX)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:						
Instruction						
Salaries	\$ 2,521,336	\$ -	\$ 469,039	\$ (2,052,297)	\$ -	\$ (2,052,297)
Allocated benefit costs	628,320	-	142,520	(485,800)	-	(485,800)
Professional /Technical service	31,988	-	31,059	(929)	-	(929)
Other purchased services	8,967	-	8,967	-	-	-
General educational supplies	158,340	-	85,924	(72,416)	-	(72,416)
Instructional text and books	3,695	-	-	(3,695)	-	(3,695)
Other instructional expenses	4,834	-	12,012	7,178	-	7,178
Administrative cost:						
Salaries	664,783	-	-	(664,783)	-	(664,783)
Allocated benefit costs	165,664	-	131,381	(34,283)	-	(34,283)
Professional /Technical service	209,857	-	156,930	(52,927)	-	(52,927)
Other purchased services	43,467	-	-	(43,467)	-	(43,467)
Communications and Telephones	9,305	-	-	(9,305)	-	(9,305)
Supplies and materials	27,125	-	-	(27,125)	-	(27,125)
Support services:						
Salaries	504,673	-	-	(504,673)	-	(504,673)
Allocated benefit costs	125,765	-	28,527	(97,238)	-	(97,238)
Purchased Professional /Technical service	30,503	-	-	(30,503)	-	(30,503)
Other purchased services	167,850	-	30,911	(136,939)	-	(136,939)
Rent on land and buildings	803,646	-	-	(803,646)	-	(803,646)
Insurance-fidelity, liability property	82,074	-	-	(82,074)	-	(82,074)
Supplies and materials	28,328	-	2,951	(25,377)	-	(25,377)
Transportation costs	9,372	-	-	(9,372)	-	(9,372)
Unallocated depreciation	97,437	-	-	(97,437)	-	(97,437)
Total governmental activities	6,327,329	-	1,100,221	(5,227,108)	-	(5,227,108)
Business-type activities:						
Food Service	203,987	22,623	186,341	-	4,977	4,977
After Care	1,417	89	-	-	(1,328)	(1,328)
Total business-type activities	205,404	22,712	186,341	-	3,649	3,649
Total primary government	\$ 6,532,733	\$ 22,712	\$ 1,286,562	\$ (5,227,108)	\$ 3,649	\$ (5,223,459)
General revenues, transfers and special items:						
Local sources				\$ 305,970	-	\$ 305,970
State sources				5,914,496	-	5,914,496
Miscellaneous				11,133	-	11,133
Total general revenues, transfers and special items				6,231,599	-	6,231,599
Changes in net assets				1,004,491	3,649	1,008,140
Net assets - beginning				1,603,173	21,791	1,624,964
Net assets - ending				\$ 2,607,664	\$ 25,440	\$ 2,633,104

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF ESSEX)**

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Totals Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 975,674	\$ -	\$ 975,674
Accounts receivable:			
State	261,816	-	261,816
Federal	-	860,788	860,788
Interfund	1,004,234	-	1,004,234
Accounts receivable-others	60,496	-	60,496
	<u>\$ 2,302,220</u>	<u>\$ 860,788</u>	<u>\$ 3,163,008</u>
Total assets			
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 63,778	\$ -	\$ 63,778
Intergovernmental payables:			
State	247,482	13,337	260,819
Interfund payables	-	840,532	840,532
Deferred revenue	-	6,919	6,919
	<u>311,260</u>	<u>860,788</u>	<u>1,172,048</u>
Total liabilities			
Fund balances:			
Unreserved:			-
Designated for capital projects	500,000	-	500,000
Undesignated	1,490,960	-	1,490,960
	<u>1,990,960</u>	<u>-</u>	<u>1,990,960</u>
Total fund balances			
Total liabilities and fund balances			
	<u>\$ 2,302,220</u>	<u>\$ 860,788</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.			
			\$ 864,630
			247,926
			<u>616,704</u>
Net assets of governmental activities - A-1			<u>\$ 2,607,664</u>

See accompanying notes to financial statements.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF ESSEX)**

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Total
Revenues			
Local Sources:			
Local tax levy	\$ 305,970	\$ -	\$ 305,970
Miscellaneous	11,133	10,967	22,100
Total revenues -local sources	<u>317,103</u>	<u>10,967</u>	<u>328,070</u>
State sources	5,914,496	-	5,914,496
Federal sources	-	880,630	880,630
TPAF-Social Security	208,624	-	208,624
Total revenues	<u>6,440,223</u>	<u>891,597</u>	<u>7,331,820</u>
Expenditures			
Current expense:			
Instruction:			
Salaries	2,052,297	469,039	2,521,336
Professional /Technical service	929	31,059	31,988
Other purchased services	-	8,967	8,967
General educational supplies	72,416	85,924	158,340
Instructional text and books	3,695	-	3,695
Other instructional expenses	322	4,512	4,834
Administrative cost:			
Salaries	664,783	-	664,783
Total benefit costs	617,321	93,804	711,125
Professional /Technical service	52,927	156,930	209,857
Other purchased services	43,467	-	43,467
Communications and Telephones	9,305	-	9,305
Supplies and materials	27,125	-	27,125
Support services:			
Salaries	504,673	-	504,673
Purchased Professional /Technical service	30,503	-	30,503
Other purchased services	136,939	30,911	167,850
Rent on land and buildings	803,646	-	803,646
Insurance-fidelity, liability property	82,074	-	82,074
Supplies and materials	25,377	2,951	28,328
Transportation-other than to/from school	9,372	-	9,372
Capital outlay:			
Instructional equipment	108,590	7,500	116,090
Non-instructional equipment	2,459	-	2,459
TPAF-Social Security	<u>208,624</u>	<u>-</u>	<u>208,624</u>
Total expenditures	<u>5,456,844</u>	<u>891,597</u>	<u>6,348,441</u>
Excess of revenues over expenditures	<u>983,379</u>	<u>-</u>	<u>983,379</u>
Fund balances, July 1, 2009	<u>1,007,581</u>	<u>-</u>	<u>1,007,581</u>
Fund balances, June 30, 2010	<u>\$ 1,990,960</u>	<u>\$ -</u>	<u>\$ 1,990,960</u>

See accompanying notes to financial statements.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2010

Total net change in fund balances - governmental funds (B-2) \$ 983,379

**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 depreciation expense exceeded capital outlays in the period. Additionally, in the Statement of Activities gains or (losses) are recognized upon disposition.

Capital outlay	118,549
Depreciation expense	(97,437)
	118,549

Change in net assets of governmental activities (A-2) \$ 1,004,491

See accompanying notes to financial statements.

PROPRIETARY FUNDS

EXHIBIT B- 4

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

PROPRIETARY FUND

STATEMENT OF NET ASSETS

JUNE 30, 2010

Assets

Current assets:

Cash and cash equivalents	\$ 66,823
Accounts receivable:	
Federal	56,530
State	2,282
	<u>58,812</u>

Interfund receivables - General Fund	<u>26,717</u>
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Total assets	<u><u>\$ 152,352</u></u>
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Liabilities

Current liabilities

Interfund payable - General Fund	\$ <u>126,912</u>
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Total current liabilities	<u>126,912</u>
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Net assets

Unrestricted	<u>25,440</u>
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Total liabilities and net assets	<u><u>\$ 152,352</u></u>
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See accompanying notes to financial statements.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30, 2010

Operating revenues:		
Charges for services:		
Daily sales - nonreimbursable programs	\$	22,623
Miscellaneous revenue		89
Total Operating revenues		<u>22,712</u>
Operating expenses:		
Cost of sales		203,987
Professional /Technical service		1,235
Supplies and materials		182
Total operating expenses		<u>205,404</u>
Operating loss		<u>(182,692)</u>
Nonoperating revenues:		
State sources:		
State School Breakfast Program		1,113
State School Lunch Program		6,208
Federal sources:		
National School Lunch Program		160,877
National School Breakfast Program		18,143
Total nonoperating revenues		<u>186,341</u>
Change in net assets		3,649
Total net assets-beginning of year		<u>21,791</u>
Total net assets-end of year	\$	<u><u>25,440</u></u>

See accompanying notes to financial statements.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

PROPRIETARY FUND

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2010

Cash flows from operating activities

Operating loss	\$ (182,692)
Adjustment to reconcile operating loss to net cash from operating activities	
Changes in assets and liabilities:	
Increase in accounts receivable	(42,027)
Increase in interfund receivable	(7,782)
Increase in interfund payable	<u>72,558</u>
Net cash from operating activities	<u>(159,943)</u>

Cash flows from noncapital financing activities

Cash received from state and federal reimbursements	<u>186,341</u>
Net cash from noncapital financing activities	<u>186,341</u>
Net increase in cash and cash equivalents	26,398
Cash and cash equivalents, beginning	<u>40,425</u>
Cash and cash equivalents, ending	<u><u>\$ 66,823</u></u>

See accompanying notes to financial statements.

