

HOPE ACADEMY CHARTER SCHOOL

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2010

HOPE ACADEMY CHARTER SCHOOL

***Hope Academy Charter School
Board of Trustees
Asbury Park, New Jersey***

***Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2010***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Prepared by
Hope Academy Charter School
Finance Department**

**And
Barre & Company, CPAs**

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**HOPE ACADEMY CHARTER SCHOOL
TABLE OF CONTENTS**

	Page
INTRODUCTORY SECTION	1
Letter of Transmittal.....	2
Organizational Chart.....	7
Roster of Officials	8
Consultants and Advisors	9
FINANCIAL SECTION	10
Independent Auditor’s Report	11
REQUIRED SUPPLEMENTARY INFORMATION – PART I.....	13
Management’s Discussion and Analysis.....	14
BASIC FINANCIAL STATEMENTS.....	21
SECTION A – CHARTER SCHOOL–WIDE FINANCIAL STATEMENTS.....	22
A-1 Statement of Net Assets.....	23
A-2 Statement of Activities.....	24
SECTION B – FUND FINANCIAL STATEMENTS	25
GOVERNMENTAL FUNDS.....	26
B-1 Combining Balance Sheet.....	27
B-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	28
B-3 Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	29
PROPRIETARY FUNDS	30
B-4 Statement of Fund Net Assets	31
B-5 Statement of Revenues, Expenses, and Changes in Net Assets.....	32
B-6 Statement of Cash Flows	33
FIDUCIARY FUNDS.....	34
B-7 Statement of Fiduciary Net Assets.....	35
B-8 Statement of Changes in Fiduciary Net Assets.....	N/A
NOTES TO BASIC FINANCIAL STATEMENTS	36

**HOPE ACADEMY CHARTER SCHOOL
TABLE OF CONTENTS**

Page

FINANCIAL SECTION (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION – PART II	59
SECTION C – BUDGETARY COMPARISON SCHEDULES	60
C-1 Budgetary Comparison Schedule – General Fund	61
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-1b American Recovery and Reinvestment Act - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	63
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	64
C-3 Budget-To-GAAP Reconciliation.....	65
OTHER SUPPLEMENTARY INFORMATION	66
SECTION D – ABBOTT SCHEDULES	N/A
D-1 Combining Balance Sheet.....	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual.....	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual.....	N/A
SECTION E – SPECIAL REVENUE FUND	67
E-1 Combining Schedule of Revenues and Expenditures – Budgetary Basis	68
SECTION F – CAPITAL PROJECTS FUND	N/A
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis.....	N/A
SECTION G – PROPRIETARY FUND	70
ENTERPRISE FUND	N/A
G-1 Combining Statement of Net Assets	N/A
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	N/A
G-3 Combining Statement of Cash Flows.....	N/A

**HOPE ACADEMY CHARTER SCHOOL
TABLE OF CONTENTS**

Page

FINANCIAL SECTION (CONTINUED)

INTERNAL SERVICE FUND..... N/A

G-4	Combining Statement of Net Assets	N/A
G-5	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	N/A
G-6	Combining Statement of Cash Flows.....	N/A

SECTION H – FIDUCIARY FUNDS 71

H-1	Combining Statement of Fiduciary Net Assets.....	72
H-2	Combining Statement of Changes in Fiduciary Net Assets.....	N/A
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements.....	73
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements.....	74

SECTION I – LONG-TERM DEBT..... N/A

I-1	Schedule of Mortgage Obligations.....	N/A
I-2	Schedule of Obligations under Capital Leases.....	N/A
I-3	Debt Service Fund - Budgetary Comparison Schedule	N/A

STATISTICAL SECTION (UNAUDITED)..... 75

INTRODUCTION TO THE STATISTICAL SECTION 76

FINANCIAL TRENDS 77

J-1	Net Assets by Component.....	78
J-2	Changes in Net Assets.....	79
J-3	Fund Balances – Governmental Funds.....	80
J-4	Changes in Fund Balances – Governmental Funds	81
J-5	General Fund Other Local Revenue by Source (NJ)	82

REVENUE CAPACITY N/A

J-6	Assessed Value and Estimated Actual Value of Taxable Property	N/A
J-7	Direct and Overlapping Property Tax Rates	N/A
J-8	Principal Property Taxpayers*.....	N/A
J-9	Property Tax Levies and Collections	N/A

**HOPE ACADEMY CHARTER SCHOOL
TABLE OF CONTENTS**

Page

STATISTICAL SECTION (CONTINUED)

DEBT CAPACITY N/A

J-10	Ratios of Outstanding Debt by Type.....	N/A
J-11	Ratios of General Bonded Debt Outstanding.....	N/A
J-12	Direct and Overlapping Governmental Activities Debt.....	N/A
J-13	Legal Debt Margin Information.....	N/A

DEMOGRAPHIC AND ECONOMIC INFORMATION 83

J-14	Demographic and Economic Statistics.....	84
J-15	Principal Employers, Current and Nine Years Ago.....	85

OPERATING INFORMATION 86

J-16	Full-Time Equivalent Charter School Employees by Function/Program.....	87
J-17	Operating Statistics.....	88
J-18	School Building Information.....	89
J-19	Schedule of Allowable Maintenance Expenditures by School Facility.....	N/A
J-20	Insurance Schedule.....	90

*Private citizen should be listed as Individual Taxpayers 1, Individual Taxpayer 2, etc.

SINGLE AUDIT SECTION 91

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	92
K-2	Report on Compliance with Requirements Applicable To Each Major Program and On Internal Control over Compliance In Accordance With OMB Circular A-133 and New Jersey OMB Circular 04-04.....	94
K-3	Schedule of Expenditures of Federal Awards – Schedule A.....	97
K-4	Schedule of Expenditures of State Financial Assistance – Schedule B.....	98
K-5	Notes to the Schedules of Expenditures of Awards and Financial Assistance.....	99
K-6	Schedule of Findings and Questioned Costs.....	101
K-7	Summary Schedule of Prior Year Audit Findings and Questioned Costs.....	105

INTRODUCTORY SECTION

**HOPE ACADEMY CHARTER SCHOOL
601 GRAND AVENUE
ASBURY PARK, NEW JERSEY 07712
(732) 988-4227**

September 15, 2010

Honorable President and
Members of the Board of Trustees
Hope Academy Charter School
601 Grand Avenue
Asbury Park, New Jersey 07712

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Hope Academy Charter School (Charter School) for the fiscal year ended June 30, 2010. This CAFR includes the Charter School's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34.

The Charter School has elected to adopt this new financial reporting model which we believe will provide all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (Board).

To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Charter School. This report will provide the taxpayers of the Hope Academy Charter School with comprehensive financial data in a format enabling them to gain an understanding of the Charter School's financial affairs.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;

- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;
- The Single Audit Section — The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget (OMB) Circular A-133, “*Audits of States, Local Governments and Non-Profit Organizations*”, and the New Jersey State Office of Management and Budget (OMB) Circular 04-04, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*”. Information related to this single audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

Charter School Organization

An elected five-member Board of Trustees (the “Board”) serves as the policy maker for the Charter School. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of Charter School tax money.

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

1. REPORTING ENTITY AND ITS SERVICES: Hope Academy Charter School is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the Charter School are included in this report. The Charter School’s Board of Trustees, constitutes the Charter School’s reporting entity.

The Hope Academy Charter School provides a full range of educational services appropriate to grade levels Kindergarten through Grade 8. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2009-2010 school year with an enrollment of 177 students. The following details the student enrollment of the Charter School:

REPORTING ENTITY AND ITS SERVICES (CONTINUED):

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2009-2010	177	31%
2008-2009	135	2%
2007-2008	135	0%
2006-2007	133	13%
2005-2006	134	14%
2004-2005	134	17%

2. ECONOMIC CONDITION AND OUTLOOK: Asbury Park continues to experience a period of development and expansion that is expected to continue through the Twenty-First Century. The increasing number of businesses within the community results in an increase in the employment level which results in an increased tax base, both residential and industrial. This expansion is expected to continue which suggests Asbury Park will continue to prosper.

3. INTERNAL ACCOUNTING CONTROLS: Management of the Board of Trustees is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure 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 also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by the Charter School management.

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

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 voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

6. CASH MANAGEMENT: The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Financial Statement" Note 3. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

7. RISK MANAGEMENT: The Charter School carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive collision, hazard and theft insurance on property and contents.

8. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, CPA's, was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the Single Audit Act Amendment of 1996 and the related OMB Circular A-133, "*Audits of State, Local Governments and Non-Profits Organizations*" and New Jersey Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports, related specifically to the single audit, are included in the single audit section of this report.

9. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Hope Academy Charter School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our staff.

