

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

PREPARED BY

ADELAIDE L. SANFORD CHARTER SCHOOL

ADELAIDE L. SANFORD CHARTER SCHOOL

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Fredrica Bey
Chief Executive Officer

De Lacy D. Davis
Chief School Administrator

Mildred English
Education Consultant-Supervisor

October 28, 2011

The Commissioner
New Jersey Department of Education
Riverview Executive Plaza – Bldg. 100
P. O. Box 500
Trenton, New Jersey 08625-0500

Dear Commissioner:

We hereby submit the Comprehensive Annual Financial Report of the Adelaide L. Sanford Charter School (the “Charter School”) for the fiscal year ended June 30, 2011.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to fairly present the financial position and result of operations of the various funds and account groups of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School’s financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School’s organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor’s report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, “*Audits of States, Local Governments and Non-Profit Organizations*”, and the New Jersey OMB’s Circular 04-04, “*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*”. Information related to this single audit, including the auditor’s report on internal control and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

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

The Charter School provides a full range of educational services appropriate to grade levels Kindergarten through fifth grade. These include regular as well as special education and health and nutrition services that support the total education of the student and their families. The Charter School completed the 2010-2011 fiscal year with an average daily enrollment of 285 students, which is 49 students more than the average daily enrollment of 236 for the school year 2009-2010. The following details the changes in student enrollment of the school during the last two years of operations.

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2010-2011	285	20.76%
2009-2010	236	25.53%
2008-2009	188	39.26%
2007-2008	135	N/A

2) ECONOMIC CONDITION AND OUTLOOK

The Charter School is located in the City of Newark, which is the largest city in the state. The City serves as the county seat for Essex County, with County, State, Federal Courts and governmental offices attracting a large number of law firms to the central business district.

Newark is a transportation center serviced by Interstate Highway system, NJ Transit, Amtrak Rail Links, and Newark International Airport, as well as container and cargo facilities at Port Newark-Elizabeth.

It is the insurance, finance and banking capital of the State. Headquartered in Newark are a number of large financial institutions including the Prudential Insurance Company, and Blue Cross blue Shield of New Jersey, as well as the State's largest public utility, Public Service Electric and Gas Company.

Newark is the site of the University of Medicine and Dentistry of New Jersey, the New Jersey Institute of Technology, the Newark campus of Rutgers University, Seton Hall Law School and Essex County College. Covering over 320 acres, these colleges serve a population of 45,000 students and faculty.

2) ECONOMIC CONDITION AND OUTLOOK – CONTINUED

Like other urban areas, Newark has experienced a decline in its manufacturing base. This phenomenon has caused significant unemployment and underemployment amongst its indigenous working class population. Although Newark has experienced growth in its service sector, this has not had substantial impact on the City's employment rate. The City of Newark is obliged to perform a revaluation of property holdings. Among the concerns voiced in conjunction with this change is the potential effect of any redistribution of property tax burden on economic activity and on the ability of local government to maintain and improve services including its tax contribution for public schools purposes.

The City has experienced a surge of large-scale economic development projects initiated by the private sector over the last decade. The increasing number of businesses relocating to the area is expected to result in an increase in employment level, which could result in an increased tax base, both residential and industrial, and an increase in annual daily enrollment. The period of economic development and expansion is expected to continue which suggests that the Charter School will continue to prosper. Due to the increase in enrollment and addition of grades we have leased additional facilities at our current location.

3) MAJOR INITIATIVES

The Adelaide L. Sanford Charter School opened its doors on September 6, 2007 and has just completed its fourth school year. The Charter currently has six grades: kindergarten, first, second, third, fourth, fifth and sixth grades. The maximum class size is twenty-four (24) and there are one hundred and eighty five (285) students enrolled in the school. Plans are to add the sixth (6th) grade for school year 2011-2012 and enrollment is expected to expand to 336.

Assessment Results and Progress

The Adelaide L. Sanford Charter has continued to experience dramatic improvements in grade K-3 on the National Terra Nova test. However, grade 4 and grade 5 as collectives, did not meet the school's established academic goals. Clearly the improvements in grade 3 that are evident in 2010-2011 are indicators to the school leadership teams that the strategies that were implemented as a result of the review of the previous years data are working. Grades 4 and 5 will review the strategies and make adjustments as needed. One of the challenges of the upper grades is the transience of the students. Therefore, students transferring into Adelaide L. Sanford Charter School from area school districts in the upper grades will have to be assessed more rigorously for proper district placement and the development of individual student educational plans where necessary. The Adelaide L. Sanford Charter School made Adequate Yearly Progress (AYP) for school year 2010-2011.

3) MAJOR INITIATIVES - CONTINUED

The Board of Directors and the visionary stakeholders plan rigorously in creating a curriculum that would be consistent with the mandates of No Child Left Behind and the New Jersey Core Curriculum Content Standards.

4) INTERNAL ACCOUNTING CONTROLS

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

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

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

5) BUDGETARY CONTROLS

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

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 re-appropriations of fund balance in the subsequent year. No reservation of fund balance was made at June 30, 2011.

6) ACCOUNTING SYSTEM AND REPORT

The Charter School’s accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Charter School is organized on the basis of funds and account groups. These funds and account groups are explained in “Notes to the Financial Statements”, Note 1.

7) FINANCIAL STATEMENT INFORMATION AT FISCAL YEAR-END

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, and Special revenue funds for the fiscal year ended June 30, 2011, its first fiscal year.

**SUMMARY OF THE GENERAL FUND
AND SPECIAL REVENUE FUND REVENUES**

<u>Revenue</u>	<u>2011</u>	<u>2010</u>	<u>Increase/ (decrease)</u>	<u>% Change</u>
Local sources	\$ 590,496	\$ 529,061	\$ 61,435	11.61%
State sources	3,235,936	2,809,834	426,102	15.16%
Federal sources	488,637	233,693	254,944	109.09%
	<u>\$ 4,315,069</u>	<u>\$ 3,572,588</u>	<u>\$ 742,481</u>	<u>20.78%</u>

The increase in revenue in 2011 over the prior year 2008 is consistent with the increase in enrollment.

The following schedule presents a summary of general fund and special revenue expenditures for the fiscal year ended June 30, 2011.

**SUMMARY OF THE GENERAL FUND
AND SPECIAL REVENUE FUND EXPENDITURES**

<u>Expenditures</u>	<u>2011</u>	<u>2010</u>	<u>Increase/ (decrease)</u>	<u>% Change</u>
Instruction	\$ 1,774,702	\$ 1,328,414	\$ 446,288	33.60%
Administrative	1,378,764	1,005,540	373,224	37.12%
Support	1,061,166	834,926	226,240	27.10%
Capital Outlay	-	-	-	0.00%
Total	<u>\$ 4,214,632</u>	<u>\$ 3,168,880</u>	<u>\$ 1,045,752</u>	<u>33.00%</u>

**7) FINANCIAL STATEMENT INFORMATION AT FISCAL YEAR-END -
CONTINUED**

The increase in expenditures in 2011 over the prior year 2010 is also consistent with the increase in enrollment. The Charter School ended the fiscal year June 30, 2011 with a general surplus of \$891,151.

8) CASH MANAGEMENT

The investment policy of the Charter School is guided in large part by state statute as detailed in “Notes to the Financial Statements”, Note 2. The Charter School has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act (“GUDPA”).

GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker’s compensation (see J-20).

10) OTHER INFORMATION

Independent Audit

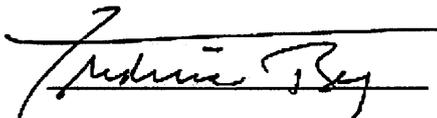
State statute requires an annual audit by independent certified public accountants or registered municipal accountants. The Charter School appointed the accounting firm of Olugbenga Olabintan, CPA. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendment of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular Letter 04-04.