FIDUCIARY FUNDS

EXHIBIT B-7

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010

Assets

Cash and cash equivalents	<u>\$ 160,683</u>
Total assets	<u><u>\$ 175,781</u></u>

Liabilities and Net Assets

Liabilities:

Payroll withholdings payable	\$ 149,622
Interfund payables	<u>11,061</u>
Total liabilities	<u>160,683</u>

Net Assets

Restricted	
Unemployment compensation	<u>-</u>
Total net assets	<u>-</u>
Total liabilities and net assets	<u><u>\$ 160,683</u></u>

See accompanying notes to financial statements.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

YEAR ENDED JUNE 30, 2010

Revenues:		
General fund appropriation	\$	-
Total revenues		<u>-</u>
Expenditures:		
Payments to NJ Unemployment Compensation Fund		-
Total expenditures		<u>-</u>
Excess(deficiency) of revenue over(under) expenditures		-
Fund balance, beginning		<u>-</u>
Fund balance, ending	\$	<u><u>-</u></u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of D.U.E. Season Charter School (the "Charter School") is presented to assist in understanding the Charter School's financial statements and notes, which represents the Charter School's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States of America as applied to governmental units and have been consistently applied in the preparation of these financial statements.

A. Reporting Entity

The Charter School is an instrument of the State of New Jersey, established to function as an educational institution. The Charter School is governed by an independent Board of Trustees, which consists of parents, founders and other community representatives in accordance with its charter, which was approved by the State Department of Education. A school director is appointed by the board and is responsible for the administrative control of the Charter School.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB's Codification of Governmental Accounting and Financial Reporting Standards, is in the degree of oversight responsibility maintained by the Charter School's management. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The accompanying financial statements present the activities of the Charter School. Furthermore, the Charter School is not includable in any other reporting entity as a component unit.

B. Component Units

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB's Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School management. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the Charter School. Based on the aforementioned criteria, the Charter School has no component units.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation – Continued

The financial statements of the Charter School have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Charter School also applies Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise fund unless they conflict with or contradict GASB pronouncements. The most significant of the Charter School's accounting policies are described below:

In June 1999, the Governmental Accounting Standards Boards unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain significant changes in the financial statements include the following:

The financial statements include:

- i) A Management Discussion and Analysis (MD&A) section providing an analysis of the Charter School's overall financial position and results of operations.
- ii) Financial statements prepared using full accrual accounting for all of the Charter School's activities.
- iii) A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

D. Basic Financial Statements

The Charter School's basic financial statements consist of the charter school-wide statement including a statement of net assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Charter School-wide Financial Statements

The statement of net assets and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the Charter School, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Charter School at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental and business-type activities. The governmental activities generally are financed through federal and state awards, taxes and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the Charter School are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Charter School.

The Charter School segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Charter School at a more detailed level.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Governmental Funds

General Fund –The General Fund is the primary operating fund of the Charter School and is always classified as a major fund. It is used to account for all financial resources except those that are legally or administratively required to be accounted for in another fund. Included are certain expenditures for movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

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

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major Capital Projects, Debt Service or the Enterprise Funds) and local appropriations that legally restricted to expenditures for specified purposes

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separated question on the ballot either during the annual election or at a special election. As of June 30, 2010 there was no capital projects fund.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Governmental Funds– Continued

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on, bonds issued to finance major property acquisitions, construction, and improvement programs. As of June 30, 2010, there was no Debt Service Fund.

F. Proprietary Funds

Enterprise Funds - The enterprise funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the Charter School is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods and services to the student on a continuing basis be financed or recovered primarily through user charges; or where the Charter School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.

All proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

Internal Service (Self-Insurance) Fund – The self-insurance fund is used to cover the self-insured limits of the various insurance policies for all funds. The Charter School does not use self insurance fund.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Fiduciary Funds

Fiduciary or Trust and Agency Fund are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. This fund category includes:

Expendable Trust Funds – Expendable trust funds are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent.

Nonexpendable Trust Funds – Nonexpendable trust funds are used to account for assets held under the terms of a formal trust agreement, whereby the Charter School is under obligations to maintain the trust principal.

Agency Funds – Agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

H. Measurement Focus and Basis of Accounting

Measurement Focus – Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied. On the charter school-wide statement of net assets and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statement of these funds present increases (i.e. revenues and other financing sources), and decreases (i.e. Expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available expendable financial resources at the end of the period.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Measurement Focus and Basis of Accounting – Continued

Measurement Focus- continued

All proprietary funds are accounted for on a flow economic resources measurement focus. With this measurement focus, the accounting adjectives are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flow. All assets and all liabilities, whether current or noncurrent, associated with their activities are included on the balance sheet. Fund equity (i.e. net total assets) is classified as net assets.

Basis of Accounting

In the charter school-wide statement of net assets and statement of activities, both governmental and business like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability, resulting from exchange and exchange like transactions, is incurred (i.e. the exchange takes place).

In the fund financial statements, governmental fund and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. “Measurable” means that amount of the transaction can be determine and “available” means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental funds revenues.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. Budgets/Budgetary Control

Annual appropriated budgets are prepared prior to July 1, for the General Fund. The budget is prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A. 2(m)1. All budget amendments must be approved by the State Department of Education. 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, with the exception of the Special Revenue Fund as noted below.

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 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 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 recognized encumbrances as expenditures and also recognized the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow of the presentation of GAAP basis financial report. As presented in the Statement of Revenues, Expenditures and Changes in Fund Balances –Budget and Actual – General, Special Revenue Fund and Debt Service Funds to the GAAP basis of accounting as presented in the Statements of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds.

J. Deposits, Investments and Risk Disclosure

Cash and equivalents include petty cash, funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Deposits, Investments and Risk Disclosure-Continued

New Jersey Charter Schools are limited as to the types of the investments and types of financial institution they may invest in, New Jersey statute 18A:20-37 provides a list of permissible investment that may be purchased by New Jersey Charter Schools. These investments are to be recorded at fair value and will be subject to risk categorization.

Additionally, the Charter School has adopted a cash management plan that requires it to deposit public fund 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 loss funds on deposit with a failed banking institution in New Jersey.

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

Custodial credit risk is the risk that in the event of a bank failure, the Charter School’s deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution’s trust department but not in the Charter School’s name. The Charter School’s aggregate bank balances were not exposed to custodial credit risk at June 30, 2010.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

K. Receivable and Payable

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.

L. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the 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.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

L. Capital Assets – Continued

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	15-20
Vehicles	10
Office Equipment	5-10
Computer Equipment	5

M. Fund Balance and Equity

In the fund financial statements, governmental fund report reservation of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for specific future use. Designated fund balance represents plans for future use of financial resources. As of June 30, 2010, \$500,000 of the unreserved fund balance in the general fund was designated by the Board of Trustees for capital projects related to leasehold improvements for additional space.

N. Net Assets

Net Assets on the *Statement of Net Assets* include the following:

Investments in Capital Assets, net of Related Debt - the component of net asset there reports the differences between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributed to the acquisition, construction or improvement of those assets.

Restricted for Specific Purposes – the component of net assets that reports the difference between assets and liabilities of the certain programs that consist of assets with constraints placed on their use by either external parties and /or enabling legislation.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

N. Net Assets-Continued

Restricted for Debt Service – the component of net assets that reports the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by creditors.

Unrestricted - the difference between the assets and liabilities that is not reported in Net Assets Invested in Capital Assets, net of Related Debt, Net Assets Restricted for Specific Purposes or Net Assets Restricted for Debt Services.

O. Interfund Transactions

Interfund transfers are defined as the flow of assets, such as cash or goods, without equivalent flows of assets in return. Interfund borrowings are reflected as “Due from/to Other Funds” on the accompanying financial statements. All other interfund transfers are reported as operating transfers.

P. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the recorded amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Q. On-Behalf Payments

Revenues and expenditures of the General Fund include payment made by the state of New Jersey for Pension and social security contributions for certified teacher members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the Charter School’s annual budget.

R. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 3, 2010.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 2 ACCOUNTING STANDARDS

Since 2004, the Charter School adopted GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions (GASB No. 33). GASB No. 33 established new accounting and financial reporting standards for non-exchange transactions, which as a general matter encompass most taxes, grants and private donations. In a non-exchange transaction, a governmental entity receives (or gives) value without giving (or receiving) equal value in return. The issue addressed in GASB No.33 is the timing of recognition of such no exchange transactions the result of which is an accounting adjustment to opening fund balance and a deferral of revenue.

Since 2004, the Charter School also adopted GASB Statements No.34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments issued June 1999; GASB Statements No. 36, Recipient Reporting for Certain shared Non- Exchange Revenues, an amendment to GASB No. 33, GASB Statements No. 37, Basic Financial Statements- Management and Discussion and Analysis- for State and Local Governments: Omnibus, an amendment to GASB Statements No. 38, Certain Financial Statements Note Disclosures, issued in 2001.