Respectfully submitted,

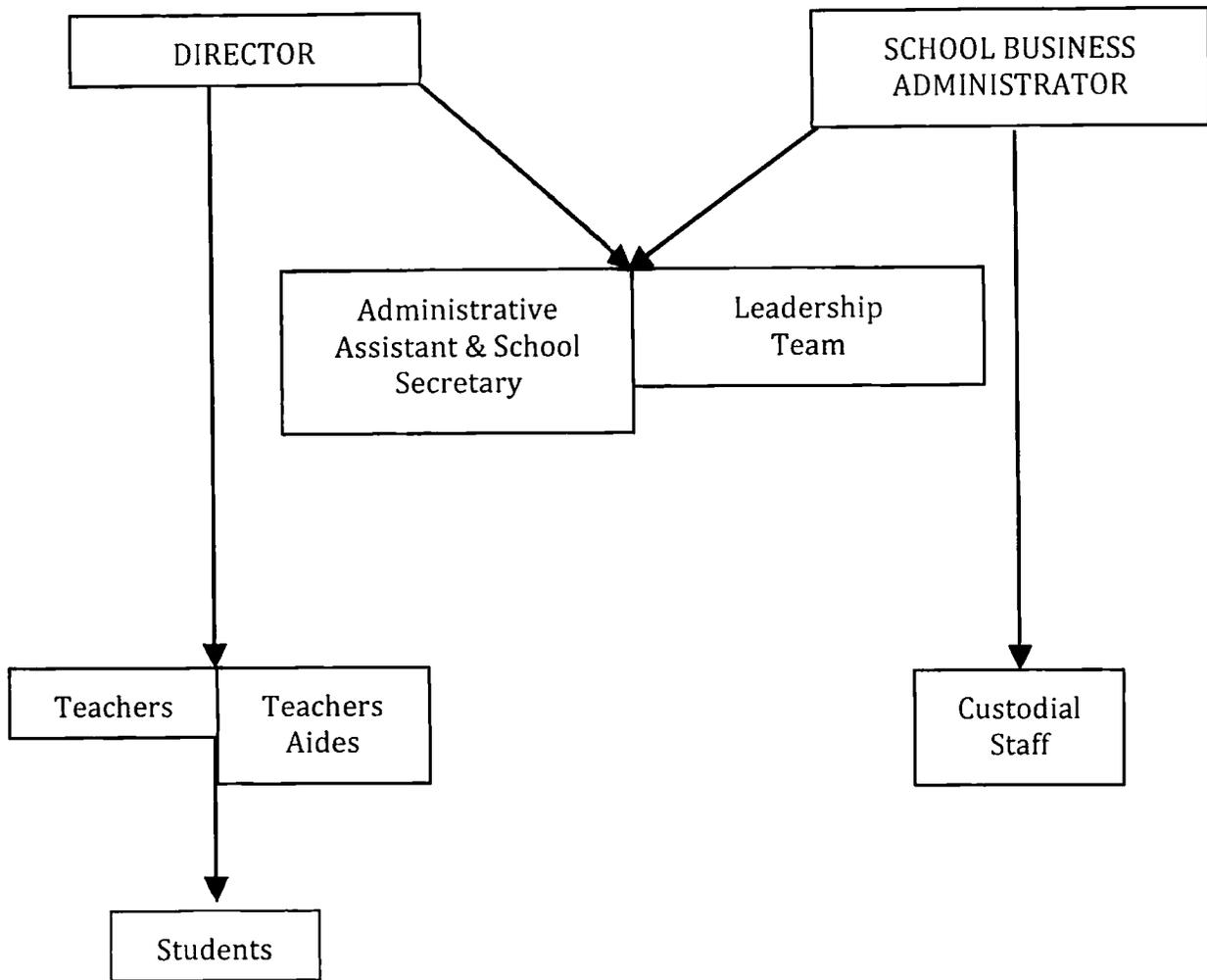


Alexis Harris
Director



Georgette Regnault
Business Administrator/Board Secretary

**HOPE ACADEMY CHARTER SCHOOL
ORGANIZATIONAL CHART**



**HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2010**

<u>MEMBERS OF THE BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>
David Christopher, President	June 2011
Charles Harris, Vice President	May 2012
Christine Bacon, Parent & Community Representative	May 2012
Claudia Morgan, Parent & Community Representative	June 2012
Frankie Winrow, Parent & Community Representative	April 2013

OTHER OFFICIALS

Georgette Regnault, Board Secretary/Business Administrator

Alexis Harris, Director

**HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

Barre & Company
Certified Public Accountants
2204 Morris Avenue
Union, New Jersey 07083

Attorney

David M. Shotwell, Jr.
Attorney at Law
108 Main Avenue
PO Box 8
Ocean Grove, New Jersey 07756

Official Depository

TD Bank
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Neptune, New Jersey 07753

FINANCIAL SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 303

Union, New Jersey 07083

908.686.3484

FAX - 908.686.6055

Independent Auditor's Report

Honorable President
Members of the Board of Trustees
Hope Academy Charter School
601 Grand Avenue
Asbury Park, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Board of Trustees of the Hope Academy Charter School, in the County of Monmouth, 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 Hope Academy Charter School Board of Trustee's 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and audit requirements as prescribed by the 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 Hope Academy Charter School Board of Trustees, in the County of Monmouth, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2010 on our consideration of the Hope Academy Charter School

Board of Trustee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Information on pages 14 and 62 respectively 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 applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's

September 15, 2010

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED**

The discussion and analysis of Hope Academy Charter School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 — *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2009-2010) and the prior year (2008-2009) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2010 are as follows:

- ❖ General revenues accounted for \$3,131,700 in revenue or 97% percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$107,009 or 3% percent of total revenues of \$3,238,709.
- ❖ The Charter School had \$2,960,499 in expenses; only \$107,009 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$3,131,700 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$2,552,705 in revenues and \$2,256,600 in expenditures. The General Fund's fund balance increased \$296,105 from 2009. This increase was anticipated by the Board of Trustees.

**HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(CONTINUED)**

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Hope Academy Charter School as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole Charter School, presenting both an aggregate view of the Charter School's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in one column. In the case of Hope Academy Charter School, the General Fund is by far the most significant fund.

Reporting the Charter School as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2010?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Statement of Net Assets and the Statement of Activities

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

**HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(CONTINUED)**

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

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

- ❖ **Governmental Activities** — All of the Charter School's programs and services are reported here including instruction, administration, support services and capital outlay.
- ❖ **Business-Type Activities** — These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

**HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(CONTINUED)**

Enterprise Fund

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 36 of this report.

The Charter School as a Whole

Recall that the *Statement of Net Assets* provides the perspective of the Charter School as a whole. Net assets may serve over time as a useful indicator of a government's financial position.

The Charter School's financial position is the product of several financial transactions including the net results of activities.

The Charter School's combined net assets were \$795,499 for 2010 and \$517,289 for 2009.

Governmental Activities

The Charter School's total revenues were \$3,151,108 for 2010 and \$2,234,797 for 2009, this includes \$90,913 for 2010 and \$86,760 for 2009 of state reimbursed TPAF social security contributions.

The total cost of all program and services was \$2,874,022 for 2010 and \$2,196,152 for 2009. Instruction comprises 59% for 2010 and 56% for 2009 of Charter School expenditures.

**HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(CONTINUED)**

Business-Type Activities

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

- ❖ Food service revenues exceeded expenditures by \$1,124 for 2010 and expenditures exceeded revenues by 2,663 for 2009.
- ❖ Charges for services represent \$7,027 for 2010 and \$6,352 for 2009 of revenue. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast, and state snack program were \$80,505 for 2010 and \$56,073 for 2009.

Governmental Activities

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

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

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

Capital Outlay represents school equipment purchased under the \$2,000 threshold.

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$3,151,108 for 2010 and \$2,234,797 for 2009 and expenditures were \$2,855,003 for 2010 and \$2,177,133 for 2009. The net change in fund balance was most significant in the general fund, an increase of \$296,105 for 2010 and a increase of \$57,664 for 2009.

**HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

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 schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2010, and the amount and percentage of increases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2009	Percent of Increase/ (Decrease)
Local Sources	\$ 505,362	16.04%	\$ 174,242	52.62%
State Sources	2,047,343	64.97%	344,624	20.24%
Federal Sources	598,403	18.99%	397,445	197.78%
Total	<u>\$ 3,151,108</u>	<u>100.00%</u>	<u>\$ 916,311</u>	

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2010, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2009	Percent of Increase/ (Decrease)
Instruction	\$ 1,315,608	46.08%	\$ 309,821	30.80%
Administration	737,094	25.82%	100,050	15.71%
Support Services	802,301	28.10%	267,999	50.16%
Total	<u>\$ 2,855,003</u>	<u>100.00%</u>	<u>\$ 677,870</u>	

Changes in expenditures were the results of varying factors. Current expense increased due to salary increases, additional staff and students, and increased health benefits and utility costs.