The auditor’s report on the general-purpose financial statements, combining and individual fund statements, and schedules are included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

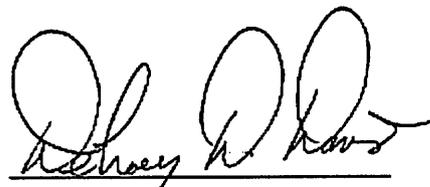
11) ACKNOWLEDGMENTS

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

Respectfully submitted,

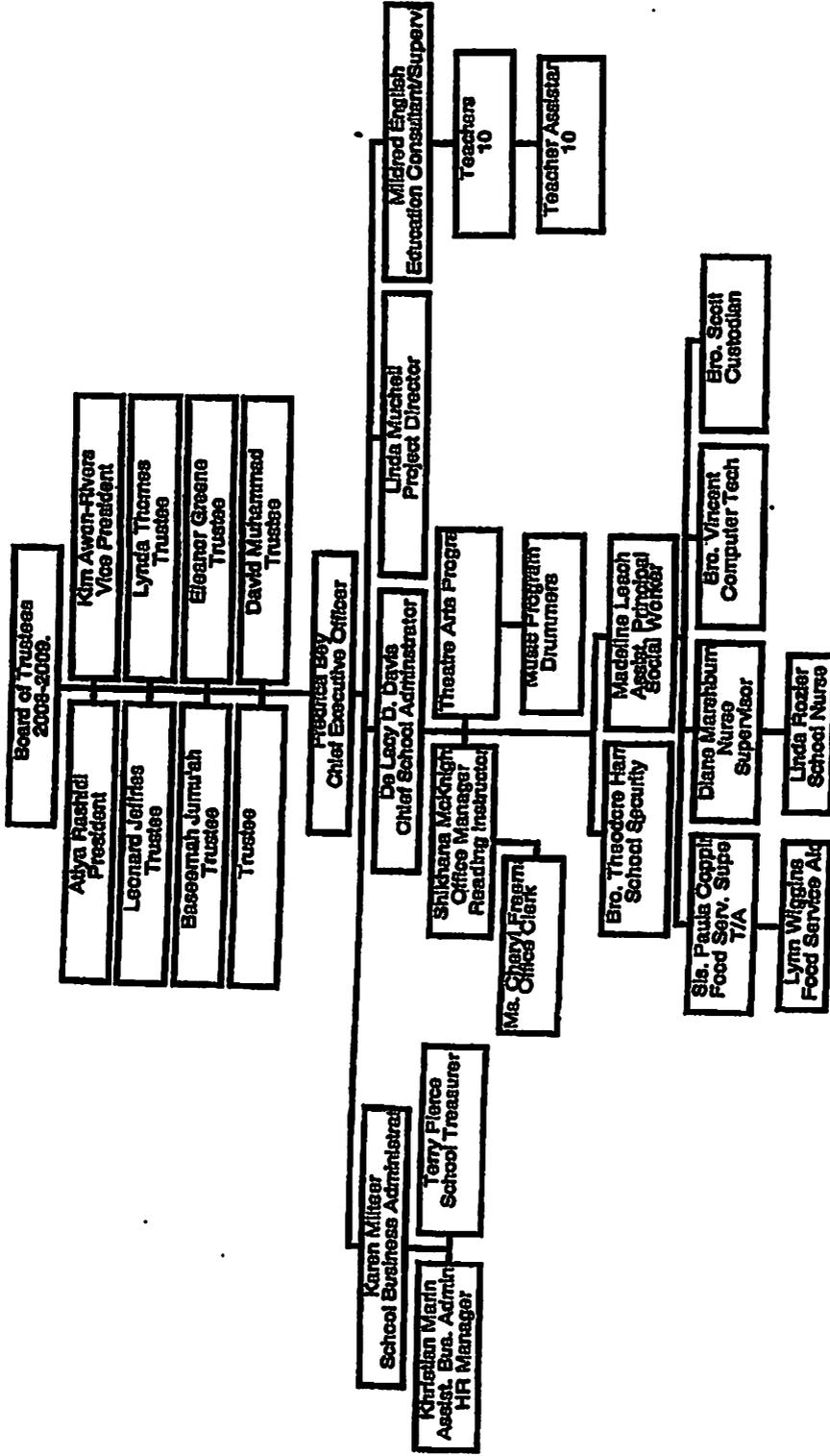


Frederica Bey
Chief Executive Officer



De Lacy D. Davis
Chief School Administrator

Adelaide L. Sanford Charter School
Administrative Chain of Command



ROSTER OF OFFICIALS

JUNE 30, 2011

Members of Board of Trustees

OFFICERS

Atiya Jaha-Rashidi, President

Sunsieray Mc Call, Vice President

Dr. Baseemah Jumuah, Board Member

Eleanor Register-Greene, Board Member

Lynda Thornes, Board Member

Aminah Bey, Board Member

Dr. Leonard Jeffries, Board Member

Kim Awon Rivers, Board Member

ADMINISTRATION

Fredrica Bey, Chief Executive Officer

DeLacy Davis, Chief School Administrator

Karen Milteer, School Business Administrator

ADELAIDE L. SANFORD CHARTER SCHOOL

CONSULTANTS AND ADVISORS

Independent Auditors

Olugbenga Olabintan
Certified Public Accountant/Consultant
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Attorney

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Attorney At Law
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Official Depository

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FINANCIAL SECTION

Olugbenga Olabintan

Certified Public Accountant/Consultant

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INDEPENDENT AUDITORS' REPORT

The Honorable President and
Members of the Board of Trustees
Adelaide L. Sanford Charter School
County of Essex
Newark, New Jersey

We have audited the accompanying financial statements of the governmental activities and each major fund of the Adelaide L. Sanford Charter School, (the "Charter School") in Essex County, State of New Jersey, as of and for the year ended June 30, 2011, 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 Charter School'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; auditing standards 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 and Regulatory Compliance, Department of Education, State of New Jersey*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, and the aggregate remaining fund information of Adelaide L. Sanford Charter School, as of June 30, 2011, and the respective changes in financial positions, and where applicable cash flows, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 28, 2011, on our consideration of the Adelaide L. Sanford Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read with the report in considering the results of our audit.

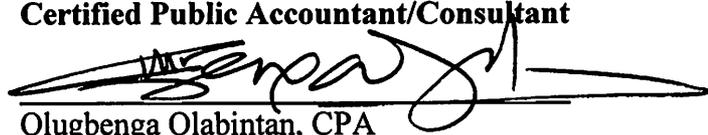
The Management Discussion and Analysis on pages 15 through 22 and Budgetary Comparison Information on pages 61 through 65 are not a required part of the basic financial statements but are supplementary information required by accounting principle generally accepted by United States of America. We have applied certain limited procedures which consisted of 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 Adelaide L. Sanford Charter School's basic financial statements. The accompanying introductory section, other supplementary information including combining fund financial schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying schedules of federal awards and state financial assistance are presented for purposes of additional analysis as required by, U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, 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. The introductory section, financial schedules and statistical section 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.

Olugbenga Olabintan, CPA

October 28, 2011
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



Olugbenga Olabintan, CPA
Licensed Public School Accountant
#20CS00230200

REQUIRED SUPPLEMENTARY INFORMATION

PART I

MANAGEMENTS DISCUSSION AND ANALYSIS

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

**ADELAIDE L. SANFORD CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Unaudited)**

Introduction

This section of the Adelaide L. Sanford Charter School's annual financial report presents our discussion and analysis of the Charter School's financial performance and provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2011. It should be read in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which follow this section.

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

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- In total, net assets increased \$62,450 to \$891,151. Net assets of governmental activities increased \$100,437, which represents a 12.70 percent increase from fiscal year 2010. Net assets of business-type activities, which represent food service operations/after care and summer instructional programs, decreased \$37,987 which represents 100 percent decrease from fiscal year 2010.
- General revenues accounted for \$3,796,224 or 84.36 percent of total revenues of \$4,500,283. Program specific revenues, in the form of charges for services, grants, and contributions accounted for \$704,059 or 15.64 percent of total revenues.
- The Charter School had \$4,189,313 in expenses related to governmental activities; \$518,845 of these expenses is offset by operating grants and contributions. General revenues (primarily Federal and State aid) of \$3,770,905 helped to provide for the balance of these programs.
- The General Fund reported fund surplus at June 30, 2011, of \$891,151.

**ADELAIDE L. SANFORD CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Unaudited)**

Using the Basic Financial Statements

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

The report is organized so the reader can understand the Adelaide L. Sanford Charter School as a financial whole, or as an entire operating entity. The first two basic financial Statements, the Statement of Net Assets and the Statement of Activities, are governmental-wide financial statements and provide overall information about the activities of the entire Charter School, presenting both an aggregate view of the Charter School's finances and a long-term view of those finances. The remaining basic financial statements are fund financial statements that focus on the individual parts of the government, reporting the Charter School's operation in more detail than the government-wide statements. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in a single column. For the Adelaide L. Sanford Charter School, the General Fund is the most significant fund.