In 2006, the Charter School adopted GASB No. 44, “Economic Condition Reporting: the Statistical Section” to improve understandability and usefulness of the statistical section information. GASB 44 requires the presentation of statistical information for the most 10 years, unless otherwise specified. However, the Charter School is not required to report retroactively the financial data prior to the implementation of GASB 44, but encouraged to report the information starting with the year GASB 34 was implemented, which was in 2004.

NOTE 3 Cash and Cash Equivalents

As of June 30, 2010, cash and cash equivalents consisted of the following:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Payroll Fund</u>	<u>Student Activity Fund</u>	<u>Total</u>
Operating Account	<u>\$ 975,674</u>	<u>\$ 66,823</u>	<u>\$ 160,683</u>	<u>\$ 38,332</u>	<u>\$ 1,241,512</u>

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 4 Receivables

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

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Student Activity Fund</u>	<u>Total</u>
Intergovernmental	\$ 261,816	\$ 860,788	\$ 58,812	\$ -	\$ 1,181,417
Other	53,646	-	-	15,098	68,744
Total Receivables	<u>\$ 315,462</u>	<u>\$ 860,788</u>	<u>\$ 58,812</u>	<u>\$ 15,098</u>	<u>\$ 1,250,161</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, there were no deferred revenue reported in the governmental funds.

NOTE 5 Capital Assets

Capital assets activity for the year ended June 30, 2010 was as follows:

	<u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2010</u>
Governmental Activities				
Leasehold Improvements	\$ 264,837	\$ -	\$ -	\$ 264,837
Machinery and Equipment	481,244	118,549	-	599,793
Total Depreciable Cost	<u>746,081</u>	<u>118,549</u>	<u>-</u>	<u>864,630</u>
Accumulated Depreciation	150,489	97,437	-	247,926
Net Book Value	<u>\$ 595,592</u>	<u>\$ 21,112</u>	<u>\$ -</u>	<u>\$ 616,704</u>

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 6 Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2010 is as follows:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Food Program</u>	<u>Trust and Agency Fund</u>	<u>Student Activity Fund</u>	<u>Total</u>
Receivables	\$ 1,004,234	\$ -	\$ 26,717	\$ -	\$ -	\$ 1,030,951
(Payables)	-	(840,532)	(126,912)	(11,061)	(52,446)	(1,030,951)
						<u>\$ -</u>

The above interfund accounts either funded cash overdrafts or originated from expenditures paid by one fund on behalf of another fund.

NOTE 7 Due to State Government

As of June 30, 2010, \$247,482 is payable to the New Jersey Department of Education due to adjustments in the average daily enrollment and other reimbursements to be made.

NOTE 8 Lease Commitment

On February 9, 2005, the Charter School entered into a lease agreement with Virtua-West Jersey Health System, Inc. ("Virtua") to obtain office spaces in the building, consisting of approximately 21,838 sq. ft., located at 1000 Atlantic Avenue, Camden, New Jersey.

Under the terms of the Second Amendment to the lease agreement entered on September 10, 2007, the lease shall be for a period of three years commencing September 1, 2007 and ending August 31, 2010. The lease required an annual rental payment of \$905,852 for the first year, and thereafter, to be adjusted by additional rent and the "CPI". Total rental payments amounted to \$803,646 for the year.

On May 1, 2010, the Charter School entered into the third amendment to the lease agreement to obtain additional office spaces in the building. The term of the agreement extended the lease for a period of five (5) years commencing on September 1, 2010 and ending on August 31, 2015. The total base rent will be at the rate of \$13.41 for each square foot leased, which was computed at \$775,756.19 annually, payable on a monthly basis in the amount of \$64,646.35 on the first day of each calendar month during the term of the lease.

NOTE 9 Compensated Absences

Charter School employees do not accumulate sick leave, therefore no liability is reflected in the general-purpose financial statements.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 10 PENSIONS PLANS

A. Description of Plans

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

i. Teachers Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established in January 1, 1995, 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. The Teacher's Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the systems other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

ii. Public Employees' Retirement System (PERS)

The Public Employees' Retirement Systems (PERS) was established as of January 1, 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, Charter School, or public agency provided the employee is not a member of another state-administered retirement system. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State of New Jersey or any county, municipality, Charter School, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 10 PENSIONS PLANS - CONTINUED

B. Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A 43:15a and 4303B and N.J.S.A. 18A: for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determine to be 1/55 of the final average salary for each year of service credit as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for member who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the member's accounts.

C. Significant Legislation

Two pieces of legislation passed during fiscal year 2001 having significant impact on the benefit provisions under PERS and TPAF. Chapter 133, P.L.2001, increases retirement benefits for service, deferred and early retirements by changing the formula from 1/60 to 1/55 of final compensation for each year of service. The legislation also increases the retirement benefit for veteran member with 35 years or more of service and reduces age qualification from 60 to 55. The legislation further provides that existing retirees and beneficiaries would also receive a comparable percentage increase in their retirement allowance. The benefit enhancements are effective with the November 1, 2001 benefit checks. Chapter 120, P.L 2001, established an additional retirement option for plan members. Under the new option, a retiree's actuarially reduced allowance (to provide a benefit to the retiree's beneficiary upon the death of the retiree) would "pop-up" to the maximum retirement allowance if the beneficiary predeceases the retiree.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 10 PENSIONS PLANS – CONTINUED

C. Significant Legislation – Continued

Chapter 4, P.L. 2001 provides increased benefit to certain members of PERS who retired prior to December 29, 1989 with at least 25 years of creditable service.

The maximum amount of the increase is 5 percent the retiree's final compensation. For those with 30 or more years of service, the total pension would increase from 65 to 71 percent of final compensation.

Due to the enactment of 1997 legislation, Chapter 114, P.L. 1997 and Chapter 115, P.L. 1997, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated. In addition, excess valuation assets were available to fund, in full or in part, the State of New Jersey's normal contribution from 1997 to 2001, excluding the contribution for post-retirement medical benefits in the PERS and TPAF.

D. Contribution Requirement

The contribution policy is set by laws of the State of New Jersey and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 4.5 % and 3%, respectively of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustment, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Charter School is a non-contributing employer of the TPAF.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$77,716 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the basic financial statements.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 11 POST- RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post retirement medical benefits.

The cost of these benefits is funded through contribution by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State made post-retirement (PRM) contributions of \$1.38 billion for fiscal year 2009 and \$3.22 million for fiscal year 2008.

The State is also responsible for the cost attributable to chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 year of service. In fiscal year 2007, the State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members.

NOTE 12 RISK MANAGEMENT

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

A. Property and Liability Insurance

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

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

NOTE 12 RISK MANAGEMENT- CONTINUED

B. New Jersey Unemployment Compensation

The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Charter School is billed quarterly for amounts due to the State.

NOTE 13 CONTINGENCIES

State and Federal Aid Receipts

State and Federal awards are generally subject to review by the responsible governmental agencies for compliance with the agencies regulations governing the aid. In the opinion of the Charter School's management and legal counsel, any potential adjustments to the Federal or State aid recorded by the Charter School through June 30, 2010, resulting from a review by a responsible government agency will not have a material effect on the Charter School financial statements at June 30, 2010.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)

EXHIBIT C-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local Sources:					
Local tax levy	\$ 316,359	\$ -	\$ 316,359	\$ 305,970	\$ (10,389)
Miscellaneous	-	-	-	11,133	11,133
Total revenues -local sources	316,359	-	316,359	317,103	744
State sources	6,164,040	-	6,164,040	5,914,496	(249,544)
TPAF-Social Security	324,747	-	324,747	208,624	(116,123)
Total revenues	6,805,146	-	6,805,146	6,440,223	(364,923)
Expenditures					
Current expense:					
Instruction					
Salaries	2,248,609	-	2,248,609	2,052,297	196,312
Professional /Technical service	168,326	1,000	169,326	929	168,397
General educational supplies	474,477	(371,589)	102,888	72,416	30,472
Instructional text and books	350,000	(110,000)	240,000	3,695	236,305
Other instructional expenses	-	2,000	2,000	322	1,678
Total current expense	3,241,412	(478,589)	2,762,823	2,129,659	633,164
Administrative cost:					
Salaries	682,750	13,000	695,750	664,783	30,967
Total benefit costs	1,214,046	-	1,214,046	617,321	596,725
Professional /Technical service	56,400	5,000	61,400	52,927	8,473
Other purchased services	56,100	30,000	86,100	43,467	42,633
Communications and Telephones	51,800	-	51,800	9,305	42,495
Supplies and materials	16,246	14,000	30,246	27,125	3,121
Miscellaneous expenses	45,000	-	45,000	-	45,000
Total administrative cost	2,122,342	62,000	2,184,342	1,414,928	769,414
Support services:					
Salaries	456,194	50,000	506,194	504,673	1,521
Purchased Professional /Technical service	81,242	-	81,242	30,503	50,739
Other purchased services	30,169	114,000	144,169	136,939	7,230
Rent on land and buildings	794,789	9,000	803,789	803,646	143
Insurance-fidelity, liability property	78,947	9,000	87,947	82,074	5,873
Supplies and materials	32,000	3,300	35,300	25,377	9,923
Transportation-other than to/from school	-	10,000	10,000	9,372	628
Total support services	1,473,341	195,300	1,668,641	1,592,584	76,057

continued

D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)