**HOPE ACADEMY CHARTER SCHOOL
ASBURY PARK, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(CONTINUED)**

General Fund Budgeting Highlights

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

Over the course of the year, the Charter School revised the annual operating budget in accordance with state regulations. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

Capital Assets

At the end of the fiscal year 2010, the Charter School had \$275,785 (net of depreciation) invested in building improvements and \$294,804 for 2009.

For the Future

The Hope Academy Charter School is in good financial condition presently. The Charter School is proud of its community support. A major concern is the continued enrollment growth of the Charter School with the increased reliance on federal and state funding.

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

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mrs. Georgette Regnault, School Business Administrator/Board Secretary at Hope Academy Charter School, 601 Grand Avenue, Asbury Park, New Jersey 07712.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL–WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the Charter School. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Charter School.

HOPE ACADEMY CHARTER SCHOOL
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 311,709	\$ 30,820	\$ 342,529
Interfund Receivables	178,374		178,374
Receivables	211,719	5,175	216,894
Prepaid Expenses	28,667		28,667
Capital Assets, Net	275,785		275,785
Total Assets	1,006,254	35,995	1,042,249
LIABILITIES:			
Interfund Payable	157,690	17,254	174,944
Payable to State Government	69,696		69,696
Accounts Payable	14,350		14,350
Deferred Revenue	(12,240)		(12,240)
Total Liabilities	229,496	17,254	246,750
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	275,785		275,785
Unrestricted	500,973	18,741	519,714
Total Net Assets	\$ 776,758	\$ 18,741	\$ 795,499

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

HOPE ACADEMY CHARTER SCHOOL

Statement of Activities

For The Fiscal Year Ended June 30, 2010

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 1,409,938	\$ 278,147	\$ -	\$ 19,477	\$ -	\$ (1,668,608)	\$ -	\$ (1,668,608)
Administration	334,040	74,102				(408,142)		(408,142)
Support Services	707,971	50,805				(758,776)		(758,776)
Unallocated Depreciation	19,019					(19,019)		(19,019)
Total Governmental Activities	2,470,968	403,054	-	19,477	-	(2,854,545)	-	(2,854,545)
BUSINESS-TYPE ACTIVITIES:								
Food Service	86,477		7,027	80,505			1,055	1,055
Total Business-Type Activities	86,477		7,027	80,505			1,055	1,055
Total Primary Government	\$ 2,557,445		\$ 7,027	\$ 99,982	\$ -	\$ (2,854,545)	\$ 1,055	\$ (2,853,490)
GENERAL REVENUES								
General Purposes						\$ 462,972	\$ -	\$ 462,972
Federal and State Aid Not Restricted						2,626,269		2,626,269
Investment Earnings							69	69
Miscellaneous Income						42,390		42,390
Total General Revenues						3,131,631	69	3,131,700
Change in Net Assets						277,086	1,124	278,210
Net Assets - Beginning						499,672	17,617	517,289
Net Assets - Ending						\$ 776,758	\$ 18,741	\$ 795,499

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

SECTION B – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

HOPE ACADEMY CHARTER SCHOOL
 Governmental Funds
 Combining Balance Sheet
 June 30, 2010

	General Fund	Special Revenue Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 311,709	\$ -	\$ 311,709
Interfund Receivables	178,374		178,374
Receivables From Other Governments	4,479		4,479
Tax Levy Receivable	50,180	157,060	207,240
Prepaid Expenses	16,667		16,667
Other Assets	12,000		12,000
	573,409	157,060	730,469
Total Current Assets			
Total Assets	\$ 573,409	\$ 157,060	\$ 730,469
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfund Payables	\$ -	\$ 157,690	\$ 157,690
Payable to State Government	69,696		69,696
Accounts Payable	2,740	11,610	14,350
	72,436	157,060	229,496
Total Liabilities			
Fund Balances:			
Unreserved:			
General Fund	500,973		500,973
	500,973	-	500,973
Total Fund Balances			
Total Liabilities and Fund Balances	\$ 573,409	\$ 157,060	

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 governmental funds. The cost of the assets is \$380,390 and the accumulated depreciation is \$104,605.

275,785

Net Assets of Governmental Activities

\$ 776,758

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

HOPE ACADEMY CHARTER SCHOOL
 Governmental Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance
 For The Fiscal Year Ended June 30, 2010

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 462,972	\$ -	\$ 462,972
Miscellaneous	42,390		42,390
Total Local Sources	505,362	-	505,362
State Sources	2,047,343		2,047,343
Federal Sources		598,403	598,403
Total Revenues	2,552,705	598,403	3,151,108
EXPENDITURES:			
Instruction	938,728	376,880	1,315,608
Administration	737,094		737,094
Support Services	580,778	221,523	802,301
Total Expenditures	2,256,600	598,403	2,855,003
NET CHANGE IN FUND BALANCES	296,105	-	296,105
FUND BALANCE, JULY 1	204,868	-	204,868
FUND BALANCE, JUNE 30	<u>\$ 500,973</u>	<u>\$ -</u>	<u>\$ 500,973</u>

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

HOPE ACADEMY CHARTER SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For The Fiscal Year Ended June 30, 2010

Total net change in fund balances - governmental fund (from B-2)	\$ 296,105
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>	
<p>Capital outlays are reported in governmental funds as expenditures. However, on 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 exceeded capital outlays in the current fiscal year.</p>	
Depreciation Expense	(19,019)
Change in net assets of governmental activities	\$ 277,086

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

PROPRIETARY FUNDS

HOPE ACADEMY CHARTER SCHOOL
 Proprietary Fund
 Statement of Fund Net Assets
 June 30, 2010

	Business-Type Activities
	Food Service
ASSETS:	
Cash and Cash Equivalents	\$ 30,820
Federal	4,973
State	202
Total Assets	\$ 35,995
LIABILITIES AND NET ASSETS:	
Liabilities:	
Interfund Accounts Payable	\$ 17,254
Total Liabilities	17,254
Net Assets:	
Unrestricted	18,741
Total Net Assets	18,741
Total Liabilities and Net Assets	\$ 35,995

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

HOPE ACADEMY CHARTER SCHOOL
 Proprietary Fund
 Statement of Revenues, Expenses, and Changes in Net Assets
 For the Fiscal Year Ended June 30, 2010

	Business-Type Activities
	Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales Reimbursable Program	\$ 7,027
Total Operating Revenues	7,027
OPERATING EXPENSES:	
Cost of Sales	84,237
Supplies and Materials	2,240
Total Operating Expenses	86,477
OPERATING LOSS	(79,450)
NONOPERATING REVENUES:	
Interest Earned	69
State Source:	
State School Breakfast Program	445
State School Lunch Program	2,628
Federal Source:	
National School Breakfast Program	7,139
National School Lunch Program	67,629
National School Snack Program	424
ARRA National School Lunch Program Equipment	2,240
Total Nonoperating Revenues	80,574
CHANGE IN NET ASSETS	1,124
TOTAL NET ASSETS, JULY 1	17,617
TOTAL NET ASSETS, JUNE 30	\$ 18,741

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

HOPE ACADEMY CHARTER SCHOOL
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2010

	Business-Type Activities
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 7,855
Cash Payments to Suppliers and Employees	(86,477)
Net Cash Used In Operating Activities	(78,622)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received From State And Federal Reimbursements	78,265
ARRA Equipment Grant	2,240
Net Cash Provided By Noncapital Financing Activities	80,505
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Deposits and Investments	69
Net Cash Provided By Investing Activities	69
Net Decrease In Cash And Cash Equivalents	1,952
Cash And Cash Equivalents, Beginning Of Year	28,868
Cash And Cash Equivalents, End Of Year	\$ 30,820
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss Used in Operating Activities	\$ (79,450)
Change In Assets And Liabilities:	
Decrease In Intergovernmental Accounts Receivable	828
Net Cash Used In Operating Activities	\$ (78,622)

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

FIDUCIARY FUNDS

HOPE ACADEMY CHARTER SCHOOL
 Fiduciary Funds
 Statement of Fiduciary Net Assets
 June 30, 2010

	Agency Fund
ASSETS:	
Cash and Cash Equivalents	\$ 16,137
Total Assets	16,137
LIABILITIES:	
Interfund Accounts Payable	\$ 3,430
Payroll Deductions and Withholdings	11,520
Due to Student Groups	1,184
Total Liabilities	\$ 16,137

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

NOTES TO BASIC FINANCIAL STATEMENTS

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Hope Academy Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accounting standard-setting body responsible for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Charter School are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (Statement No. 34). This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal year ending 2002 (for larger governments). In addition, the Charter School has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*. The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2004.