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

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

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

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

Reporting the Charter School as a Whole

Statement of Net Assets and Statements of Activities

While this report contains the fund used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, "how did we do financially during fiscal year 2011?" The statements of Net Assets and the Statement of Activities answer this question. These Statements include all the Charter

**ADELAIDE L. SANFORD CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Unaudited)**

Statement of Net Assets and Statement of Activities-continued

School's assets and liabilities used the accrual basis of accounting similar to the accounting system used by most private sector companies. These bases of accounting take into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the Charter School's net assets and changes in those assets. This change in net assets is important because it identifies whether the financial position of the Charter School has improved or diminished for the Charter School as a whole. The cause of this change may be the result of many factors some financial, some not. Non financial factors include the property tax base of the School District where the Charter School is located, current educational funding laws in New Jersey, facilities conditions, required educational programs, and other factors. In the Statements of Net Assets and the Statements of Activities, the Charter School is divided into two distinct kinds of activities:

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

Business-Type Activity – Services are provided on a charge for goods or services or reimbursement basis to recover the expenses of the goods or services provided. Food service operations and after care/summer instructional programs are reported in the enterprise fund as business activities

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the Charter School's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting. Which measure cash and all other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed short-term view of the Charter School's general government operations and the basic services it provides.

**ADELAIDE L. SANFORD CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Unaudited)**

Governmental Funds- Continued

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

Enterprise Fund

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

The Charter School as a Whole

The perspective of the Statement of Net Assets is of the Charter School as a whole. Net assets may serve over time as useful indicator of a government's financial position. In the case of the Charter School, assets exceeded liabilities by \$891,151 at the close of 2011. The following table provides a summary of net assets relating to the Charter School's governmental and business type activities:

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current Assets	\$ 959,961	\$ 996,548	\$ 312,048	\$ 320,019	\$ 1,272,009	\$ 1,316,567
Capital Assets, net	-	-	-	-	-	-
Total Assets	959,961	996,548	312,048	320,019	1,272,009	1,316,567
Liabilities						
Current Liabilities	68,810	205,834	312,048	282,032	380,858	487,866
Total Liabilities	115,807	205,834	312,048	282,032	380,858	487,866
Net Assets						
Unrestricted	891,151	790,714	-	37,987	891,151	828,701
Total Net Assets	\$ 891,151	\$ 790,714	\$ -	\$ 37,987	\$ 891,151	\$ 828,701

**ADELAIDE L. SANFORD CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Unaudited)**

The Charter School's only net assets are its current assets. The Charter School uses these current assets to provide services.

The total net assets of the Charter School increased by \$62,450 during the current fiscal year ended June 30, 2011. The majority of the increase is attributable to a surplus of \$891,151 in the General Fund.

The table that follows reflects the change in net assets for fiscal year 2011.

	Governmental		Business		Total	
	Activities		Type		Activities	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues:						
Charge for Services			\$61,834	\$62,637	\$61,834	\$62,637
Operating grants and Contributions	\$518,845	\$294,781	123,380	114,408	642,225	409,189
Total Program Revenues	518,845	294,781	185,214	177,045	704,059	471,826
General Revenues:						
Local Aid	497,287	422,110			497,287	422,110
Federal and State Aid	3,285,139	2,809,834			3,285,139	2,809,834
Miscellaneous	13,798	45,863			13,798	45,863
Transfers	(25,319)	-	25,319	-	-	-
Total general Revenues	3,770,905	3,277,807	25,319	-	3,796,224	3,277,807
Total Revenues	4,289,750	3,572,588	210,533	177,045	4,500,283	3,749,633
Expenses:						
Instructions	1,774,702	1,328,414			1,774,702	1,328,414
Administrative & Support Services	2,414,611	1,840,466			2,414,611	1,840,466
Food Service			248,520	166,200	248,520	166,200
Total Expenses	4,189,313	3,168,880	248,520	166,200	4,437,833	3,335,080
Change in Net Assets	\$ 100,437	\$ 403,708	\$ (37,987)	\$ 10,845	\$ 62,450	\$ 414,553

**ADELAIDE L. SANFORD CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Unaudited)**

Operating grants and contributions increased by 56.95 percent because the federal stimulus grants – ARRA grants were more fully utilized in the current year 2011.

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by unrestricted state entitlements for the fiscal year ended June 30, 2011.

	Total Cost of Services	Net Cost of Services
Instruction	\$ 1,774,702	\$ 1,453,317
Administrative & Support Services	2,414,611	2,217,151
Unallocated Depreciation	-	-
Total Expenses	\$ 4,189,313	\$ 3,670,468

Business-Type Activity

The business-type activity of the Charter School consists of the food service operation, the after-school program and summer instructional program. These programs had revenues of \$185,214 and operating expenses of \$248,520 for fiscal year 2011. The Charter School intended to have food services be self operating without assistance from the General Fund. However, during the year ended June 30, 2011, the Charter School's General Fund funded a deficit of \$25,319 in the food service/after care program.

The Charter School's Funds

The Charter School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$3,796,224 and expenditures of \$3,695,787. The positive change in fund balance for the year reflects that the Charter School was able to meet its current costs.

**ADELAIDE L. SANFORD CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Unaudited)**

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.

During the course of fiscal 2011, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter School's management teams.

For the General Fund, final budgeted revenues were \$3,796,224, which included a local tax levy of \$497,287. Expenditures and other financing uses were budgeted at \$3,690,024. The Charter School anticipated budgeted fund balance of \$864,122 in its 2010-2011 budget year. General Fund revenues were higher than expenditures by \$73,408. Actual revenues were \$3,796,224 and expenditures were \$3,695,787.

The State of New Jersey reimbursed the Charter School \$54,958 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members. This unbudgeted amount was included in both revenues and expenditures.

Capital Assets

At the end of fiscal year 2011, the Charter School did not have any funds invested in capital assets in its governmental activities.

The Charter School's 2011-2010 budget projects spending approximately \$-0- for capital projects.

Long-term debt

At June 30, 2011, the Charter School did not have any long term debt.

**ADELAIDE L. SANFORD CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Unaudited)**

Economic Factors and Next Year's Budget

The State of New Jersey and indeed the entire United States continue to face serious budgetary constraints and a result of the sharp downturn in the economy. These impact the amount of state and federal aids allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2011-2010. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials, supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards. The budget was adopted with a redirection of funds to maintain the quality of the regular school day.

Contacting the Charter School's Financial Management

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

**ADELAIDE L. SANFORD CHARTER SCHOOL
Business Office
53 Lincoln Park
Newark, New Jersey 07102**

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

This Statement of Net Assets and the Statement of Activities display information about the Charter School as a whole. The Statement of Net Assets presents the financial condition of the government and business-type activities of the Charter School at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental and business-type activities.

Statement of Net Assets

June 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 472,130	\$ 285,612	\$ 757,742
Accounts receivable	153,283	26,436	179,719
Prepaid expenses	22,500		22,500
Interfund receivables	312,048		312,048
Total assets	<u>\$ 959,961</u>	<u>\$ 312,048</u>	<u>\$1,272,009</u>
Liabilities			
Intergovernmental payable - state	\$ 63,032		\$ 63,032
Deferred revenue	5,778		5,778
Interfund payables		\$ 312,048	312,048
Total liabilities	<u>68,810</u>	<u>312,048</u>	<u>380,858</u>
Net assets			
Unrestricted	<u>891,151</u>	-	<u>891,151</u>
Total net assets	<u>891,151</u>	-	<u>891,151</u>
Total liabilities & net assets	<u>\$ 959,961</u>	<u>\$ 312,048</u>	<u>\$1,272,009</u>

See accompanying notes to financial statements.