EXHIBIT C-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital outlay:					
Instructional equipment	111,500	56,400	167,900	108,590	59,310
Non-instructional equipment	10,000	4,400	14,400	2,459	11,941
Purchase of Land/Improvements	300,000	200,000	500,000	-	500,000
Total capital outlay	<u>421,500</u>	<u>260,800</u>	<u>682,300</u>	<u>111,049</u>	<u>571,251</u>
TPAF-Social Security	324,747	-	324,747	208,624	116,123
Total expenditures	<u>7,583,342</u>	<u>39,511</u>	<u>7,622,853</u>	<u>5,456,844</u>	<u>2,166,009</u>
Excess (deficiency) of revenues over (under) expenditures	(778,196)	(39,511)	(817,707)	983,379	(1,801,086)
Fund balances, beginning	<u>811,344</u>	<u>(55,385)</u>	<u>755,959</u>	<u>1,007,581</u>	<u>(251,622)</u>
Fund balances, ending	<u>\$ 33,148</u>	<u>\$ (94,896)</u>	<u>\$ (61,748)</u>	<u>\$ 1,990,960</u>	<u>\$ (2,052,708)</u>

See independent auditors' report.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
Revenues					
Local sources	\$ 11,000	\$ -	\$ 11,000	\$ 10,967	\$ 33
Federal sources	1,078,229	-	1,078,229	880,630	197,599
Total revenues -all sources	<u>1,089,229</u>	<u>-</u>	<u>1,089,229</u>	<u>891,597</u>	<u>197,632</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	469,039	-	469,039	469,039	-
Purchased Prof. and technical services	140,217	-	140,217	31,059	109,158
Other purchased services	10,665	-	10,665	8,967	1,698
Instructional supplies	85,924	-	85,924	85,924	-
Miscellaneous expenditures	5,000	-	5,000	4,512	488
Total instruction	<u>710,845</u>	<u>-</u>	<u>710,845</u>	<u>599,501</u>	<u>111,344</u>
Support services					
Employee benefits	93,804	-	93,804	93,804	-
Purchased professional educational services	156,930	-	156,930	156,930	-
Other purchased services	117,199	-	117,199	30,911	86,288
Supplies	2,951	-	2,951	2,951	-
Total support services	<u>370,884</u>	<u>-</u>	<u>370,884</u>	<u>284,596</u>	<u>86,288</u>
Capital Outlay:					
Facilities acquisition and construction services:					
Instructional equipment	7,500	-	7,500	7,500	-
Total facilities acquisition and construction services	<u>7,500</u>	<u>-</u>	<u>7,500</u>	<u>7,500</u>	<u>-</u>
Total expenditures	<u>1,089,229</u>	<u>-</u>	<u>1,089,229</u>	<u>891,597</u>	<u>197,632</u>
Excess(Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

**NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION**

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY GAAP RECONCILIATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2010

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule:	[C-1] \$ 6,440,223	[C-2] \$ 891,597
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	-
Last State aid payment recognized for budgetary purposes only.	-	-
General Fund contribution to Early Childhood Program Aid.	<u>-</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2] <u>6,440,223</u>	[B-2] <u>891,597</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] 5,456,844	[C-2] 891,597
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfer (outflows) to general fund	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] <u>\$ 5,456,844</u>	[B-2] <u>\$ 891,597</u>

Note A -The general fund budget basis of the use/outflow of resources is GAAP, therefore no reconciliation is required.

See independent auditors' report.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS

YEAR ENDED JUNE 30, 2010

	Title I	Title I Carryover	Title I ARRA	Title I SIA ARRA	Title II Part D	Title II Part D Carryover	Title IV	Title IV Carryover	IDEA	IDEA ARRA	Donation Grants	NJSBAIG 2009 Safety Grant	Total
Revenues													
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,967	\$ 2,000	\$ 10,967
Federal sources	543,329	14,439	118,032	11,849	4,600	2,298	3,379	3,105	102,778	76,821	-	-	880,630
Total revenues -all sources	543,329	14,439	118,032	11,849	4,600	2,298	3,379	3,105	102,778	76,821	8,967	2,000	891,597
Expenditures													
Current Expenditures:													
Instruction:													
Salaries of teachers	322,485	-	93,666	9,874	-	-	-	-	8,539	34,475	-	-	469,039
Purchased Prof. and technical services	28,990	-	2,069	-	-	-	-	-	-	-	-	-	31,059
Other purchased services	-	-	-	-	-	-	-	-	-	-	8,967	-	8,967
Supplies and materials	52,542	-	-	-	4,600	2,298	3,379	3,105	-	20,000	-	-	85,924
Miscellaneous expenditures	4,512	-	-	-	-	-	-	-	-	-	-	-	4,512
Total instruction	408,529	-	95,735	9,874	4,600	2,298	3,379	3,105	8,539	54,475	8,967	-	599,501
Support services													
Employee benefits	64,493	-	18,733	1,975	-	-	-	-	1,708	6,895	-	-	93,804
Purchased professional educational services	41,396	14,439	3,564	-	-	-	-	-	92,531	5,000	-	-	156,930
Other purchase services	28,911	-	-	-	-	-	-	-	-	-	-	2,000	30,911
Supplies	-	-	-	-	-	-	-	-	-	2,951	-	-	2,951
Total support services	134,800	14,439	22,297	1,975	-	-	-	-	94,239	14,846	-	2,000	284,596
Capital Outlay:													
Facilities acquisition and construction services:													
Instructional equipment	-	-	-	-	-	-	-	-	-	7,500	-	-	7,500
Noninstructional equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Total facilities acquisition and construction services	-	-	-	-	-	-	-	-	-	7,500	-	-	7,500
Total expenditures	\$ 543,329	\$ 14,439	\$ 118,032	\$ 11,849	\$ 4,600	\$ 2,298	\$ 3,379	\$ 3,105	\$ 102,778	\$ 76,821	\$ 8,967	\$ 2,000	\$ 891,597
Excess(Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by propriety funds.

At June 30, 2010, there was no capital projects fund.

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 of the Charter School is that the costs of providing goods and services be financed through user charges. Food Service Fund - provides for the operation of food services for the Charter School.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

ENTERPRISE FUND

COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>AFTER CARE</u>	<u>FOOD SERVICE</u>	<u>TOTAL</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 10,657	\$ 56,166	\$ 66,823
Accounts receivable:			
Federal	-	56,530	56,530
State	-	2,282	2,282
	<u>-</u>	<u>58,812</u>	<u>58,812</u>
Interfund receivable - General Fund	<u>26,717</u>	<u>-</u>	<u>26,717</u>
Total Assets	<u>\$ 37,374</u>	<u>\$ 114,978</u>	<u>\$ 152,352</u>
Liabilities			
Current liabilities			
Interfund payable - General Fund	\$ -	\$ 126,912	\$ 126,912
Total current liabilities	<u>-</u>	<u>126,912</u>	<u>126,912</u>
Net assets			
Unrestricted	<u>37,374</u>	<u>(11,934)</u>	<u>25,440</u>
Total Liabilities and Net Assets	<u>\$ 37,374</u>	<u>\$ 114,978</u>	<u>\$ 152,352</u>

See independent auditors' report.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

ENTERPRISE FUND

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30, 2010

	<u>AFTER CARE</u>	<u>FOOD SERVICE</u>	<u>TOTAL</u>
Operating revenues:			
Charges for services:			
Daily sales - nonreimbursable programs	\$ 19,856	\$ 2,767	\$ 22,623
Miscellaneous revenue	-	89	89
Total Operating revenues	<u>19,856</u>	<u>2,856</u>	<u>22,712</u>
Operating expenses:			
Cost of sales	-	203,987	203,987
Professional /Technical service	1,235	-	1,235
Supplies and materials	182	-	182
Total operating expenses	<u>1,417</u>	<u>203,987</u>	<u>205,404</u>
Operating income (loss)	<u>18,439</u>	<u>(201,131)</u>	<u>(182,692)</u>
Nonoperating revenues:			
State sources:			
State School Breakfast Program	-	1,113	1,113
State School Lunch Program	-	6,208	6,208
Federal sources:			
National School Lunch Program	-	160,877	160,877
National School Breakfast Program	-	18,143	18,143
Total nonoperating revenues	<u>-</u>	<u>186,341</u>	<u>186,341</u>
Changes in net assets	18,439	(14,790)	3,649
Total net assets, beginning of year	<u>18,935</u>	<u>2,856</u>	<u>21,791</u>
Total net assets, end of year	<u>\$ 37,374</u>	<u>\$ (11,934)</u>	<u>\$ 25,440</u>