A. Reporting Entity

The Charter School is an instrument of the State of New Jersey, established to function as an educational institution. Its mission is to establish a character school to serve as a neighborhood resource and as a model for other similar schools. The Hope Academy Charter School is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students. The Charter School will integrate a holistic curriculum, utilize learner center techniques, family and care giver centered approaches, comprehensive community involvement, cutting edge technology and an intimate nurturing environment that will enhance positive self-images.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, is the

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

B. Basis of Presentation, Basis of Accounting

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

Basis of Presentation

Charter school-wide 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 overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the Charter School. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activity of the Charter School at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the Charter School and for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Charter School.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

Fund Financial Statements: During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds. Separate statements for each fund category — *governmental*, *proprietary*, and *fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.

The Charter School reports the following governmental funds:

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

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

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

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

Capital Projects Fund: 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).

Debt Service Fund: Not applicable.

The Charter School reports the following proprietary fund:

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

Additionally, the Charter School reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the Charter School on behalf of others and includes Student Activities Fund, Payroll and Payroll Agency Funds.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

Basis of Accounting

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

Charter School-wide, Proprietary, and Fiduciary Fund Financial Statements: The financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

All governmental and business-type activities and enterprise funds of the Charter School follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting except for special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

The following presents a reconciliation of the Special Revenue Funds from the budgetary basis of accounting to the GAAP basis of accounting:

Total Revenues & Expenditures (Budgetary Basis)	\$ 598,403
Adjustments:	
Less Encumbrances at June 30,2010	-
Plus Encumbrances at June 30,2009	-
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 598,403</u>

D. Encumbrances Accounting

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenues fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the Charter School has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, and Equity

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Capital Assets:

The Charter School has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Charter School does not possess any infrastructure. The capitalization threshold used by Charter Schools in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Office & Computer Equipment	5-10

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

Deferred Revenue:

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

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Accrued Liabilities and Long-term Obligations:

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

Net Assets:

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

Fund Balance Reserves:

The Charter School reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Revenues — Exchange and Nonexchange Transactions:

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

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

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

Operating Revenues and Expenses:

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

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Allocation of Indirect Expenses:

The Charter School reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

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

Management Estimates:

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

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Accrued Salaries and Wages:

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

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 3 requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments. Category 1 includes deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 2 includes uninsured and unregistered deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 3 includes uninsured or unregistered deposits/investments held by a broker or dealer, or held by the Board's custodial bank trust department or agent but not in the Board's name. These categories are not broad representations that deposits or investments are "safe" or "unsafe".

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

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

Deposits

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

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

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

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

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

Investments

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

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

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

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

Investments (Continued)

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

	General Fund	Special Revenue	Proprietary Fund	Fiduciary Funds	Total
Operating Account	\$ 311,709	\$ -	\$ 30,820	\$16,137	\$358,666

The investments recorded in the statements have been recorded at amortized cost. In accordance with GASB 31, participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost. For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the Charter school-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2010 was \$358,666 and the bank balance was \$516,893. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Risk Category

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. In general, bank deposits are classified as to credit risk by three categories described below:

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

Category 2 — Collateralized with securities held by the pledging public depository's trust department or agent in the Board's name.

Category 3 — Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Board's name.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

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

Risk Category (Continued)

As of June 30, 2010, the Board had funds invested and on deposit in checking accounts. These funds constitute “deposits with financial institutions” as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

New Jersey Cash Management Fund

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

As of June 30, 2010, the Charter school had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 3: RECEIVABLES

Receivables at June 30, 2010 consisted of accounts, intergovernmental, grants, and miscellaneous.

All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 207,603	\$ 207,805
Federal Aid	-	4,973
Other	4,116	4,116
Gross Receivables	211,719	216,894
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 211,719</u>	<u>\$ 216,894</u>

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 4: INTERFUND TRANSFERS AND BALANCES

Transfers between funds are used to repay expenses paid by another fund.

The following interfund balances remained on the fund financial statements at June 30, 2010:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 178,374	\$ -
Special Revenue Fund		157,690
Proprietary Fund		17,254
Fiduciary Fund		3,430
Total	\$ 178,374	\$ 178,374

NOTE 5: CAPITAL ASSETS

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

	Beginning Balance	Additions	Retirements	Ending Balance
<i>Capital Assets Being Depreciated:</i>				
Building and Building Improvements	\$ 380,390	\$ -	\$ -	\$ 380,390
Totals at Historical Cost	380,390	-	-	380,390
Less Accumulated Depreciation For:				
Building and Building Improvements	85,586	19,019	-	104,605
Total Accumulated Depreciation	85,586	19,019	-	104,605
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	294,804	(19,019)	-	275,785
Government Activity Capital Assets, Net	\$ 294,804	\$ (19,019)	\$ -	\$ 275,785

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

Depreciation expense of \$19,019 was charged to an unallocated function.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 6: RENTAL LEASES

In April 2008, the school entered into a new lease for five (5) years requiring a minimum base rent plus a portion of the operating costs of the building commencing on July 1, 2008 and ending June 30, 2013. The lease provides for two (2) additional five (5) year renewal options upon twelve (12) months prior written notice to landlord and upon same terms except the base rent to be the then current market rent. Total rental payments amounted to \$262,171 for this year. The minimum base rental payments are as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 152,000
2012	156,000
2013	160,000

NOTE 7: OBLIGATIONS UNDER EQUIPMENT LEASES

The Charter School is leasing a copier with monthly payments in the amount of \$569 which expires January 2013. The following is a schedule of the future minimum lease payments under the capital leases at June 30, 2010:

<u>Year</u>	<u>Amount</u>
2010	\$ 3,414
2011	6,828
2012	6,828
2013	<u>569</u>
Total minimum lease payments	<u>\$ 17,639</u>

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 8: PENSION PLANS

Description of Plans

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

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the School and the system's other related noncontributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established as of January 1, 1955 under the provisions of N.J.S.A. 43:1 5A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district 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.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 8: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

Significant Legislation

Legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of one percent to 4.5 percent for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Schools' normal contributions to the Fund may be reduced based on the revaluation of assets.

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 8: PENSION PLANS (CONTINUED)

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of five percent of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the School is a noncontributing employer of TPAF.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/10	\$13,509	100%	\$13,509
06/30/09	14,013	80%	11,210
06/30/08	10,438	60%	6,263

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/10	None	100%	None
06/30/09	None	100%	None
06/30/08	None	100%	None

**HOPE ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

NOTE 10: RISK MANAGEMENT

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

Property and Liability Insurance

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

NOTE 11: FUND BALANCE APPROPRIATED

General Fund

The General Fund fund balance in the fund financial statements at June 30, 2010, in the amount of \$500,973, is unreserved and undesignated.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULES

HOPE ACADEMY CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
"Local Levy" Local Share-Charter School Aid	\$ 387,235	\$ 75,737	\$ 462,972	\$ 462,972	\$ -
Total Local Sources	387,235	75,737	462,972	462,972	-
Categorical Aid:					
"Local Levy" State Share-Charter School Aid	1,659,963	58,841	1,718,804	1,718,804	-
Security Aid	57,306	18,623	75,929	75,929	-
Non-Public Aid - State Share		67,366	67,366	67,366	-
Special Education	53,455	(33,978)	19,477	19,477	-
Total Categorical Aid	1,770,724	110,852	1,881,576	1,881,576	-
Other Sources:					
Donations and Contributions				12,240	12,240
Miscellaneous Revenue				30,150	30,150
On-Behalf TPAF Pension Contributions (Non-Budgeted)				74,854	74,854
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				90,913	90,913
Total Other Sources	-	-	-	208,157	208,157
Total Revenues	2,157,959	186,589	2,344,548	2,552,705	208,157
EXPENDITURES:					
Instruction:					
Salaries of Teachers	528,000	(42,146)	485,854	458,304	27,550
Other Salaries for Instruction	420,899	8,541	429,440	429,440	-
Other Purchased Services	2,500	1,000	3,500	3,085	415
General Supplies	25,000	6,298	31,298	31,298	-
Textbooks	20,000	(4,610)	15,390	15,390	-
Miscellaneous	11,750	(10,539)	1,211	1,211	-
Total Instruction	1,008,149	(41,456)	966,693	938,728	27,965
Administration:					
Salaries - General Administration	106,553		106,553	106,553	-
Salaries of Principals	66,431		66,431	66,431	-
Salaries of Secretarial/Clerical Assistants	61,939	1,586	63,525	63,525	-
Total Benefits Cost	235,000	22,487	257,487	237,287	20,200
Purchases Prof/Tech Services	10,000	(7,818)	2,182	2,182	-
Other Purchased Professional Services	46,400	(7,692)	38,708	38,708	-
Communications/Telephone	13,000	(4,584)	8,416	7,995	421
Supplies and Materials	25,100	(7,286)	17,814	16,629	1,185
Miscellaneous Expenses	29,322	5,961	35,283	32,017	3,266
Total Administration	593,745	2,654	596,399	571,327	25,072