Statement of Activities

Year ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Totals
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Salaries	\$ 1,303,567		\$ 182,056	\$ (1,121,511)		\$ (1,121,511)
Purchased prof & educational services	80,749		-	(80,749)		(80,749)
Other purchased services	81,219		24,226	(56,993)		(56,993)
General educational supplies	227,644		115,103	(112,541)		(112,541)
Instructional text and books	75,912		-	(75,912)		(75,912)
Other instructional expenses	5,611		-	(5,611)		(5,611)
Administrative & Support services:						
Salaries	652,117		-	(652,117)		(652,117)
Unallocated total benefit costs	703,509		-	(703,509)		(703,509)
Professional /Technical service	254,154		185,199	(68,955)		(68,955)
Other Purchased Services	115,919		11,856	(104,063)		(104,063)
Rent on land and buildings	540,000		-	(540,000)		(540,000)
Communications and Telephones	11,894		-	(11,894)		(11,894)
Insurance-fidelity, liability property	14,932		-	(14,932)		(14,932)
Supplies and materials	46,281		405	(45,876)		(45,876)
Energy	52,241		-	(52,241)		(52,241)
Miscellaneous expenses	7,686		-	(7,686)		(7,686)
Transportation other than to/fro school	15,878		-	(15,878)		(15,878)
Unallocated depreciation	-		-	-		-
Total governmental activities	<u>4,189,313</u>		<u>518,845</u>	<u>(3,670,468)</u>		<u>(3,670,468)</u>
Business-type activities:						
Food service	248,520	\$ 6,788	123,380		\$ (118,352)	(118,352)
After care program	-	55,046	-		55,046	55,046
Total business-type activities	<u>248,520</u>	<u>61,834</u>	<u>123,380</u>		<u>(63,306)</u>	<u>(118,352)</u>
Total primary government	<u>\$ 4,437,833</u>	<u>\$ 61,834</u>	<u>\$ 642,225</u>		<u>(63,306)</u>	<u>(3,788,820)</u>
General revenues, transfers and special items:						
Local sources				497,287	-	497,287
State sources				3,285,139		3,285,139
Miscellaneous				13,798		13,798
Transfers				(25,319)	25,319	-
Total general revenues, transfers and special items				<u>3,770,905</u>	<u>25,319</u>	<u>3,796,224</u>
Change in net assets				100,437	(37,987)	7,404
Net assets - beginning				790,714	37,987	828,701
Net assets - ending				<u>\$ 891,151</u>	<u>\$ -</u>	<u>\$ 836,105</u>

See accompanying notes to financial statements.

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

The government funds statements tell how general government services were financed in the short-term as well as what remains for future spending. The governmental funds statements provide a detailed short-term view of the Charter School's general government operations and the basic services it provides.

FUND FINANCIAL STATEMENTS

Fund financial statements of the Charter School are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenue, and expenditure /expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary.

ADELAIDE L. SANFORD CHARTER SCHOOL
Governmental Funds

B-1

Balance Sheet

June 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Totals Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 472,130		\$ 472,130
Accounts receivable:			
State	5,768		5,768
Federal	-	\$ 140,488	140,488
Other	7,027	-	7,027
Prepaid expenses	22,500	-	22,500
Interfund receivable	446,758	-	446,758
Total assets	<u>\$ 954,183</u>	<u>\$ 140,488</u>	<u>\$ 1,094,671</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -		\$ -
Intergovernmental payable - state	63,032		63,032
Deferred revenue	-	\$ 5,778	5,778
Interfund payables	-	134,710	134,710
Total liabilities	<u>63,032</u>	<u>140,488</u>	<u>203,520</u>
Fund balances:			
Unreserved:	<u>891,151</u>	<u>-</u>	<u>891,151</u>
Total fund balances	<u>891,151</u>	<u>-</u>	<u>891,151</u>
Total liabilities and fund balances	<u>\$ 954,183</u>	<u>\$ 140,488</u>	
Amounts reported for governmental activities in the statement of net assets (A-1) are different because:			-
Net assets of governmental activities - A-1			<u>\$ 891,151</u>

See accompanying notes to financial statements.

ADELAIDE L. SANFORD CHARTER SCHOOL
Governmental Funds

B-2

Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2011

	General Fund	Special Revenue Fund	Total
Revenues			
Local Sources:			
Local tax levy	\$ 497,287		\$ 497,287
Contributions			-
Miscellaneous	13,798	\$ 79,411	93,209
Total revenues -local sources	511,085	79,411	590,496
State sources	3,230,181	5,755	3,235,936
Federal sources		433,679	433,679
TPAF-Social Security	54,958	-	54,958
Total revenues	3,796,224	518,845	4,315,069
Expenditures			
Current expense:			
Instruction:			
Salaries	1,121,511	182,056	1,303,567
Purchased prof & educational services	80,749	-	80,749
Other purchased services	56,993	24,226	81,219
General educational supplies	112,541	115,103	227,644
Instructional text and books	75,912		75,912
Other instructional expenses	5,611	-	5,611
Administrative cost:			-
Salaries	384,550	-	384,550
Total benefit costs	648,551	-	648,551
Professional /Technical service	41,106	185,199	226,305
Other purchased services	-	11,856	11,856
Communications and Telephones	11,894		11,894
Supplies and materials	34,830	405	35,235
Miscellaneous expenses	5,415		5,415
Support services:			-
Salaries	267,567		267,567
Purchased prof tech services	27,849		27,849
Other purchased services	104,063		104,063
Rent on land and buildings	540,000		540,000
Insurance-fidelity, liability property	14,932		14,932
Supplies and materials	11,046		11,046
Energy	52,241		52,241
Transportation other than to/fro school	15,878		15,878
Miscellaneous expenses	2,271		2,271
Food Services - Transfer to cover deficit	25,319		25,319
Capital outlay:			-
Instructional equipment	-	-	-
Non-instructional equipment	-	-	-
TPAF-Social Security	54,958	-	54,958
Total expenditures	3,695,787	518,845	4,214,632
Excess (deficiency) of revenues over (under) expenditures	100,437	-	100,437
Fund balances, beginning of year	790,714	-	790,714
Fund balances, end of year	\$ 891,151	\$ -	\$ 891,151

See accompanying notes to financial statements.

ADELAIDE L. SANFORD CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2011

B-3

Total net change in fund balances - governmental funds (B-2)	\$ 100,437
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:	-
	<hr/>
Change in net assets of governmental activities (A-2)	<u><u>\$ 100,437</u></u>

See accompanying notes to financial statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The generally accepted accounting principles are those similar to businesses in the private sector. The Charter School's food service operations, After Care/Summer Instructional Programs are accounted for in the Enterprise Fund where the intent of the Charter School is that the costs of providing goods or services be financed through user charges.

**ADELAIDE L. SANFORD CHARTER SCHOOL
Proprietary Funds**

B-4

Statement of Net Assets

June 30, 2011

Assets

Current assets:

Cash and cash equivalents	\$ 285,612
Accounts receivable:	
Federal	25,995
State	441
Total current assets	<u>\$ 312,048</u>

Liabilities

Current liabilities

Accounts payable	\$ -
Interfund payable - General Fund	312,048
Total current liabilities	<u>\$ 312,048</u>

Net assets

Unrestricted	-
Total net assets	<u>\$ -</u>

See accompanying notes to financial statements.

ADELAIDE L. SANFORD CHARTER SCHOOL
Proprietary Funds

B-5

Statement of Revenues, Expenditures and Changes in Net Assets

Year ended June 30, 2011

	<u>Food Services</u>	<u>After-Care Program</u>	<u>TOTAL</u>
Operating revenues:			
Charges for services:			
Parent fees		\$ 55,046	\$ 55,046
Daily sales - nonreimbursable programs	\$ 6,788		6,788
Miscellaneous revenue			
Total Operating revenues	6,788	55,046	61,834
Operating expenses:			
Cost of sales	247,455		247,455
Salaries	-		-
Employee benefits			-
Professional /Technical service			-
Supplies and materials	1,065		1,065
Depreciation			-
Miscellaneous			-
Total operating expenses	248,520	-	248,520
Operating loss	(241,732)	55,046	(186,686)
Nonoperating revenues:			
State sources:			
State School Breakfast Program	-		-
State School Lunch Program	1,925		1,925
Federal sources:			
National School Lunch Program	93,819		93,819
National School Breakfast Program	27,636		27,636
Total nonoperating revenues	123,380	-	123,380
Net income/(loss) before contributions & transfers	(118,352)	55,046	(63,306)
Other financing sources:			
Operating transfer in - Board contribution	118,352	(93,033)	25,319
	118,352	(93,033)	25,319
Change in net assets	-	(37,987)	(37,987)
Total net assets-beginning of year	-	37,987	37,987
Total net assets-end of year	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

**ADELAIDE L. SANFORD CHARTER SCHOOL
Proprietary Fund**

B-6

Statement of Cash Flows

Year ended June 30, 2011

Cash flows from operating activities

Operating loss	\$ (186,686)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Increase in accounts receivable	(14,918)
Increase in due to General Fund	30,016
Net cash used in operating activities	<u>(171,588)</u>

Cash flows from noncapital financing activities

Cash received from state reimbursements	1,925
Cash received from federal reimbursements	121,455
Operating subsidies and transfers from other funds	25,319
Net cash provided by noncapital financing activities	<u>148,699</u>

Cash flows from investing activities

Net decrease in cash and cash equivalents	(22,889)
Cash and cash equivalents, beginning	308,501
Cash and cash equivalents, ending	<u>\$ 285,612</u>

See accompanying notes to financial statements.