See independent auditors' report.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

ENTERPRISE FUND

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2010

	<u>AFTER CARE</u>	<u>FOOD SERVICE</u>	<u>TOTAL</u>
Cash flows from operating activities			
Operating income (loss)	\$ 18,439	\$ (201,131)	\$ (182,692)
Adjustment to reconcile operating loss to net cash from operating activities			
Changes in assets and liabilities:			
Increase in accounts receivable	-	(42,027)	(42,027)
Increase in interfund receivable	(7,782)	-	(7,782)
Increase in interfund payable	-	72,558	72,558
Net cash from operating activities	<u>10,657</u>	<u>(170,600)</u>	<u>22,749</u>
Cash flows from noncapital financing activities			
Cash received from state and federal reimbursements	-	186,341	186,341
Net increase in cash and cash equivalents	10,657	15,741	26,398
Cash and cash equivalents, beginning	<u>-</u>	<u>40,425</u>	<u>40,425</u>
Cash and cash equivalents, ending	<u>\$ 10,657</u>	<u>\$ 56,166</u>	<u>\$ 66,823</u>

See independent auditors' report.

FIDUCIARY FUNDS

Trust funds are used to account for gifts and bequests to the Charter School for specific purposes.

Unemployment Compensation Insurance Trust Fund is an expendable trust fund used to account for unemployment transactions of the Charter School.

At June 30, 2010 there was no non-expandable trust fund utilized by the Charter School.

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

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

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

FIDUCIARY FUNDS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010

	<u>New Jersey Unemployment Benefits</u>	<u>Agency Fund Payroll</u>	<u>Student Activity Fund</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ -	\$ 160,683	\$ 38,332	\$ 199,015
Accounts receivables-others	<u>-</u>	<u>-</u>	<u>15,098</u>	<u>15,098</u>
Total assets	<u>\$ -</u>	<u>\$ 160,683</u>	<u>\$ 53,430</u>	<u>\$ 214,113</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ -	\$ 149,622	\$ -	\$ 149,622
Interfund payables	<u>-</u>	<u>11,061</u>	<u>52,446</u>	<u>63,507</u>
Total liabilities	<u>-</u>	<u>160,683</u>	<u>52,446</u>	<u>213,129</u>
Net Assets				
Restricted				
Student Activity Fund Balance			984	984
Unemployment compensation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>-</u>	<u>-</u>	<u>984</u>	<u>984</u>
Total liabilities and net assets	<u>\$ -</u>	<u>\$ 160,683</u>	<u>\$ 53,430</u>	<u>\$ 214,113</u>

See independent auditors' report.

D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)

FIDUCIARY FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
(TRUST FUND)

YEAR ENDED JUNE 30, 2010

**New Jersey
Unemployment Benefits**

Revenues:	
General fund appropriation	\$ -
Employees' contributions	-
Total revenues	<u>-</u>
Expenditures:	
Payments to NJ Unemployment Compensation Fund	-
Total expenditures	<u>-</u>
Excess(deficiency) of revenue over expenditures	-
Fund balance, beginning	<u>-</u>
Fund balance, ending	<u><u>\$ -</u></u>

See independent auditors' report.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

STUDENT ACTIVITY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

YEAR ENDED JUNE 30, 2010

	<u>Balance June 30, 2009</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2010</u>
Assets				
Cash and cash equivalents	\$ 22,136	\$ 40,266	\$ 24,070	\$ 38,332
Accounts receivables-others	<u>12,747</u>	<u>15,898</u>	<u>13,547</u>	<u>15,098</u>
Total Assets	<u>\$ 34,883</u>	<u>\$ 56,164</u>	<u>\$ 37,617</u>	<u>\$ 53,430</u>
Liabilities and Fund Balance				
Accounts payable	\$ 13,406	\$ 20,418	\$ 7,012	\$ -
Interfund accounts payable	21,477	800	31,769	52,446
Fund balance	<u>-</u>	<u>-</u>	<u>984</u>	<u>984</u>
Total Liabilities	<u>\$ 34,883</u>	<u>\$ 21,218</u>	<u>\$ 39,765</u>	<u>\$ 53,430</u>

See independent auditors' report.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

PAYROLL AGENCY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

YEAR ENDED JUNE 30, 2010

	<u>Balance June 30, 2009</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2010</u>
Assets				
Cash and cash equivalents	\$ 63,241	\$ 4,244,426	\$ 4,146,984	\$ 160,683
Interfund receivable	<u>-</u>	<u>94,655</u>	<u>94,655</u>	<u>-</u>
Total Assets	<u>\$ 63,241</u>	<u>\$ 4,339,081</u>	<u>\$ 4,241,639</u>	<u>\$ 160,683</u>
Liabilities				
Payroll deductions and withholdings	\$ 12,814	\$ 1,372,521	\$ 1,509,329	\$ 149,622
Interfund accounts payable	<u>50,427</u>	<u>94,655</u>	<u>55,289</u>	<u>11,061</u>
Total Liabilities	<u>\$ 63,241</u>	<u>\$ 1,467,176</u>	<u>\$ 1,564,618</u>	<u>\$ 160,683</u>

See independent auditors' report.

LONG-TERM DEBT

The long-term debt is used to record the outstanding principal balances of the long term liabilities of the charter school. This includes the outstanding principal balance on capital lease, the accrued liability for insurance claims and the liability for compensated absences and the outstanding principal balance on certificates of participation outstanding or mortgage note payable. The Charter School has no long-term debts.

STATISTICAL SECTION (Unaudited)

GASB requires that ten years of statistical data be presented. State law usually grants charters for less than 10 years. The following information is presented utilizing information available. Each year thereafter, an additional year's data will be included up to ten years.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

NET ASSETS BY COMPONENT

Last Five Fiscal Years

(accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2010	2009	2008	2007	2006
Governmental activities					
Invested in capital assets, net of related debt	\$ 616,704	\$ 595,592	\$ 250,143	\$ 198,598	\$ 122,601
Unrestricted	1,990,960	877,622	395,460	117,335	51,359
Total governmental activities net assets	<u>\$ 2,607,664</u>	<u>\$ 1,473,214</u>	<u>\$ 645,603</u>	<u>\$ 315,933</u>	<u>\$ 173,960</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	25,440	21,791	34,213	36,003	22,543
Total business-type activities net assets	<u>\$ 25,440</u>	<u>\$ 21,791</u>	<u>\$ 34,213</u>	<u>\$ 36,003</u>	<u>\$ 22,543</u>
School-wide					
Invested in capital assets, net of related debt	\$ 616,704	\$ 595,592	\$ 250,143	\$ 198,598	\$ 122,601
Unrestricted	2,016,400	899,413	429,673	153,338	73,902
Total charter school net assets	<u>\$ 2,633,104</u>	<u>\$ 1,495,005</u>	<u>\$ 679,816</u>	<u>\$ 351,936</u>	<u>\$ 196,503</u>

Notes

The Exhibit J-1 should contain information for the last 10 years. The Charter School is not required by GASB to report years prior to the implementation date of GASB 44. However, the Charter School opted to retroactively implement the requirement of GASB 44 to fiscal year 2004, the year GASB 34 was implemented.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