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

HOPE ACADEMY CHARTER SCHOOL
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued From Prior Page)					
Support Services:					
Salaries	\$ 157,545	\$ 4,965	\$ 162,510	\$ 162,150	\$ 360
Purchased Prof/Tech Services	5,000	896	5,896	5,896	-
Purchased Prof/Ed Services	47,120	19,033	66,153	65,123	1,030
Cleaning, Repair, and Maintenance Services	61,000	(30,473)	30,527	18,723	11,804
Rental of Land and Buildings	200,000	62,171	262,171	262,171	-
Transportation-Other Than To/From School	2,000	348	2,348	2,348	-
Insurance for Property, Liability and Fidelity	30,000	4,251	34,251	34,251	-
Supplies and Materials	13,400	328	13,728	12,833	895
Energy Costs (Heat and Electricity)	30,000	(12,717)	17,283	17,283	-
Miscellaneous Expenses	10,000	(10,000)			-
Total Support Services	556,065	38,802	594,867	580,778	14,089
On-Behalf TPAF Pension Contributions (Non-Budgeted)				74,854	(74,854)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				90,913	(90,913)
Total Expenditures	2,157,959	-	2,157,959	2,256,600	(98,641)
Excess (Deficiency) of Revenues Over (Under) Expenditures		186,589	186,589	296,105	109,516
FUND BALANCE, JULY 1	204,868	-	204,868	204,868	-
FUND BALANCE, JUNE 30	<u>\$ 204,868</u>	<u>\$ 186,589</u>	<u>\$ 391,457</u>	<u>\$ 500,973</u>	<u>\$ 109,516</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures: Budgeted Fund Balance	<u>\$ 204,868</u>	<u>\$ 186,589</u>	<u>\$ 391,457</u>	<u>\$ 500,973</u>	<u>\$ 109,516</u>
Total	<u>\$ 204,868</u>	<u>\$ 186,589</u>	<u>\$ 391,457</u>	<u>\$ 500,973</u>	<u>\$ 109,516</u>

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

HOPE ACADEMY CHARTER SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Local	\$ 30,750	\$ (6,610)	\$ 24,140	\$ 24,140	\$ -
Federal	753,511	(179,248)	574,263	574,263	-
Total Revenues	784,261	(185,858)	598,403	598,403	-
EXPENDITURES:					
Instruction:					
Salaries	346,098	(71,068)	275,030	275,030	-
Purchased Prof/Tech Services	141,174	(63,360)	77,814	77,814	-
General Supplies	10,779	1,833	12,612	12,612	-
Other Objects	12,520	(1,096)	11,424	11,424	-
Total Instruction	510,571	(133,691)	376,880	376,880	-
Support Services:					
Salaries	100,500	(6,170)	94,330	94,330	-
Personal Services - Employee Benefits	49,043	(5,356)	43,687	43,687	-
Purchased Professional Services	53,316	(14,272)	39,044	39,044	-
Contr Services - Trans (Wrap Around Services)	9,000	(5,941)	3,059	3,059	-
Travel	3,216	(1,400)	1,816	1,816	-
Other Purchased Services	45,365	(16,177)	29,188	29,188	-
Supplies and Materials	4,750	(2,851)	1,899	1,899	-
Miscellaneous Expenditures	8,500		8,500	8,500	-
Total Support Services	273,690	(52,167)	221,523	221,523	-
Total Expenditures	784,261	(185,858)	598,403	598,403	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

HOPE ACADEMY CHARTER SCHOOL
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 Fiscal Year Ended June 30, 2010

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 2,552,705	[C-2] \$ 598,403
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		-
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ 2,552,705	[B-2] \$ 598,403
Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 2,256,600	[C-2] \$ 598,403
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.		-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 2,256,600	[B-2] \$ 598,403

OTHER SUPPLEMENTARY INFORMATION

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

The Special Revenue Fund is used to account for the proceeds of specific sources (other than expandable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

HOPE ACADEMY CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Collier Grant	NCLB Title I	NCLB Title I Carryover	I.D.E.A. Part B	ARRA Title I	NCLB Title II Part A	NCLB Title II Part A Carryover	NCLB Title II Part D	NCLB Title IV
REVENUE SOURCES:									
Local	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal		118,178	15,661	39,748	26,683	12,239	741	1,418	1,835
Total Revenues	2,500	118,178	15,661	39,748	26,683	12,239	741	1,418	1,835
EXPENDITURES:									
Instruction:									
Salaries		84,087	7,260	33,123	21,498				1,529
Purchased Prof/Tech Services	2,500	14,278	7,222						
Other Purchased Services		175	90		1,079				
General Supplies									
Other Objects									
Total Instruction	2,500	98,540	14,572	33,123	22,577	-	-	-	1,529
Support Services:									
Salaries		12,511	1,089	6,625	521				306
Personal Services - Employee Benefits					3,585				
Purchased Prof/Ed Services		7,127				4,266		1,418	
Purchased Professional Services									
Other Purchased Prof/Tech Services							741		
Contr Services - Trans (Wrap Around Services)									
Travel									
Other Purchased Services									
Supplies and Materials									
Total Support Services	-	19,638	1,089	6,625	4,106	12,239	741	1,418	306
Total Expenditures	2,500	118,178	15,661	39,748	26,683	12,239	741	1,418	1,835
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

HOPE ACADEMY CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	21st Century Grant	ARRA I.D.E.A.	Safety Grant	Smarter Charter	Grand Total
REVENUE SOURCES:					
Local	-	-	\$ 2,000	19,640	\$ 24,140
Federal	336,957	20,803	-	-	574,263
Total Revenues	336,957	20,803	2,000	19,640	586,403
EXPENDITURES:					
Instruction:					
Salaries	111,033	16,500			275,030
Purchased Prof/Tech Services	53,814			11,140	88,954
Other Purchased Services			2,000		2,000
General Supplies	10,265	1,003			12,612
Other Objects	11,424				11,424
Total Instruction	186,536	17,503	2,000	11,140	390,020
Support Services:					
Salaries	94,330				94,330
Personal Services - Employee Benefits	19,335	3,300			43,687
Purchased Prof/Ed Services	22,648				26,233
Purchased Professional Services	7,334				12,811
Other Purchased Prof/Tech Services	3,059				7,334
Contr. Services - Trans (Wrap Around Services)	1,816				3,059
Travel					1,816
Other Purchased Services				8,500	17,214
Supplies and Materials	1,899				1,899
Total Support Services	150,421	3,300	-	8,500	208,383
Total Expenditures	336,957	20,803	2,000	19,640	586,403
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**SECTION G – PROPRIETARY FUND
DETAIL STATEMENTS**

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

Food Services Fund – This fund provides for the operation of food services in all schools within the school district.

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

**SECTION H – FIDUCIARY FUNDS
DETAIL STATEMENTS**

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

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

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

HOPE ACADEMY CHARTER SCHOOL
 Fiduciary Funds
 Combining Statement of Fiduciary Net Assets
 June 30, 2010

	Agency			Total Agency Fund
	Payroll Agency	Net Payroll	Student Activities	
ASSETS:				
Cash and Cash Equivalents	\$ 12,676	\$ 2,277	\$ 1,184	\$ 16,137
Total Assets	<u>\$ 12,676</u>	<u>\$ 2,277</u>	<u>\$ 1,184</u>	<u>\$ 16,137</u>
LIABILITIES:				
Interfund Accounts Payable	\$ 1,156	\$ 2,274	\$ -	\$ 3,430
Accrued Salaries and Benefits	-	3	-	3
Payroll Deductions and Withholdings	11,520			11,520
Due to Student Groups			1,184	1,184
Total Liabilities	<u>\$ 12,676</u>	<u>\$ 2,277</u>	<u>\$ 1,184</u>	<u>\$ 16,137</u>

HOPE ACADEMY CHARTER SCHOOL
 Fiduciary Fund
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2010

	<u>Balance July 1, 2009</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2010</u>
Student Groups	\$ 898	\$ 2,568	\$ 2,282	\$ 1,184
Total	<u>\$ 898</u>	<u>\$ 2,568</u>	<u>\$ 2,282</u>	<u>\$ 1,184</u>

HOPE ACADEMY CHARTER SCHOOL
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For The Fiscal Year Ended June 30, 2010

	<u>Balance July 1, 2009</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2010</u>
ASSETS:				
Cash	\$ 10,378	\$ 601,904	\$ 599,606	\$ 12,676
Total Assets	<u>\$ 10,378</u>	<u>\$ 601,904</u>	<u>\$ 599,606</u>	<u>\$ 12,676</u>
LIABILITIES:				
Interfund Accounts Payable	\$ 1,156	\$ -	\$ -	\$ 1,156
Payroll Deductions and Withholdings	9,222	601,904	599,606	11,520
Total Liabilities	<u>\$ 10,378</u>	<u>\$ 601,904</u>	<u>\$ 599,606</u>	<u>\$ 12,676</u>

**STATISTICAL SECTION
(UNAUDITED)**

Hope Academy Charter School has been in operation for nine (9) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for six (6) years are available and have been presented. Each year thereafter, an additional year's data will be included until ten years.