FIDUCIARY FUNDS FINANCIAL STATEMENTS

Fiduciary funds statements provide information about financial relationships in which the Charter School acts solely as trustee or agent for the benefit of others, to whom the resources in question belong.

ADELAIDE L. SANFORD CHARTER SCHOOL
Fiduciary Funds

B-7

Statement of Fiduciary Net Assets

June 30, 2011

	<u>Student Activity Fund</u>	<u>Agency Fund Payroll</u>	<u>TOTAL</u>
Assets			
Cash and cash equivalents	\$ 613	\$ 34,339	\$ 34,952
Total assets	<u>\$ 613</u>	<u>\$ 34,339</u>	<u>\$ 34,952</u>
Liabilities and fund balances			
Liabilities:			
Payroll deductions and withholdings	\$ -	\$ 34,339	\$ 34,339
Due to student account groups	613	-	613
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
	<u>613</u>	<u>34,339</u>	<u>34,952</u>
Net Assets			
Total liabilities and net assets	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 613</u>	<u>\$ 34,339</u>	<u>\$ 34,952</u>

See accompanying notes to financial statements.

ADELAIDE L. SANFORD CHARTER SCHOOL
Fiduciary Funds

B-8

Statement of Changes in Fiduciary Net Assets

Year ended June 30, 2011

	<u>Expendable Trust Fund</u> <u>New Jersey</u> <u>Unemployment Benefits</u>
Revenues:	
General fund appropriation	\$ 55,745
Total revenues	<u>55,745</u>
Expenditures:	
Payments to NJ Unemployment Compensation Fund	<u>55,745</u>
Total expenditures	<u>55,745</u>
Excess(deficiency) of revenue over(under) expenditures	-
Fund balance, beginning	<u>-</u>
Fund balance, ending	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**ADELAIDE L. SANFORD CHARTER SCHOOL
(COUNTY OF ESSEX)
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Adelaide L. Sanford Charter School is presented to assist in understanding the Charter School's financial statements and notes are a representation of the Charter School's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States as applied to governmental units and have been consistently applied in the preparation of these financial statements.

A. Reporting Entity:

Adelaide L. Sanford Charter School (the "Charter School") was incorporated in the State of New Jersey on February 20, 2006 as a non-for-profit corporation for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. Adelaide L. Sanford Charter School is federal tax exempt from income taxes under Section 501(C)(3) of the Internal Revenue Code.

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 Adelaide L. Sanford 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 caregiver centered approaches, comprehensive community involvement, cutting edge technology and an intimate nurturing environment that will enhance positive self-images.

B. Component Units:

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

**ADELAIDE L. SANFORD CHARTER SCHOOL
(COUNTY OF ESSEX)
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation

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

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

D. Basic Financial Statements

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

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

Government-wide Financial Statements

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

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

**ADELAIDE L. SANFORD CHARTER SCHOOL
(COUNTY OF ESSEX)
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D Basic Financial Statements - Continued

Fund Financial Statements

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

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

E. Governmental Funds

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

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

**ADELAIDE L. SANFORD CHARTER SCHOOL
(COUNTY OF ESSEX)
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Governmental Funds - 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 legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2011 there was no Capital Projects Fund.

Debt Service Fund -The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on, bonds issued to finance major property acquisitions, construction, and improvement programs. As of June 30, 2011 there was no debt service fund.

F. Proprietary Funds

The focus of Proprietary Funds' measurement is upon determination of net income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those to similar to business in the private sector. The following is a description of the Proprietary Funds of the Charter School.

Enterprise Funds

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

**ADELAIDE L. SANFORD CHARTER SCHOOL
(COUNTY OF ESSEX)
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Proprietary Funds - Continued

Enterprise Funds - Continued

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

As of June 30, 2011 there was no enterprise fund.

Internal Service (Self-Insurance) Fund

The Self-Insurance Fund is used to cover the self-insured limits of the various insurance policies for all funds. Adelaide L. Sanford Charter School does not use self insurance fund.

G. Fiduciary Funds

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

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

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

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

**ADELAIDE L. SANFORD CHARTER SCHOOL
(COUNTY OF ESSEX)
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

H. Measurement Focus and Basis of Accounting

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

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

Basis of accounting

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

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

**ADELAIDE L. SANFORD CHARTER SCHOOL
(COUNTY OF ESSEX)
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. Budgets/Budgetary Control

Annual appropriated budgets are prepared prior to July 1, for the General Fund. The budget is prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A. 2(m)1. All budget amendments must be approved by the State Department of Education. Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below.

Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental funds 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 recognized encumbrances as expenditures and also recognized the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

J. Cash, Cash Equivalent and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investment with a maturity of three months or less at the time of purchases and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchases are stated at cost. All other investment is stated at fair value.

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

Additionally, the Charter School has adopted a cash management plan that requires it to deposit public fund in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss funds on deposit with a failed banking institution in New Jersey.

**ADELAIDE L. SANFORD CHARTER SCHOOL
(COUNTY OF ESSEX)
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Cash, Cash Equivalent and Investments - Continued

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

K. Tuition Payable

The Charter School did not send any of its students to any other Charter Schools during the fiscal year ended June 30, 2011.

L. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first- in-first-out (FIFO) Method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

M. Interfund Assets/Liabilities.

On the fund financial statement, receivable and payables resulting from short-term Interfund loans are classified as Interfund Receivable/Payable. Interfund balanced within governmental activities and within business-type activities are eliminated on the government wide Statements of Net Assets.

**ADELAIDE L. SANFORD CHARTER SCHOOL
(COUNTY OF ESSEX)
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

N. Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Charter School as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation based for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the governmental fund capital assets. Capitalization threshold used by Charter Schools in the State of New Jersey is \$2,000, as required by the State of New Jersey's Department of Education.

Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method.

O. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and they are not contingent on specific events that are outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on specific events that are outside the control of the Charter School and its employees, are accounted for in the period in which such service is rendered or in which such events take place. In governmental and similar trust funds, compensated absences that are expected to be liquidated with the expendable available financial resources are reported as expenditure and fund liability in the fund that will pay for the compensated absences. In proprietary and similar trust funds, compensated absences are required as an expense and liability of the fund that will pay for them.

P. Deferred Revenue

Deferred revenue in special revenue fund represents cash that has been received but not yet earned.

**ADELAIDE L. SANFORD CHARTER SCHOOL
(COUNTY OF ESSEX)
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Q. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payable, accrued liabilities, and long term- obligations payable from the enterprises fund are reported and the enterprises fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are pay in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payments during the current year.

R. Fund Balance

In the fund financial statements, governmental fund report reservation of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for specific future use. Designated fund balance represents plans for future use of financial resources.

S. Net Assets

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

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

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

**ADELAIDE L. SANFORD CHARTER SCHOOL
(COUNTY OF ESSEX)
NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

S. Net Assets - Continued

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

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

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

T. Contributed Capital

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds.

U. Interfund Transactions

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

V. Use of Estimates

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

W. On-Behalf Payments

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

**ADELAIDE L. SANFORD CHARTER SCHOOL
(ESSEX COUNTY)**

**NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2011**

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds and 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 on maturity of any discount or premium. The charter school 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 charter school in its cash, cash equivalents and investments:

Category 1 included deposits/investments held by the Charter School's custodial bank trust department or agent in the Charter School's name.

Category 2 includes uninsured and unregistered deposits/investments held by the Charter School's custodial bank trust department or agent in the Charter School's name.

Category 3 included uninsured or unregistered deposits/investments held by a broker or dealer, or held by the Charter School's custodial bank trust department or agent but not in the Charter School's name.

These categories are not broad representation that deposits on investments are "safe" or "unsafe".

Deposits

New Jersey statutes require that Charter School 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 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 collateral public funds on deposit.