CHANGES IN NET ASSETS

Last Five Fiscal Years

(Accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2010	2009	2008	2007	2006
Expenses					
Governmental activities					
Instruction					
Regular	\$ 3,357,480	2,516,260	\$ 2,403,558	\$ 1,871,475	\$ 1,153,641
Support Services:					
Tuition	-		-	-	-
Student & instruction related services	1,752,211	1,550,517	1,818,047	1,289,262	957,761
General administration	1,120,201	1,742,958	679,773	634,583	348,937
Unallocated depreciation	97,437	59,715	49,885	27,192	13,697
Total governmental activities expenses	<u>6,327,329</u>	<u>5,869,450</u>	<u>4,951,263</u>	<u>3,822,512</u>	<u>2,474,036</u>
Business-type activities:					
Food service	203,987	229,919	216,647	128,589	48,243
Child Care	1,417	-	-	-	-
Total business-type activities expense	<u>205,404</u>	<u>229,919</u>	<u>216,647</u>	<u>128,589</u>	<u>48,243</u>
Total charter school expenses	<u>\$ 6,532,733</u>	<u>\$ 6,099,369</u>	<u>\$ 5,167,910</u>	<u>\$ 3,951,101</u>	<u>\$ 2,522,279</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	1,100,221	-	168,471	78,128	75,459
Capital grants and contributions	-	-	-	-	-
Total governmental activities program revenues	<u>1,100,221</u>	<u>-</u>	<u>168,471</u>	<u>78,128</u>	<u>75,459</u>
Business-type activities:					
Charges for services					
Food service	22,623	39,793	23,944	458	-
Child care	89	-	-	-	-
Operating grants and contributions	186,341	185,285	169,043	116,190	70,786
Capital grants and contributions	-	-	-	-	-
Total business type activities program revenues	<u>209,053</u>	<u>225,078</u>	<u>192,987</u>	<u>116,648</u>	<u>70,786</u>
Total charter school program revenues	<u>\$ 1,309,274</u>	<u>\$ 225,078</u>	<u>\$ 361,458</u>	<u>\$ 194,776</u>	<u>\$ 146,245</u>
Net (Expense)/Revenue					
Governmental activities	\$ (5,227,108)	(5,742,799)	\$ (4,782,792)	\$ (3,744,384)	\$ (2,398,577)
Business-type activities	3,649	(4,841)	(23,660)	(11,941)	22,543
Total charter school-wide net expense	<u>\$ (5,223,459)</u>	<u>\$ (5,747,640)</u>	<u>\$ (4,806,452)</u>	<u>\$ (3,756,325)</u>	<u>\$ (2,376,034)</u>

continued

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

CHANGES IN NET ASSETS

Last Five Fiscal Years

(Accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2010	2009	2008	2007	2006
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes levied for general purposes, net	\$ 305,970	252,130	\$ 655,270	\$ 435,618	\$ 228,519
Taxes levied for debt service	-	-	-	-	-
Grants and contributions	5,914,496	6,574,890	4,492,413	3,414,692	2,321,630
Miscellaneous income	11,133	-	27,003	36,047	22,388
Transfers	-	-	-	-	-
Total governmental activities	<u>6,231,599</u>	<u>6,827,020</u>	<u>5,174,686</u>	<u>3,886,357</u>	<u>2,572,537</u>
Business-type activities:					
Miscellaneous income	-	(7,582)	21,870	25,401	-
Transfers	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>(7,582)</u>	<u>21,870</u>	<u>25,401</u>	<u>-</u>
Total charter school-wide	<u>\$ 6,231,599</u>	<u>\$ 6,819,438</u>	<u>\$ 5,196,556</u>	<u>\$ 3,911,758</u>	<u>\$ 2,572,537</u>
Change in Net Assets					
Governmental activities	\$ 1,004,491	552,406	\$ 391,894	\$ 141,973	\$ 173,960
Business-type activities	3,649	(12,423)	(1,790)	13,460	22,543
Total charter school-wide	<u>\$ 1,008,140</u>	<u>539,983</u>	<u>\$ 390,104</u>	<u>\$ 155,433</u>	<u>\$ 196,503</u>

Notes

The Exhibit J-2 should contain information for the last 10 years. The Charter School is not required by GASB to report years prior to the implementation date of GASB 44. However, the Charter School opted to retroactively implement the requirement of GASB 44 to fiscal year 2004, the year GASB 34 was implemented.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

FUND BALANCES - GOVERNMENTAL FUNDS

Last Five Fiscal Years

(Modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2010	2009	2008	2007	2006
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,990,960	1,007,581	395,460	55,110	51,359
Total general fund	<u>\$1,990,960</u>	<u>\$ 192,782</u>	<u>\$ 192,782</u>	<u>\$ 55,110</u>	<u>\$ 51,359</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>

Notes

The Exhibit J-3 should contain information for the last 10 years. The Charter School is not required by GASB to report years prior to the implementation date of GASB 44. However, the Charter School opted to retroactively implement the requirement of GASB 44 to fiscal year 2004, the year GASB 34 was implemented.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Five Fiscal Years
(Unaudited)**

Function	2010	2009	2008	2007	2006
Revenues					
Local Sources:					
Local tax levy	\$ 305,970	\$ 252,130	\$ 655,270	\$ 435,618	\$ 228,519
Miscellaneous	22,100	109,626	26,340	36,047	22,388
State sources	6,123,120	6,030,989	4,266,467	3,284,875	2,201,311
Federal sources	880,630	434,275	395,080	207,945	195,778
Total Revenues	<u>7,331,820</u>	<u>6,827,020</u>	<u>5,343,157</u>	<u>3,964,485</u>	<u>2,647,996</u>
Expenditures:					
Instruction	2,871,680	2,516,260	2,039,952	1,496,316	1,004,198
Administration	1,703,239	1,742,958	1,129,340	1,108,690	525,511
Support Services	1,654,973	1,550,517	1,745,353	1,243,193	930,630
Capital Outlay	118,549	405,164	88,163	112,534	136,298
Total Expenditures	<u>6,348,441</u>	<u>6,214,899</u>	<u>5,002,808</u>	<u>3,960,733</u>	<u>2,596,637</u>
Excess (Deficiency) of Revenues Over Expenditures	983,379	612,121	340,349	3,752	51,359
Net change in fund balances	<u>\$ 983,379</u>	<u>\$ 612,121</u>	<u>\$ 340,349</u>	<u>\$ 3,752</u>	<u>\$ 51,359</u>

Source: Charter school's records.

Notes

The Exhibit J-4 should contain information for the last 10 years. The Charter School is not required by GASB to report years prior to the implementation date of GASB 44. However, the Charter School opted to retroactively implement the requirement of GASB 44 to fiscal year 2004, the year GASB 34 was implemented.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

GENERAL FUND-OTHER LOCAL REVENUE BY SOURCE

Last Five Fiscal Years

(accrual basis of accounting)

Fiscal Year Ending June 30,	Donations	Miscellaneous Revenue	Annual Total
2010	\$ -	\$ 11,133	\$ 11,133
2009	-	-	-
2008	-	26,340	26,340
2007	-	36,047	36,047
2006	-	22,388	22,388

Source: Charter School Records and Prior Audit Reports

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

**RATIOS OF OUTSTANDING DEBT BY TYPE
Last Five Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities				Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^{b ***}	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2007	-	-	-	-	-	-	0.00%	-
2008	-	-	-	-	-	-	0.00%	-
2009	-	-	-	-	-	-	0.00%	-
2010	-	-	-	-	-	-	0.00%	-

Note: The Charter School had no outstanding debt as of the end of the fiscal years ended June 30, 2006, 2007, 2008, 2009 and 2010.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

**DEMOGRAPHICS AND ECONOMIC STATISTICS
Last Five Fiscal Years**

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Average Unemployment Rate ^d</u>
2006	80,010	\$ 2,754,104,220	\$ 34,422	10.1%
2007	80,010	\$ 2,754,104,220	34,422	10.1%
2008	80,010	\$ 2,754,104,220	34,422	10.1%
2009	78,790	\$ 1,761,271,660	22,354	10.1%
2010	79,904	\$ 1,786,174,016	22,354	10.1%

Source: (Camden City Information)

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

**PRINCIPAL EMPLOYERS
Current Year**

Employer (By Industry Type, Camden City)	No. of Establishments	Employees	2010	
			Rank [Optional]	Percentage of Total Municipal Employment
Administrative, Support, Waste Management and Remediation Services: Solid Waste Collection	1	100-249:1	1	N/A
Health Care and Social Assistance: Specialty Hospitals	1	100-249:1	2	N/A
Other Services: Industrial Launderers	1	100-249:1	3	N/A
Other Services: Linen Supply	1	100-249:1	4	N/A
Wholesale Trade: Recyclable Material Merchant Wholesalers	4	50 to 99:1, 20-49:1,5- 9:1,1-4:1	5	N/A
Health Care and Social Assistance: Child Day Care Services	5	20-49:2, 10- 19:2,5-9:1	6	N/A
Wholesale Trade: Lumber, Plywood, Millwork and Wood Panel Merchant Wholesalers	2	50-99:1,1- 4:1	7	N/A

Source: Web Site: <http://www.city-data.com/us-cities/The-Northeast/Jersey-City-Economy.html>

N/A - Not Available

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

**FULL-TIME EQUIVALENT CHARTER SCHOOL EMPLOYEES BY FUNCTION/PROGRAM
Last Four Fiscal Years**

<u>Function/Program</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Instruction	66	58	54	35
Administrative	8	15	12	7
Support Services	32	12	15	8
Food Services	3	4	4	1
Total	<u>109</u>	<u>89</u>	<u>85</u>	<u>51</u>

Source: Charter School's personnel records

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

OPERATING STATISTICS

**Last Five Fiscal Years
(Unaudited)**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2010	512	\$ 6,348,441	12,399	12.88%	66	473	450	120.14%	95.00%
2009	492	5,404,571	10,985	-1.22%	58	492	459	13.36%	93.29%
2008	434	4,826,482	11,121	-2.36%	54	434	417	32.32%	96.08%
2007	328	3,735,665	11,389	-34.45%	35	328	311	52.56%	94.82%
2006	215	3,735,665	17,375	0.00%	22	215	199	0.00%	92.56%

Source: Charter School's Records

Note: Enrollment based on annual October Charter School count.