Contents

Financial Trends

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

Revenue Capacity (Not Applicable To Charter School)

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the charter school's current levels of outstanding debt and the charter school's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the charter school's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the charter school's financial report relates to the services the district provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting charter school-wide information include information beginning in that year.*

FINANCIAL TRENDS

HOPE ACADEMY CHARTER SCHOOL
 Net Assets by Component
 Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2010	2009	2008	2007	2006	2005	2004
Governmental Activities							
Invested in capital assets, net of related debt	\$ 275,785	\$ 294,804	\$ 313,823	\$ 332,842	\$ 351,861	\$ 370,880	\$ 353,107
Restricted	-	-	-	-	8,100	8,713	118,572
Unrestricted	500,973	204,868	147,204	122,092	196,816	173,170	166,293
Total Governmental Activities Net Assets	<u>\$ 776,758</u>	<u>\$ 499,672</u>	<u>\$ 461,027</u>	<u>\$ 454,934</u>	<u>\$ 556,777</u>	<u>\$ 552,763</u>	<u>\$ 637,972</u>
Business-Type Activities							
Unrestricted	\$ 18,741	\$ 17,617	\$ 19,755	\$ 18,529	\$ 13,078	\$ 6,021	2,477
Total Business-Type Activities Net Assets	<u>\$ 18,741</u>	<u>\$ 17,617</u>	<u>\$ 19,755</u>	<u>\$ 18,529</u>	<u>\$ 13,078</u>	<u>\$ 6,021</u>	<u>\$ 2,477</u>
Charter School-wide							
Invested in capital assets, net of related debt	\$ 275,785	\$ 294,804	\$ 313,823	\$ 332,842	\$ 351,861	\$ 370,880	\$ 353,107
Restricted	500,973	-	-	-	8,100	8,713	118,572
Unrestricted	18,741	222,485	166,959	140,621	209,894	179,191	168,770
Total Charter School-wide Net Assets	<u>\$ 795,499</u>	<u>\$ 517,289</u>	<u>\$ 480,782</u>	<u>\$ 473,463</u>	<u>\$ 569,855</u>	<u>\$ 558,784</u>	<u>\$ 640,449</u>

HOPE ACADEMY CHARTER SCHOOL
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

Fiscal Year Ending June 30,

	2010	2009	2008	2007	2006	2005	2004
Expenses							
Governmental Activities:							
Instruction	\$ 1,688,085	\$ 1,226,422	\$ 1,313,265	\$ 1,068,450	\$ 955,744	\$ 1,002,251	\$ 815,521
Administration	408,142	376,961	438,530	432,795	396,460	373,537	340,291
Support Services	758,776	573,750	555,417	420,082	408,971	338,391	409,041
Capital Outlay	-	-	-	-	-	32,995	5,070
Unallocated Depreciation	19,019	19,019	19,019	19,019	19,939	47,147	-
Total Governmental Activities Expenses	<u>2,874,022</u>	<u>2,196,152</u>	<u>2,326,231</u>	<u>1,940,346</u>	<u>1,781,114</u>	<u>1,794,321</u>	<u>1,569,923</u>
Business-Type Activities:							
Food Service	86,477	64,670	65,337	57,455	51,258	48,837	38,496
Total Business-Type Activities Expenses	<u>86,477</u>	<u>64,670</u>	<u>65,337</u>	<u>57,455</u>	<u>51,258</u>	<u>48,837</u>	<u>38,496</u>
Total Charter School Expenses	<u>\$ 2,960,499</u>	<u>\$ 2,260,822</u>	<u>\$ 2,391,568</u>	<u>\$ 1,997,801</u>	<u>\$ 1,832,372</u>	<u>\$ 1,843,158</u>	<u>\$ 1,608,419</u>
Program Revenues							
Governmental Activities:							
Operating Grants and Contributions	\$ 19,477	\$ 20,318	\$ 31,048	\$ 33,492	\$ 65,723	\$ 83,596	77,029
Capital Grants and Contributions	-	-	-	-	-	-	-
Total Governmental Activities Expenses	<u>19,477</u>	<u>20,318</u>	<u>31,048</u>	<u>33,492</u>	<u>65,723</u>	<u>83,596</u>	<u>77,029</u>
Business-Type Activities:							
Charges for Services	7,027	6,352	5,576	5,002	7,020	5,004	5,488
Operating Grants and Contributions	80,505	56,073	60,368	56,909	51,295	47,377	37,786
Capital Grants and Contributions	-	-	-	-	-	-	-
Total Business-Type Activities Expenses	<u>87,532</u>	<u>62,425</u>	<u>65,944</u>	<u>61,911</u>	<u>58,315</u>	<u>52,381</u>	<u>43,274</u>
Total Charter School Program Revenues	<u>\$ 107,009</u>	<u>\$ 82,743</u>	<u>\$ 96,992</u>	<u>\$ 95,403</u>	<u>\$ 124,038</u>	<u>\$ 135,977</u>	<u>\$ 120,303</u>
Net (Expense)/Revenue							
Governmental Activities	\$ (2,854,545)	\$ (2,175,834)	\$ (2,295,183)	\$ (1,906,854)	\$ (1,715,391)	\$ (1,710,725)	\$ (1,492,894)
Business-Type Activities	1,055	(2,245)	607	4,456	7,057	3,544	4,778
Total Charter School-wide Net Expense	<u>\$ (2,853,490)</u>	<u>\$ (2,178,079)</u>	<u>\$ (2,294,576)</u>	<u>\$ (1,902,398)</u>	<u>\$ (1,708,334)</u>	<u>\$ (1,707,181)</u>	<u>\$ (1,488,116)</u>
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
General Purposes	\$ 462,972	\$ 324,798	\$ 396,749	\$ 311,099	\$ 398,052	\$ 374,150	\$ 260,380
Federal and State Aid Not Restricted	2,626,269	1,883,359	1,780,246	1,488,870	1,296,569	1,240,819	1,547,818
Miscellaneous Income	42,390	6,322	124,281	5,042	24,777	10,115	39,026
Total Governmental Activities	<u>3,131,631</u>	<u>2,214,479</u>	<u>2,301,276</u>	<u>1,805,011</u>	<u>1,719,398</u>	<u>1,625,084</u>	<u>1,847,224</u>
Business-Type Activities:							
Investment Earnings	69	107	619	995	-	-	-
Total Business-Type Activities	<u>69</u>	<u>107</u>	<u>619</u>	<u>995</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Charter School-wide	<u>\$ 3,131,700</u>	<u>\$ 2,214,586</u>	<u>\$ 2,301,895</u>	<u>\$ 1,806,006</u>	<u>\$ 1,719,398</u>	<u>\$ 1,625,084</u>	<u>\$ 1,847,224</u>
Change in Net Assets							
Governmental Activities	\$ 277,086	\$ 38,645	\$ 6,093	\$ (101,843)	\$ 4,007	\$ (85,641)	\$ 354,330
Business-Type Activities	1,124	(2,138)	1,226	5,451	7,057	3,544	4,778
Total Charter School	<u>\$ 278,210</u>	<u>\$ 36,507</u>	<u>\$ 7,319</u>	<u>\$ (96,392)</u>	<u>\$ 11,064</u>	<u>\$ (82,097)</u>	<u>\$ 359,108</u>

HOPE ACADEMY CHARTER SCHOOL
Fund Balances - Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund									
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 8,100	\$ 7,800	\$ 53,171	\$ 6,700	\$ 6,500
Unreserved	500,973	204,868	147,204	122,092	196,816	173,170	166,293	116,948	69,193
Total General Fund	\$ 500,973	\$ 204,868	\$ 147,204	\$ 122,092	\$ 204,916	\$ 180,970	\$ 219,464	\$ 123,648	\$ 75,693
All Other Governmental Funds									
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:									
Capital Projects Fund	-	-	-	-	-	913	65,401	125,834	-
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 913	\$ 65,401	\$ 125,834	\$ -