**ADELAIDE L. SANFORD CHARTER SCHOOL
(ESSEX COUNTY)**

**NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2011**

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS - CONTINUED

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 Charter School to purchase the following types of securities:

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

As of June 30, 2011, cash and cash equivalents and investments of the Charter School consisted of the following:

	General Fund	Enterprise Fund	Agency Fund	Total
Operating Account	\$ 472,130	\$ 285,612	\$ 34,952	\$ 792,694

The investments recorded in the Charter School-wide 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 value is not material to the Charter School-wide statements. All bank balances were covered by the federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey Statutes.

**ADELAIDE L. SANFORD CHARTER SCHOOL
(ESSEX COUNTY)**

**NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2011**

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS - CONTINUED

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 Charter School or its agents in the Charter School’s name.

Category 2 – Collateralized with securities held by the pledging public depository’s trust department or agent in the Charter School’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 Charter School’s name.

As of June 30, 2011, the Charter School has funds invested and on deposits 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-then-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, 2011, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

**ADELAIDE L. SANFORD CHARTER SCHOOL
(ESSEX COUNTY)**

**NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2011**

NOTE 3 RECEIVABLES

Receivables as of June 30, 2011, consisted of intergovernmental state, federal & other aids. All receivables are considered collectible in full. As summary of the principal items of intergovernmental receivables are as follows:

State Aid	\$ 6,209
Federal Aid	166,483
Other	<u>7,027</u>
	<u><u>\$ 179,719</u></u>

NOTE 4 NET ASSETS

As of June 30, 2011, governmental activities net assets consisted of the following components:

Unrestricted Net Assets	<u>\$891,151</u>
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Business-type activities net assets did not have any capital assets or restrictions as of June 30, 2011.

NOTE 5 CAPITAL ASSETS

The Charter School had no capital assets during the year ended June 30, 2011.

NOTE 6 PENSIONS PLANS

a) Description of Plans

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

**ADELAIDE L. SANFORD CHARTER SCHOOL
(ESSEX COUNTY)**

**NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2011**

NOTE 6 PENSIONS PLANS – CONTINUED

a) Description of Plans - continued

i. Teachers Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as a January 1, 1995, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirements health care to substantially all full time certified teachers or professional staff of the public school systems in the State. The Teacher's Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the systems other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

ii. Public Employees' Retirement System (PERS)

The public Employees' Retirement Systems (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county municipality, Charter School, or public agency provided the employee is not a member of another state-administered retirement system. The public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State of New Jersey or any county, municipality, Charter School, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

b) Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A 43:15a and 4303B and N.J.S.A. 18A:for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determine to be 1/55 of the final average salary for each year of service credit as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

**ADELAIDE L. SANFORD CHARTER SCHOOL
(ESSEX COUNTY)**

**NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2011**

NOTE 6 PENSIONS PLANS - CONTINUED

b) Vesting and Benefits Provisions - Continued

Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the First day of the month after the member attains normal retirement age.

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

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

c) Significant Legislation

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

Chapter 4, P.L 2001 provides increased benefit to certain members of PERS who retired prior to December 29, 1989 with at least 25 years of creditable service. The maximum amount of the increase is 5 percent the retiree's final compensation. For those with 30 or more years of service, the total pension would increase from 65 to 71 percent of final compensation.

**ADELAIDE L. SANFORD CHARTER SCHOOL
(ESSEX COUNTY)**

**NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2011**

NOTE 6 PENSIONS PLANS - CONTINUED

c) Significant Legislation – Continued

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

d) Contribution requirement

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

The Charter School's contribution to PERS for the year ended June 30, 2011 was \$36,300.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$54,958 during the period ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the general-purpose financial statements.

**ADELAIDE L. SANFORD CHARTER SCHOOL
(ESSEX COUNTY)**

**NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2011**

NOTE 7 POST EMPLOYMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 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, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contribution by the State in accordance with chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS, and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.

The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

NOTE 8 DEFERRED COMPENSATION

The Charter School offers its employees a deferred compensation plan created in accordance with Internal Revenue Section 403(b). The plan, which is administered by AXA Equitable permits participants to defer a portion of their salary until future years.

NOTE 9 COMPENSATED ABSENCES

Charter School employees are granted sick and vacation leave in varying amounts under the Charter School's personnel policies and according to negotiated contracts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave. Vacation days not used during the year may only be carried forward with approval from the Principal/Director.

The entire liability for vested compensated absences of governmental activities is recorded in the Charter School-wide financial statement. The current portion of the governmental activities compensated absences balance is not considered material to the applicable funds total liabilities; therefore it is not shown in the fund financial statement.

**ADELAIDE L. SANFORD CHARTER SCHOOL
(ESSEX COUNTY)**

**NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2011**

NOTE 10 RISK MANAGEMENT

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

Property and Liability Insurance

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

New Jersey Unemployment Compensation

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

NOTE 11 INTERFUND RECEIVABLES AND PAYABLES

Amount reported in the governmental funds as interfund receivable and payable from/to other governmental funds are eliminated in the governmental activities column. At June 30, 2011, the inter-fund balances consisted of the following components:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 446,758	
Special Revenue Fund	-	\$ 134,710
Enterprise Fund		312,048
Fiduciary Fund	-	-
Total	446,758	446,758
GASB No 34 mandated eliminations within governmental activities		
Special Revenue	(134,710)	(134,710)
Enterprise Fund	(312,048)	(312,048)
External - Due from Trust and Agency Fund	\$ -	\$ -

**ADELAIDE L. SANFORD CHARTER SCHOOL
(ESSEX COUNTY)**

**NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 2011**

NOTE 12 STATE & FEDERAL RECEIPTS

State and Federal awards are generally subject to review by the responsible governmental agencies for compliance with the agencies regulations governing the aid. In the opinion of the Charter School's management, any potential adjustments to the Federal or State aid recorded by the Charter School through June 30, 2011, resulting from a review by a responsible government agency will not have a material effect on the Charter School financial statements at June 30, 2011.

NOTE 13 OPERATING LEASE-RENT

The Charter School leased space at 51-53 Lincoln Park, Newark, New Jersey, under a lease agreement for five year term (5) year commencing July 1, 2008 to June 30, 2013. During the year ended June 30, 2011, the lease required monthly rental payments of \$45,000. Total rental payment amounted to \$540,000 for the year. The lease is renewable for another five year term at the expiration of the current lease.

NOTE 14 EQUIPMENT LEASE

The Charter School is currently several equipment items under various operating lease agreements. Total lease payments amounted to \$8,529 for the fiscal year ended June 30, 2011. Future minimum lease payments on equipment lease are as follows:

<u>Year Ending June 30,</u>	<u>Equipment Lease</u>
2012	\$ 8,529
2013	5,951
2014	3,372
2015	1,967
2016	-
Thereafter	-
Total	<u><u>\$ 19,819</u></u>

NOTE 15 SUBSEQUENT EVENTS

The Charter School has evaluated subsequent events occurring after the balance sheet date through the date of October 28, 2011 which is the date the financial statements were available to be issued. Based on this evaluation, the Charter School has determined that no subsequent events have occurred which require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