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

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

**SCHOOL BUILDING INFORMATION
Last Five Fiscal Years**

	2010	2009	2008	2007	2006
<u>Elementary</u>					
Backman Elementary (1982)					
Square Feet	51,693	51,686	51,686	34,428	21,838
Capacity (students)	618	618	618	330	220
Enrollment	512	492	434	328	215

Source: Charter School's Records

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

**SCHEDULE OF REQUIRED MAINTENANCE
EXPENDITURES BY SCHOOL FACILITY
Last Five Fiscal Years**

**UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES**

2006	\$	-
2007		- NONE
2008		-
2009		-
2010		-
Total	\$	-

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Charter School's Records

D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)

INSURANCE SCHEDULE

JUNE 30, 2010

COVERAGE	LIMITS
Property Insurance	
Blanket Real and Personal Property	\$300,000,000 per occurrence
Blanket Extra Expense	\$50,000,000
Blanket Valuable Papers and Records	\$10,000,000
Demolition and Increased Cost of Construction	\$10,000,000 per occurrence
Fire Department Service Charge	\$10,000
Arson Reward	\$10,000
Pollutant Cleanup and Removal	\$250,000
Sublimits: Flood Zones Prefix A&V	\$10,000,000 per occurrence
	\$10,000,000 NJSBAIG annual aggregate
All Other Flood Zones	\$50,000,000 per occurrence/NJSBAIG annual aggregate
Earthquake	\$50,000,000 per occurrence
	\$50,000,000 NJSBAIG annual aggregate
Terrorism	\$ 1,000,000 per occurrence
	\$ 1,000,000 NJSBAIG annual aggregate
Deductibles:	
Real & Personal	\$1,000 per occurrence
Extra Expense	\$1,000 per occurrence
Valuable Papers	\$1,000 per occurrence
Flood Deductibles:	\$500,000 per building
	\$500,000 per building contents
	\$10,000 per member/per occurrence
	subject to a maximum retained deductible of \$1,000,000 to NJSBAIG
Electronic Data Processing	
Blanket Hardware/Software	\$150,000 per occurrence
Coverage Extensions:	
Transit	\$25,000
Loss of Income	\$10,000
Terrorism	Included in property
Deductible	\$1,000 per occurrence
Flood	\$1,000,000 per occurrence
Flood Deductibles	\$500,000 per building contents
	\$10,000 per member/per occurrence
	subject to a maximum retained deductible of \$1,000,000 to NJSBAIG
Boiler & Machinery	
Combined Single Limit per Accident for PD & Business: \$	100,000,000
Sublimits:	
Property damage	Included
Off Premises Property Damage	\$ 100,000
Business Income	Included
Extra Expenses	\$ 10,000,000
Service Interruptions	\$ 10,000,000
Perishable Goods	\$ 500,000
Data Restoration	\$ 100,000
Contingent Business Income	\$ 100,000
Demolition	\$ 1,000,000
Ordinance or Law	\$ 1,000,000

continued

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

INSURANCE SCHEDULE

JUNE 30, 2010

<u>COVERAGE</u>	<u>LIMITS</u>
Expediting Expenses	\$ 500,000
Hazardous Substances	\$ 500,000
Newly Acquired Locations (60 days notice)	\$ 250,000
Terrorism	\$ 1,000,000 per occurrence
	\$ 1,000,000 NJSBAIG annual aggregate
Deductibles:	\$1,000 per accident for PD
	12 hours per accident for Business Interruption/Extra Expense
	Interruption of Service Waiting Period 24 Hours
Crime	
Public Employee Dishonesty with Faithful Performance	\$50,000 \$500 deductible
Theft, Disappearance and Destruction - Loss of Money	\$25,000 \$500 deductible
Securities On or Off Premises	
Theft, Disappearance and Destruction - Loss of Money	\$25,000 \$500 deductible
Counterfeit Paper Currency	
Forgery or Alteration	\$25,000 \$500 deductible
Computer Fraud	\$25,000 \$500 deductible
Public Officials Bond:	
Board Treasurer	\$131,000 \$1,000 deductible
Board Secretary/Business Administrator	\$131,000 \$1,000 deductible
Comprehensive General Liability	
Bodily Injury and Property Damage	\$6,000,000 Combined Single Limit for BI & PD
Bodily Injury from Products and Completed Operations	\$6,000,000 annual aggregate
Sexual Abuse	\$6,000,000 per occurrence
	\$17,000,000 annual pool aggregate
Personal Injury and Advertising Injury	\$6,000,000 per occurrence/annual aggregate
Employee Benefits Liability	\$6,000,000 per claim/annual aggregate
Premises Medical Payments	\$10,000 each accident
Terrorism	\$1,000,000 per occurrence/annual NJSBAIG aggregate
Automobile	
Any Auto - Combined Single Limit for BI & PD	\$6,000,000 per accident
School Leaders Errors & Omissions Liability	
Coverage A - Limit	\$6,000,000 each policy period
Coverage B - Limit	\$100,000 each claim
	\$300,000 each policy period

Source: Charter school's record.

SINGLE AUDIT SECTION

Leonora Galleros, cpa

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EXHIBIT K-1

INDEPENDENT AUDITOR'S 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 President and
Members of the Board of Trustees
D.U.E. Season Charter School
County of Camden, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the D.U.E. Season Charter School Board of Trustees (the Charter School), in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Charter School's basic financial statements as listed in the table of contents, and have issued our report thereon, dated December 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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 – CONTINUED

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

However, we noted certain matters involving internal control that we have reported to the Board of Trustees of the Charter School in a separate *Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* dated December 3, 2010.

Compliance and Other Matters

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

However, we noted certain matters that we have reported to the Board of Trustees of the Charter School in the separate *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, dated December 3, 2010.

This report is intended for the information and use of management, 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 those specified parties.



Leonora Galleros, CPA
Licensed Public School Accountant
No. 20CS00239400

December 3, 2010

Leonora Galleros, cpa

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EXHIBIT K-2

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

The Honorable President and
Members of the Board of Trustees
D.U.E. Season Charter School
Camden County, New Jersey

Compliance

We have audited the compliance of the Board of Trustees of the D.U.E. Season Charter School (the Charter School) in the County of Camden, State of New Jersey, with the types of compliance requirements described in the *New Jersey State Aid Grant Compliance Supplement* that are applicable to each of its major state programs for the fiscal year ended June 30, 2010. The Charter School Board of Trustees 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 Charter School Board of Trustees management. Our responsibility is to express an opinion on the Charter School Board of Trustees compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the OMB A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Charter School Board of Trustee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04 – CONTINUED

In our opinion, the Charter School Board of Trustees, in the County of Camden, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, and which is described in accompanying schedule of findings and questioned costs as item 10-01.

Internal Control Over Compliance

The management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Charter School Board of Trustees' 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 our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, we do not express an opinion on the effectiveness of Charter School Board of Trustees' internal control over compliance.

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal or state program on the timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or major program will not be prevented, or detected and corrected, on a timely basis.

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

The Management's response to the finding identified in our audit as described in the accompanying schedule of findings and questioned costs has not been subjected to the auditing procedures applied in the audit of the Charter School Board of Trustees' financial statements and, accordingly, we express no opinion on them.

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04 – CONTINUED

This report is intended for the information of the audit committee, management, the 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.