HOPE ACADEMY CHARTER SCHOOL
 Changes in Fund Balances - Governmental Funds
 Last Nine Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year Ending June 30,	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:									
Local Sources:									
Local Tax Levy	\$ 462,972	\$ 324,798	\$ 396,749	\$ 311,099	\$ 245,015	\$ 233,736	\$ 169,356	\$ 161,643	\$ 137,036
Interest In Investments	-	-	-	-	7	432	909	-	-
Miscellaneous	42,390	6,322	124,281	5,042	23,857	10,115	39,026	26,643	72,275
State Sources	2,047,343	1,702,719	1,629,410	1,365,609	1,334,683	1,300,957	1,582,602	1,146,019	784,595
Federal Sources	598,403	200,958	181,884	156,753	180,646	163,872	133,269	120,386	53,960
Total Revenues	<u>3,151,108</u>	<u>2,234,797</u>	<u>2,332,324</u>	<u>1,838,503</u>	<u>1,784,208</u>	<u>1,709,112</u>	<u>1,925,162</u>	<u>1,454,691</u>	<u>1,047,866</u>
Expenditures:									
Instruction	1,315,608	1,005,787	1,099,278	886,607	804,642	858,692	717,336	587,276	533,575
Administration	737,094	637,044	688,080	628,520	559,479	530,213	455,977	319,491	227,819
Support Services	802,301	534,302	519,854	406,200	397,054	325,274	391,540	331,224	195,973
Capital Outlay	-	-	-	-	-	60,278	324,926	42,911	14,806
Total Expenditures	<u>2,855,003</u>	<u>2,177,133</u>	<u>2,307,212</u>	<u>1,921,327</u>	<u>1,761,175</u>	<u>1,774,457</u>	<u>1,889,779</u>	<u>1,280,902</u>	<u>972,173</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	296,105	57,664	25,112	(82,824)	23,033	(65,345)	35,383	173,789	75,693
Other Financing Sources (Uses):									
Transfers In	-	-	-	-	920	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,637)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 296,105</u>	<u>\$ 57,664</u>	<u>\$ 25,112</u>	<u>\$ (82,824)</u>	<u>\$ 23,033</u>	<u>\$ (102,982)</u>	<u>\$ 35,383</u>	<u>\$ 173,789</u>	<u>\$ 75,693</u>

Source: Charter School records

HOPE ACADEMY CHARTER SCHOOL
 General Fund - Other Local Revenue by Source
 Last Nine Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Donations	Miscellaneous Revenue	Annual Total
2010	\$ 12,240	\$ 30,150	\$ 42,390
2009	-	6,322	6,322
2008	12,500	84,581	97,081
2007	-	5,042	5,042
2006	-	23,857	23,857
2005	-	10,115	10,115
2004	-	39,026	39,026
2003	21,062	5,581	26,643
2002	69,600	2,675	72,275

Source: Charter School records

DEMOGRAPHIC AND ECONOMIC INFORMATION

HOPE ACADEMY CHARTER SCHOOL
Demographic and Economic Statistics
Last Nine Fiscal Years

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2010	N/A	N/A	N/A	N/A
2009	16,862	N/A	N/A	9.8
2008	16,894	N/A	N/A	10.7
2007	16,923	N/A	N/A	10.5
2006	16,903	N/A	N/A	11.2
2005	16,901	N/A	N/A	13.2
2004	16,911	N/A	N/A	12.9
2003	16,642	N/A	N/A	9.5
2002	16,930	N/A	N/A	9.1

Source:

^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

HOPE ACADEMY CHARTER SCHOOL
Principal Employers
Last Year and Fourteen Years Ago

Employer	2009			1995		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
Asbury Park School District	732	1	7.91%	500	1	6.14%
Townco Consultants, Inc.	400	2	4.32%	0		0.00%
City of Asbury Park	280	3	3.03%	292	2	3.58%
Keystone Laundries	100	4	1.08%	100	3	1.23%
Asbury Park Post Office	85	5	0.92%	89	4	1.09%
Jersey Central Power & Light	0		0.00%	81	5	0.99%
Jersey Shore Addiction Services	55	6	0.59%	67	6	0.82%
Malo & Weste Corp	0		0.00%	53	7	0.65%
Asbury Park Housing Authority	52	7	0.56%	52	8	0.64%
Monmouth County Probation Dept.	50	8	0.54%	0		0.00%
Grand Union	0		0.00%	50	9	0.61%
Interfaith Neighbors	39	9	0.42%	50	10	0.61%
Our Lady of Mount Carmel School	21	10	0.23%	0		0.00%
	<u>1,814</u>		<u>19.60%</u>	<u>1,334</u>		<u>16.36%</u>

OPERATING INFORMATION

HOPE ACADEMY CHARTER SCHOOL
 Full-Time Equivalent Charter School Employees by Function
 Last Seven Fiscal Years

Function	2010	2009	2008	2007	2006	2005	2004
Instruction	22	18	22	21	13	14	9
Administrative	4	3	3	4	4	3	3
Support Services	3.5	4.5	4	1	1	1	-
Food Service	0.5	0.5	-	-	-	-	-
Total	30	26	29	26	18	18	12

Source: Charter School Personnel Records

HOPE ACADEMY CHARTER SCHOOL
 Operating Statistics
 Last Eight Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	Percent Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary/Middle	School				
2010	177	\$ 7,362,220	\$ 41,594	-14.42%	21	20:1	177.8	169.6	24.07%	95.39%	
2009	135	6,561,415	48,603	-0.74%	18	15:01	135	128	0.00%	94.81%	
2008	135	6,610,434	48,966	269.07%	23	15:1	135	128	0.74%	94.81%	
2007	133	1,764,574	13,267	12.99%	22	15:1	134	125	0.00%	93.28%	
2006	134	1,573,487	11,742	-0.24%	18	15:1	134	127	0.00%	94.78%	
2005	134	1,577,296	11,771	11.20%	18	15:1	134	127	11.19%	94.78%	
2004	119	1,259,647	10,585	12.29%	16	15:1	119	113	12.61%	94.96%	
2003	104	980,371	9,427	2.91%	14	15:1	104	98	14.42%	94.23%	
2002	89	815,265	9,160	0.00%	12	15:1	89	89	0.00%	100.00%	

Sources: Charter School records

Note: Enrollment based on annual final Charter School count.

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

HOPE ACADEMY CHARTER SCHOOL
 School Building Information
 Last Eight Fiscal Years

	2010	2009	2008	2007	2006	2005	2004	2003
<u>Charter School Building</u>								
601 Grand Avenue								
Square Feet	19,500	19,500						
Capacity (students)								
Enrollment	177	135						
<u>Lower School</u>								
700 Grand Avenue								
Square Feet			13,087	13,087	13,087	13,087	13,087	13,087
Capacity (students)								
Enrollment			90	90	89	74	104	89
<u>Middle School</u>								
610 Asbury Avenue								
Square Feet							1,408	
Capacity (students)								
Enrollment							15	
503 Asbury Avenue								
Square Feet			13,776	13,776	13,776			
Capacity (students)								
Enrollment			45	43	45			
Number of Schools at June 30, 2010								
1								

Source: Charter School Facilities Office

Note: Increases in square footage and capacity are the result of and additions.
 Enrollment is based on the annual October Charter School count.

HOPE ACADEMY CHARTER SCHOOL
Insurance Schedule
June 30, 2010

PACKAGE POLICY DECLARATION	<u>Limits</u>	<u>Deductible</u>
New Jersey School Boards Association Insurance Group		
Coverage Type		
Property	\$240,000	\$1,000
Environmental Package	\$1,000,000	\$10,000
Extra Expense	\$25,000,000	\$1,000
Valuable Papers	\$10,000,000	\$1,000
EDP	\$50,000	\$1,000
Equip. Breakdown	\$100,000,000	\$1,000
Crime & Bonds:		
Faithful Performance	\$50,000	\$500
Forgery & Alteration	\$50,000	\$500
Money & Securities	\$50,000	\$500
Money Orders & Counterfeit	\$50,000	\$500
Computer Fraud	\$50,000	\$500
Board Secretary	\$100,000	\$1,000
Treasurer	\$300,000	\$1,000
General Liability	\$16,000,000	Not Quoted
Student Accident:		
Basic/Sports K-8	\$1,000,000	N/A
Automobile Liability	\$16,000,000	N/A
Auto Phys. Damage	ACV Basis	Not Quoted
Auto Phys. Damage	Replacement Cost on Buses	Not Quoted
Workers' Compensation and Supplemental Indemnity Options		
Professional	\$1,493,000	
Non Professional	\$36,423	
Workers' Compensation		
Experience Modifier	0.8560	
Supplemental Indemnity Waiting Period	7 Days	
School Leaders Errors and Omissions Liability		
Retro Date Cov A - July 1, 1986	\$6,000,000	
Retro Date Cov B - July 1, 1986	\$100,000/\$300,000	\$5,000

Binding higher limits of Auto and General Liability - includes School Leaders Errors & Omissions Liability Coverage in excess of a minimum of \$6,000,000 underlying limits.

SINGLE AUDIT SECTION

BARRE & COMPANY
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K-1
Page 1

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

Honorable President and
Members of the Board of Trustees
Hope Academy Charter School
601 Grand Avenue
Asbury Park, New Jersey

We have audited the financial statements of the Board of Trustees of the Hope Academy Charter School, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated September 15, 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 Hope Academy 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 Hope Academy Charter School Board of Trustee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hope Academy Charter School Board of Trustee's 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hope Academy 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.