ADELAIDE L. SANFORD CHARTER SCHOOL
General Fund

C-1

Budget Comparison Schedule

Year ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
Local Sources:					
Local tax levy	\$ 499,026	\$ (1,739)	\$ 497,287	\$ 497,287	\$ -
Miscellaneous	-	13,798	13,798	13,798	-
Total revenues -local sources	<u>499,026</u>	<u>12,059</u>	<u>511,085</u>	<u>511,085</u>	<u>-</u>
State sources	3,264,406	(34,225)	3,230,181	3,230,181	-
TPAF-Social Security	-	54,958	54,958	54,958	-
Total revenues	<u>3,763,432</u>	<u>32,792</u>	<u>3,796,224</u>	<u>3,796,224</u>	<u>-</u>
Expenditures					
Current expense:					
Instruction					
Salaries	1,122,621	-	1,122,621	1,121,511	1,110
Purchased prof & educational services	78,741	-	78,741	80,749	(2,008)
Other purchased services	86,260	-	86,260	56,993	29,267
General educational supplies	125,000	-	125,000	112,541	12,459
Instructional text and books	124,002	-	124,002	75,912	48,090
Other instructional expenses	14,400	-	14,400	5,611	8,789
Total current expense	<u>1,551,024</u>	<u>-</u>	<u>1,551,024</u>	<u>1,453,317</u>	<u>97,707</u>
Administrative cost:					
Salaries	385,271	-	385,271	384,550	721
Total benefit costs	417,893	-	417,893	648,551	(230,658)
Professional /Technical service	58,000	-	58,000	41,106	16,894
Other purchased services	-	-	-	-	-
Communications and Telephones	23,400	-	23,400	11,894	11,506
Supplies and materials	26,500	-	26,500	34,830	(8,330)
Miscellaneous expenses	6,000	-	6,000	5,415	585
Total administrative cost	<u>917,064</u>	<u>-</u>	<u>917,064</u>	<u>1,126,346</u>	<u>(209,282)</u>
Support services:					
Salaries	275,480	-	275,480	267,567	7,913
Purchased prof tech services	90,456	-	90,456	27,849	62,607
Other purchased services	135,000	-	135,000	104,063	30,937
Rent on land and buildings	540,000	-	540,000	540,000	-
Insurance-fidelity, liability property	14,932	-	14,932	14,932	-
Supplies and materials	26,000	-	26,000	11,046	14,954
Energy	63,068	-	63,068	52,241	10,827
Transportation other than to/fro school	17,000	-	17,000	15,878	1,122
Miscellaneous expenses	5,000	-	5,000	2,271	2,729
Food Services - Transfer to cover deficit	-	-	-	25,319	(25,319)
Total support services	<u>1,166,936</u>	<u>-</u>	<u>1,166,936</u>	<u>1,061,166</u>	<u>105,770</u>
Capital outlay:					
Instructional equipment	32,000	-	32,000	-	32,000
Non-instructional equipment	23,000	-	23,000	-	23,000
Total capital outlay	<u>55,000</u>	<u>-</u>	<u>55,000</u>	<u>-</u>	<u>55,000</u>
TPAF-Social Security	-	-	-	54,958	(54,958)
Total expenditures	<u>3,690,024</u>	<u>-</u>	<u>3,690,024</u>	<u>3,695,787</u>	<u>(5,763)</u>
Excess (deficiency) of revenues over (under) expenditures	73,408	32,792	106,200	100,437	5,763
Fund balances, beginning of year	790,714	-	790,714	790,714	-
Fund balances, end of year	<u>\$ 864,122</u>	<u>\$ 32,792</u>	<u>\$ 896,914</u>	<u>\$ 891,151</u>	<u>\$ 5,763</u>

See independent auditor's report

**ADELAIDE L. SANFORD CHARTER SCHOOL
Special Revenue Fund**

C-2

Budget Comparison Schedule

Year ended June 30, 2011

	<u>Original Budget</u>	<u>Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues					
Federal sources	\$433,679	\$ -	\$433,679	433,679	\$ -
State sources	5,755		5,755	5,755	-
Local sources	79,411		79,411	79,411	-
Total revenues -all sources	<u>518,845</u>	<u>-</u>	<u>518,845</u>	<u>518,845</u>	<u>-</u>
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	182,056	-	182,056	182,056	-
Purchased Prof. and technical services	-	-	-	-	-
Other purchased services	24,226	-	24,226	24,226	-
General supplies	115,103		115,103	115,103	-
Miscellaneous expenditures	-		-	-	-
Total instruction	<u>321,385</u>	<u>-</u>	<u>321,385</u>	<u>321,385</u>	<u>-</u>
Support services					
Salaries of supervisors of instruction	-	-	-	-	-
Employee benefits	-	-	-	-	-
Purchased professional educational services	185,199	-	185,199	185,199	-
Other purchase services	11,856	-	11,856	11,856	-
Supplies	405	-	405	405	-
Miscellaneous expenditures	-	-	-	-	-
Total support services	<u>197,460</u>	<u>-</u>	<u>197,460</u>	<u>197,460</u>	<u>-</u>
Capital Outlay:					
Facilities acquisition and construction services:					
Instructional equipment	-	-	-	-	-
Noninstructional equipment	-	-	-	-	-
Construction services	-	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$518,845</u>	<u>\$ -</u>	<u>\$518,845</u>	<u>\$518,845</u>	<u>\$ -</u>

See independent auditor's report

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

ADELAIDE L. SANFORD CHARTER SCHOOL
Required Supplementary Information
Budgetary Comparison Schedule
Notes to Required Supplementary Schedule
Year ended June 30, 2011

NOTE

**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 basis) "revenue" from the budgetary comparison schedule:	[C-1] \$ 3,796,224	
	[C-2]	\$ 518,845
Difference - budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	0	0
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2] <u>\$ 3,796,224</u>	<u>\$ 518,845</u>
Note 1		
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-2]	\$ 518,845
Differences - budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		0
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfer (outflows) to general fund		0
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 518,845</u>

Note 1) The general fund budget basis of the use/outflow of resources is GAAP, therefore no reconciliation is required.

See independent auditor's report

OTHER SUPPLEMENTARY INFORMATION

**SCHOOL LEVEL SCHEDULES
NOT APPLICABLE**

SPECIAL REVENUE FUND

ADELAIDE L. SANFORD CHARTER SCHOOL
Special Revenue Fund

E-1

Combining Schedule of Program, Revenue and Expenditures
Budgetary Basis

Year ended June 30, 2011

	Title I Part A 2010-2011 C/Yr	Title I Part A C/Fwd	Title I Part A ARRA 2009-2011	Title II Part A 2010-2011 C/Yr	Title II Part A C/Fwd	Title IV C/Fwd	IDEA 2010-2011 C/Yr	IDEA C/Fwd	IDEA Basic ARRA 2009-2011	State Supplies Grant	Newark Charter School Fund	Total
Revenues												
Federal sources	\$ 150,524	\$ 104,525	\$ 62,976	\$ 4,064	\$ 3,375	\$ 836	\$ 32,760	\$ 43,546	\$ 31,073			\$ 433,679
State sources	-	-	-	-	-	-	-	-	-	\$ 5,755		5,755
Local sources	-	-	-	-	-	-	-	-	-	-	\$ 79,411	79,411
Total revenues -all sources	<u>150,524</u>	<u>104,525</u>	<u>62,976</u>	<u>4,064</u>	<u>3,375</u>	<u>836</u>	<u>32,760</u>	<u>43,546</u>	<u>31,073</u>	<u>5,755</u>	<u>79,411</u>	<u>518,845</u>
Expenditures												
Current Expenditures:												
Instruction:												
Salaries of teachers	116,936		50,120						15,000			182,056
Purchased Prof. and technical services												-
Other purchased services								24,226				24,226
General supplies	3,464	104,525							1,359	5,755		115,103
Miscellaneous expenditures												-
Total instruction	<u>120,400</u>	<u>104,525</u>	<u>50,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,226</u>	<u>16,359</u>	<u>5,755</u>	<u>-</u>	<u>321,385</u>
Support services												
Support salaries												-
Employee benefits												-
Purchased professional educational services	30,124		1,000	4,064	3,375	836	32,355	19,320	14,714		79,411	185,199
Other purchase services			11,856									11,856
Supplies							405					405
Miscellaneous expenditures												-
Total support services	<u>30,124</u>	<u>-</u>	<u>12,856</u>	<u>4,064</u>	<u>3,375</u>	<u>836</u>	<u>32,760</u>	<u>19,320</u>	<u>14,714</u>	<u>-</u>	<u>79,411</u>	<u>197,460</u>
Capital Outlay:												
Facilities acquisition and construction services:												
Instructional equipment		-	-	-	-	-	-	-	-	-	-	-
Noninstructional equipment		-	-	-	-	-	-	-	-	-	-	-
Construction services	-	-	-	-	-	-	-	-	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 150,524</u>	<u>\$ 104,525</u>	<u>\$ 62,976</u>	<u>\$ 4,064</u>	<u>\$ 3,375</u>	<u>\$ 836</u>	<u>\$ 32,760</u>	<u>\$ 43,546</u>	<u>\$ 31,073</u>	<u>\$ 5,755</u>	<u>\$ 79,411</u>	<u>\$ 518,845</u>

See independent auditor's report

CAPITAL PROJECTS FUND
At June 30, 2011, there was no capital project fund.