Leonora Galleros, CPA
Licensed Public School Accountant
No. 20CS00239400

December 3, 2010

D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2010

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA No.	Grant No.	Grant Period	Award Amount	Balance at June 30, 2009			Carryover Walkover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' (Accounts Receivable) at			Deferred Revenue at June 30, 2010	Due to Grantor at June 30, 2010
					Deferred Revenue (Accounts Receivable)	Due to Grantor	Adjustments				June 30, 2010	June 30, 2010	June 30, 2010		
U.S. Department of Education:															
Passed-through New Jersey State Department Education															
No Child Left Behind:															
Title I - FY 2009-2010	84.010		9/1/09-8/31/10	\$ 689,942	\$ -	\$ -	\$ -	\$ -	\$ (543,329)	\$ -	\$ (543,329)	\$ -	\$ -	\$ -	
Title 1-FY 2008-2009	84.010		9/1/08-8/31/09	394,597	(297,029)	-	-	311,468	(14,439)	-	-	-	-	-	
Title 1-SIA	84.010		9/1/08-8/31/09	22,999	(22,999)	-	-	22,999	-	-	-	-	-	-	
Title I - ARRA FY 2009-2010	84.389		7/1/09-8/31/11	166,517	-	-	-	-	(118,032)	-	(118,032)	-	-	-	
Title I - ARRA SIA	84.389		7/1/09-8/31/11	11,849	-	-	-	-	(11,849)	-	(11,849)	-	-	-	
Title II, Part A - FY 2008-2009	84.367		9/1/08-8/31/09	15,968	(13,489)	-	-	13,489	-	-	-	-	-	-	
Title II, Part D - FY 2009-2010	84.318		9/1/09-8/31/10	6,388	-	-	-	-	(4,600)	-	(4,600)	-	-	-	
Title II, Part D - FY 2008-2009	84.318		9/1/08-8/31/09	3,106	(808)	-	-	3,106	(2,298)	-	-	-	-	-	
Title IV - FY 2009-2010	84.186		9/1/09-8/31/10	8,379	-	-	-	-	(3,379)	-	(3,379)	-	-	-	
Title IV - FY 2008-2009	84.186		9/1/08-8/31/09	3,105	-	-	-	3,105	(3,105)	-	-	-	-	-	
IDEA - FY 2009-2010	84.027		9/1/09-8/31/10	102,778	-	-	-	-	(102,778)	-	(102,778)	-	-	-	
IDEA - FY 2008-2009	84.027		9/1/08-8/31/09	90,939	(90,939)	-	-	90,939	-	-	-	-	-	-	
IDEA - ARRA FY 2009-2010	84.391		7/1/09-8/31/11	76,821	-	-	-	-	(76,821)	-	(76,821)	-	-	-	
Total U.S. Department of Education				<u>1,593,388</u>	<u>(425,264)</u>	<u>-</u>	<u>-</u>	<u>445,106</u>	<u>(880,630)</u>	<u>-</u>	<u>(860,788)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
U.S. Department of Agriculture															
Passed-through New Jersey State Department of Agriculture															
National School Lunch Program	10.555		7/1/09-6/30/10	160,877	-	-	-	109,705	(160,877)	-	(51,172)	-	-	-	
National School Lunch Program	10.555		7/1/08-6/30/09	177,521	(16,077)	-	-	16,077	-	-	-	-	-	-	
National School Breakfast Program	10.553		7/1/09-6/30/10	18,143	-	-	-	12,785	(18,143)	-	(5,358)	-	-	-	
Total U.S. Department of Agriculture				<u>\$ 356,541</u>	<u>(16,077)</u>	<u>-</u>	<u>-</u>	<u>138,567</u>	<u>(179,020)</u>	<u>-</u>	<u>(56,530)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total Expenditures of Federal Awards					\$ (441,341)	\$ -	\$ -	\$ -	\$ 583,673	\$ (1,059,650)	\$ -	\$ (917,318)	\$ -	\$ -	

See notes to schedules of expenditures of federal awards and state financial assistance.

D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)

EXHIBIT K-4
Schedule B

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009			Carryover Walkover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2010	Deferred Revenue at June 30, 2010	Due to Grantor at June 30, 2010
				Deferred Revenue (Accounts Receivable)	Due to Grantor	Adjustments							
New Jersey State Department of Education													
General Fund:													
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	\$ 5,623,012	\$ -	\$ -	\$ -	\$ -	\$ 5,800,527	\$ (5,623,012)	\$ -	\$ (69,967)	\$ -	\$ 247,482
Equalization Aid	09-495-034-5120-078	7/1/08-6/30/09	5,442,731	(114,068)	87,631	-	-	9,994	-	(87,631)	(104,074)	-	-
Special Education Categorical Aid	10-495-034-5120-089	7/1/09-6/30/10	98,075	-	-	-	-	98,075	(98,075)	-	-	-	-
TPAF-Social Security	10-495-034-5095-006	7/1/09-6/30/10	208,624	-	-	-	-	129,213	(208,624)	-	(79,411)	-	63,778
TPAF-Social Security	09-495-034-5095-006	7/1/08-6/30/09	158,389	(53,936)	-	-	-	45,572	-	-	(8,364)	-	-
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	193,409	-	-	-	-	193,409	(193,409)	-	-	-	-
Total General Fund			<u>11,724,240</u>	<u>(168,004)</u>	<u>87,631</u>	<u>-</u>	<u>-</u>	<u>6,276,790</u>	<u>(6,123,120)</u>	<u>(87,631)</u>	<u>(261,816)</u>	<u>-</u>	<u>311,260</u>
Special Revenue Fund:													
None			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Enterprise Fund:													
State School Lunch Program	10-100-010-3350-023	7/1/09-6/30/10	6,208	-	-	-	-	4,248	(6,208)	-	(1,960)	-	-
State School Lunch Program	09-100-010-3350-023	7/1/08-6/30/09	7,764	(708)	-	-	-	708	-	-	-	-	-
State School Breakfast Program	10-100-034-3350-021	7/1/09-6/30/10	1,113	-	-	-	-	791	(1,113)	-	(322)	-	-
Total Enterprise Fund			<u>\$ 15,085</u>	<u>(708)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,747</u>	<u>(7,321)</u>	<u>-</u>	<u>(2,282)</u>	<u>-</u>	<u>-</u>
Total Expenditures of State Financial Assistance				<u>\$ (168,712)</u>	<u>\$ 87,631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,282,537</u>	<u>\$ (6,130,441)</u>	<u>\$ (87,631)</u>	<u>\$ (264,098)</u>	<u>\$ -</u>	<u>\$ 311,260</u>

See notes to schedules of expenditures of federal awards and state financial assistance

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE

JUNE 30, 2010

NOTE 1. GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the D.U.E. Season Charter School. The Charter School is defined in Note 1(A) to the Charter School's basic financial statements. All federal awards received directly from federal agencies, as well as state financial assistance passed through other government agencies is included on the schedule of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of those recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Letter Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE - CONTINUED**

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS – Continued

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 accounting 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 is \$0 for the general fund and \$0 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 6,123,120	\$ 6,123,120
Special Revenue Fund	880,630	-	880,630
Enterprise Fund	179,020	7,321	186,341
Total	<u>\$ 1,059,650</u>	<u>\$ 6,130,441</u>	<u>\$ 7,190,091</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statement Section

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness (es) identified?

_____ Yes None reported

Significant deficiency (ies) identified not considered to be material weaknesses?

_____ Yes No

Noncompliance material to financial statements noted?

_____ Yes No

Federal Awards

Dollar threshold used to determine Type A and B program

\$300,000

Internal control over compliance:

Material weakness(es) identified?

_____ Yes No

Significant deficiency(ies) identified not considered to be material weakness(es)? reported

_____ Yes No

Type of auditor's report on compliance for major programs:

Unqualified

Auditee qualified as low-risk auditee?

_____ Yes No

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (Section .510(a))

Yes No

Identification of Major Programs:

<u>CFDA No.</u>	<u>Name of Federal Program</u>
84.010	<i>Title I Cluster</i> Title I Cluster Grants to Local Educational Agencies
84.389	ARRA – Title I Grants to Local Educational Agencies, Recovery Act

SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED

SECTION I - SUMMARY OF AUDITOR'S RESULTS - CONTINUED

State Financial Assistance

Dollar threshold used to determine Type A and B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

Type of auditor's report on compliance for major programs: Unqualified

Internal control over compliance:

Material weakness (es) identified? Yes No

Significant deficiency (ies) identified not considered to be material weakness (es)? Yes No

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? Yes No

Identification of Major Programs:

<u>State or Project No.</u>	<u>Name of State Program</u>
10-495-034-5120-078	Equalization Aid

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

EXHIBIT K-6

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION II – FINANCIAL STATEMENT FINDINGS

- NONE -

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

**SECTION III FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS
AND QUESTIONED COSTS**

Finding 10-01 SF-SAC Data Collection Form Submission

Criteria

The US OMB Circular A-133 §___. 320(b) requires auditees to submit a completed Data Collection Form (SF-SAC), along with a reporting package to the Federal clearinghouse designated by the OMB (currently the U.S. Bureau of the Census), within the earlier of 30 days after the receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

Condition

In our review of reports submitted as required under the Single Audit Act and OMB Circular A-133, we noted that the Charter School did not submit its 2009 SF-SAC Data Collection form via on-line to the Federal Clearinghouse. This report was due within 30 days upon report issuance but no later than March 31, 2010.

Cause

The submission requirement was not initiated or communicated by the external auditors to the Charter School's authorized representative.

Effect

Non-compliance with Federal requirements to submit a Data Collection Form for its federal awards in accordance with the Single Audit Act and OMB Circular A-133.

Recommendation

We recommend that the Charter School comply with the reporting requirements of its federal programs.

Management's Response

We will track all reporting requirements and will work with the accountants to be in compliance.

**D.U.E. SEASON CHARTER SCHOOL
(COUNTY OF CAMDEN)**

EXHIBIT K-7

**SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS AS
PREPARED BY MANAGEMENT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

- NONE -