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



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's

September 15, 2010

BARRE & COMPANY
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K-2
Page 1

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

Honorable President and
Members of the Board of Trustees
Hope Academy Charter School
County of Monmouth
Asbury Park, New Jersey

Compliance

We have audited the compliance of the Board of Trustees of the Hope Academy Charter School, in the County of Monmouth, State of New Jersey, with the types of compliance requirements described in the OMB *Circular A-133, Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended June 30, 2010. Hope Academy 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 Hope Academy Charter School Board of Trustees' management. Our responsibility is to express an opinion on the Hope Academy 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 audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local governments, and Non-Profit Organization*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether

An audit includes examining, on a test basis, evidence about the Hope Academy Charter School Board of Trustees' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Hope Academy Charter School Board of Trustees' compliance with those requirements.

In our opinion, the Board of Trustees of the Hope Academy Charter School, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

Management of Hope Academy Charter School Board of Trustees is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Hope Academy 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's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hope Academy 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 Hope Academy Charter School Board of Trustees' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Hope Academy Charter School Board of Trustees' responses and, accordingly, we express no opinion on the responses.

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



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's

September 15, 2010

HOPE ACADEMY CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June, 30, 2010

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From: To	Balance at June 30, 2009	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2010	
											Accounts Receivable	Deferred Revenue
U.S. Department of Education												
Passed-through State Department of Education												
Special Revenue Fund:												
Title I	84.010	NCLB 2010	\$ 142,540	9/1/09 8/31/10	\$ -	\$ -	\$ 98,649	\$ (118,178)	\$ -	\$ -	\$ (19,529)	\$ -
Title I Carryover	84.010	NCLB 2009	147,560	9/1/08 8/31/09	(58,993)	-	52,651	(15,661)	-	-	(22,003)	-
ARRA Title I	84.389	NCLB 2010	77,208	9/1/09 8/31/10	-	-	-	(26,683)	-	-	(26,683)	-
Title II, Part A	84.281	NCLB 2010	12,300	9/1/09 8/31/10	(914)	-	-	(12,239)	-	-	(12,239)	-
Title II, Part A Carryover	84.281	NCLB 2010	7,767	9/1/09 8/31/10	-	-	914	(741)	-	-	(741)	-
Title II, Part D	84.281	NCLB 2010	1,418	9/1/09 8/31/10	-	-	-	(1,418)	-	-	(1,418)	-
Title IV	84.186	NCLB 2010	1,835	9/1/09 8/31/10	-	-	-	(1,835)	-	-	(1,835)	-
Title IV Carryover	84.186	NCLB 2009	1,889	9/1/08 8/31/09	(1,889)	-	1,889	-	-	-	-	-
21st Century Grant	84.287C	NCLB 2010	336,957	9/1/09 8/31/10	-	-	302,357	(336,957)	-	-	(34,600)	-
I.D.E.A. Part B Basic	84.027	NCLB 2010	39,748	9/1/09 8/31/10	-	-	28,154	(39,748)	-	-	(11,594)	-
I.D.E.A. Part B Basic Carryover	84.027	NCLB 2009	39,942	9/1/08 8/31/09	(13,726)	-	13,726	-	-	-	-	-
ARRA I.D.E.A.	84.391	NCLB 2010	42,803	9/1/09 8/31/10	-	-	14,025	(20,803)	-	-	(6,778)	-
Total Special Revenue Fund					(76,683)	-	513,526	(574,263)	-	-	(137,420)	-
U.S. Department of Agriculture												
Passed-through State Department of Education												
Enterprise Fund:												
National School Breakfast Program	10.553	N/A	7,139	7/1/09 6/30/10	-	-	6,785	(7,139)	-	-	(354)	-
National School Breakfast Program Carryover	10.553	N/A	4,672	7/1/08 6/30/09	(240)	-	240	-	-	-	-	-
National School Lunch Program	10.555	N/A	67,629	7/1/09 6/30/10	-	-	63,010	(67,629)	-	-	(4,619)	-
National School Lunch Program Carryover	10.555	N/A	56,978	7/1/08 6/30/09	(5,510)	-	5,510	-	-	-	-	-
National After School Snack Program	10.558	N/A	424	7/1/09 6/30/10	-	-	413	(424)	-	-	-	-
National After School Snack Program Carryover	10.558	N/A	525	7/1/08 6/30/09	(11)	-	11	-	-	-	-	-
ARRA - National School Lunch Prog Equip	10.579	N/A	2,240	7/1/09 6/30/10	-	-	2,240	(2,240)	-	-	-	-
Total Enterprise Fund					(5,761)	-	78,209	(77,432)	-	-	(4,973)	-
Sub-Total Federal Financial Awards					\$ (82,444)	\$ -	\$ 591,735	\$ (651,695)	\$ -	\$ -	\$ (142,393)	\$ -

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

HOPE ACADEMY CHARTER SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June, 30, 2010

State Grantor/Program Title	Grant Number	Program or Award Amount	Grant Period		Balance at June 30, 2009			Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Years' Balances	Balance at June 30, 2010			MEMO
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/(Walkover) Amount				(Accounts Receivable)	Deferred Revenue/Interfund Payable	Due to Grantor	
State Department of Education:														
General Fund:														
"Local Levy" State Share - Charter School Aid Security Aid	10-495-034-5120-071	\$1,718,804	7/1/09	6/30/10	\$ -	\$ -	\$ -	\$ (1,718,804)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,718,804
Non-Public Aid	10-495-034-5120-084	75,929	7/1/09	6/30/10			75,929	(75,929)						75,929
Special Education	10-100-034-5068-042	67,366	7/1/09	6/30/10			67,366	(67,366)						67,366
On Behalf TPAF Pension Contributions	10-495-034-5120-089	19,477	7/1/09	6/30/10			19,477	(19,477)						19,477
Reimbursed TPAF - Social Security	10-495-034-5095-006	74,854	7/1/09	6/30/10			74,854	(74,854)						74,854
Reimbursed TPAF - Social Security	10-495-034-5095-002	90,913	7/1/09	6/30/10			86,434	(90,913)		(4,479)				90,913
	09-100-034-5095-002	86,760	7/1/08	6/30/09	(4,293)		4,293							
Total General Fund					(4,293)		2,047,157	(2,047,343)		(4,479)				2,047,343
State Department of Agriculture														
Enterprise Fund:														
National School Breakfast Program (State Share)	10-100-010-3350-021	445	7/1/09	6/30/10			423	(445)		(22)				445
National School Breakfast Program Carryover	09-100-010-3350-021	308	7/1/09	6/30/10	(15)		15							
National School Lunch Program (State Share)	10-100-010-3350-023	2,628	7/1/09	6/30/10			2,448	(2,628)		(180)				2,628
National School Lunch Program Carryover	09-100-010-3350-023	2,005	7/1/08	6/30/09	(227)		227							
Total Enterprise Fund					(242)		3,113	(3,073)		(202)				3,073
Total State Financial Assistance					(4,535)		\$2,050,270	(2,050,416)		(4,681)				\$ 2,050,416

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

**HOPE ACADEMY CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2010**

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Trustees, Hope Academy Charter School. The Board of Trustees is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

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

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.

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.

**HOPE ACADEMY CHARTER SCHOOL
Notes to the Schedules of Expenditures
Of Awards and Financial Assistance
June 30, 2010**

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to GAAP basis is none for the general fund and none for the special revenue fund. See *Note 1* (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Charter School's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ -	\$ 2,047,343	\$ 2,047,343
Special Revenue Fund	598,403	-	598,403
Food Service Fund	77,432	3,073	80,505
Total Awards & Financial Assistance	<u>\$ 675,835</u>	<u>\$ 2,050,416</u>	<u>\$ 2,726,251</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Hope Academy Charter School has no loan balances outstanding at June 30, 2010.

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2010. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010.

HOPE ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified? Yes No

2) Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to basic financial statements noted? Yes No

Federal Awards Section

Type of auditors’ report issued on financial statements Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified? Yes No

2) Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditors’ report issued on compliance for major programs Unqualified

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

Identification of major state programs:

CFDA Number(s)	Name of Federal Program or Cluster
<u>84.010</u>	<u>Title I</u>
<u>84.287</u>	<u>Twenty First Century Learning Program</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? Yes No

HOPE ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section I – Summary of Auditor’s Results

State Awards Section

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

Auditee qualified as low-risk auditee? Yes No

Type of auditors’ report issued on compliance for major programs Unqualified

Internal control over major programs:

1) Material weakness(es) identified? Yes No

2) Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

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

Identification of major state programs:

GMIS Number(s)	Name of State Program
10-495-034-5120-071	Local Levy – State Share

HOPE ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section II – Schedule of Financial Statement Findings

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

Finding

There were no matters reported.

HOPE ACADEMY CHARTER SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

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

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04.

FEDERAL AWARDS

Findings

There were no matters reported.

STATE AWARDS

Findings

There were no matters reported.

HOPE ACADEMY CHARTER SCHOOL
Summary Schedule of Prior Year Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

STATUS OF PRIOR YEAR FINDINGS

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB Circular A-133 (.325(a)(b)) and NJOMB's Circular 04-04.

Findings

There were no matters report.