ENTERPRISE FUND

ADELAIDE L. SANFORD CHARTER SCHOOL
Enterprise Funds

G-1

Combining Statement of Net Assets

June 30, 2011

Assets

Current assets:

Cash and cash equivalents	\$ 285,612
Accounts receivable:	
Federal	25,995
State	441
Total current assets	<u>\$ 312,048</u>

Liabilities

Current liabilities

Accounts payable	\$ -
Interfund payable - General Fund	312,048
Total current liabilities	<u>\$ 312,048</u>

Net assets

Unrestricted	-
Total net assets	<u>\$ -</u>

See independent auditor's report

ADELAIDE L. SANFORD CHARTER SCHOOL
Enterprise Fund

G-2

Combining Statement of Revenues, Expenditures and Changes in Net Assets

Year ended June 30, 2011

	<u>Food Services</u>	<u>After-Care Program</u>	<u>TOTAL</u>
Operating revenues:			
Charges for services:			
Parent fees	\$ -	\$ 55,046	\$ 55,046
Daily sales - nonreimbursable programs	6,788	-	6,788
Miscellaneous revenue	-	-	-
Total Operating revenues	<u>6,788</u>	<u>55,046</u>	<u>61,834</u>
Operating expenses:			
Cost of sales	247,455	-	247,455
Salaries	-	-	-
Employee benefits	-	-	-
Professional /Technical service	-	-	-
Supplies and materials	1,065	-	1,065
Depreciation	-	-	-
Miscellaneous	-	-	-
Total operating expenses	<u>248,520</u>	<u>-</u>	<u>248,520</u>
Operating income (loss)	<u>(241,732)</u>	<u>55,046</u>	<u>(186,686)</u>
Nonoperating revenues:			
State sources:			
State School Breakfast Program	-	-	-
State School Lunch Program	1,925	-	1,925
Federal sources:			
National School Lunch Program	93,819	-	93,819
National School Breakfast Program	27,636	-	27,636
After School Snacks	-	-	-
Total nonoperating revenues	<u>123,380</u>	<u>-</u>	<u>123,380</u>
Net income/(loss) before contributions & transfers	<u>(118,352)</u>	<u>55,046</u>	<u>(63,306)</u>
Other financing sources:			
Miscellaneous revenue	-	-	-
Operating transfer in - Board contribution	118,352	(93,033)	25,319
	<u>118,352</u>	<u>(93,033)</u>	<u>25,319</u>
Change in net assets	<u>-</u>	<u>(37,987)</u>	<u>(37,987)</u>
Total net assets-beginning of year	<u>-</u>	<u>37,987</u>	<u>37,987</u>
Total net assets-end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report

ADELAIDE L. SANFORD CHARTER SCHOOL
Food Services Enterprise Fund

G-3

Statement of Cash Flows

Year ended June 30, 2011

Cash flows from operating activities	
Operating loss	\$ (186,686)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Increase in accounts receivable	(14,918)
Increase in due to General Fund	30,016
Net cash used in operating activities	<u>(171,588)</u>
	-
Cash flows from noncapital financing activities	
Cash received from state reimbursements	121,455
Cash received from federal reimbursements	25,319
Operating subsidies and transfers from other funds	<u>148,699</u>
Net cash provided by noncapital financing activities	-
	-
	-
Cash flows from investing activities	
	-
	(22,889)
Net decrease in cash and cash equivalents	308,501
Cash and cash equivalents, beginning	<u>\$ 285,612</u>

See independent auditor's report

FIDUCIARY FUND

**ADELAIDE L. SANFORD CHARTER SCHOOL
Fiduciary Funds**

H-1

Combining Statement of Fiduciary Net Assets

June 30, 2011

	Student Activity Fund	Agency Fund Payroll	TOTAL
Assets			
Cash and cash equivalents	\$ 613	\$ 34,339	\$ 34,952
Total assets	<u>\$ 613</u>	<u>\$ 34,339</u>	<u>\$ 34,952</u>
Liabilities and fund balances			
Liabilities:			
Payroll deductions and withholdings	\$ -	\$ 34,339	\$ 34,339
Due to student groups	613		613
Interfund payable	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>613</u>	<u>34,339</u>	<u>34,952</u>
Net Assets			
Total liabilities and net assets	<u>\$ 613</u>	<u>\$ 34,339</u>	<u>\$ 34,952</u>

See independent auditor's report

ADELAIDE L. SANFORD CHARTER SCHOOL
Fiduciary Funds

H-2

Combining Statement of Changes in Fiduciary Net Assets

Year ended June 30, 2011

	<u>Expendable Trust Fund</u> New Jersey <u>Unemployment Benefits</u>
Revenues:	
General fund appropriation	\$ 55,745
Total revenues	<u>55,745</u>
Expenditures:	
Payments to NJ Unemployment Compensation Fund	<u>55,745</u>
Total expenditures	<u>55,745</u>
Excess(deficiency) of revenue over(under) expenditures	-
Fund balance, beginning	<u>-</u>
Fund balance, ending	<u><u>\$ -</u></u>

See independent auditor's report

ADELAIDE L. SANFORD CHARTER SCHOOL
Student Activity Agency Fund
Schedule of Receipts and Disbursements

H-3

Year ended June 30, 2011

	<u>Balance June 30, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2011</u>
Student Activity Fund	\$ (370)	\$15,798	\$ 14,815	\$ 613
Total assets	<u>\$ (370)</u>	<u>\$15,798</u>	<u>\$ 14,815</u>	<u>\$ 613</u>

See independent auditors' report

ADELAIDE L. SANFORD CHARTER SCHOOL
Payroll Agency Fund
Schedule of Receipts and Disbursements

H-4

Year ended June 30, 2011

	<u>Balance</u> <u>June 30, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Assets				
Cash and cash equivalents	\$ 125,054	\$ 2,296,684	\$ 2,387,399	\$ 34,339
Total assets	<u>\$ 125,054</u>	<u>\$ 2,296,684</u>	<u>\$ 2,387,399</u>	<u>\$ 34,339</u>
Liabilities				
Payroll deductions and withholdings	\$ -	\$ 2,296,684	\$ 2,262,345	\$ 34,339
Interfund payable	125,054		125,054	-
Total liabilities	<u>\$ 125,054</u>	<u>\$ 2,296,684</u>	<u>\$ 2,387,399</u>	<u>\$ 34,339</u>
		-	-	

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LONG-TERM DEBT

ADELAIDE L. SANFORD CHARTER SCHOOL
Long-Term Debt
Schedule of Obligations Under Loans

I-2

Year ended June 30, 2011

<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2010</u>	<u>Acquired Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2011</u>
NONE					
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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STATISTICAL SECTION

ADELAIDE L. SANFORD CHARTER SCHOOL
County of Essex, New Jersey

J-1

NET ASSETS BY COMPONENT
Last Four Fiscal Years
(accrual basis of accounting)

	<u>2011</u>	<u>Fiscal Year Ended June 30,</u> <u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted	891,151	790,714	387,006	50,793
Total governmental activities net assets	<u>\$ 891,151</u>	<u>\$ 790,714</u>	<u>\$ 387,006</u>	<u>\$ 50,793</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted	-	37,987	27,142	10,742
Total business-type activities net assets	<u>\$ -</u>	<u>\$ 37,987</u>	<u>\$ 27,142</u>	<u>\$ 10,742</u>
School-wide				
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted	891,151	828,701	414,148	61,535
Total charter school net assets	<u>\$ 891,151</u>	<u>\$ 828,701</u>	<u>\$ 414,148</u>	<u>\$ 61,535</u>

Note

Exhibit J-1 is a ten year schedule. 2007-2008 is the Charter School's first year of operation.
--

ADELAIDE L. SANFORD CHARTER SCHOOL
County of Essex, New Jersey

J-2

CHANGES IN NET ASSETS
Last Four Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30,			
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenses				
Governmental activities				
Instruction				
Regular	\$ 1,774,702	\$ 1,328,414	\$ 997,965	\$ 388,109
Support Services:				
Student & instruction related services	1,378,764	1,005,540	664,550	659,846
General administration	1,061,166	834,926	573,063	502,949
Plant Operations and Maintenance	-	-	-	-
Total governmental activities expenses	<u>4,214,632</u>	<u>3,168,880</u>	<u>2,235,578</u>	<u>1,550,904</u>
Business-type activities:				
Food service	248,520	166,200	101,564	81,267
Child Care	-	-	-	-
Total business-type activities expense	<u>248,520</u>	<u>166,200</u>	<u>101,564</u>	<u>81,267</u>
Total charter school expenses	<u>\$ 4,463,152</u>	<u>\$ 3,335,080</u>	<u>\$ 2,337,142</u>	<u>\$ 1,632,171</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Operating grants and contributions	\$ 518,845	\$ 294,781	\$ 127,992	\$ 207,829
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>518,845</u>	<u>294,781</u>	<u>127,992</u>	<u>207,829</u>
Business-type activities:				
Charges for services:				
Food service	6,788	10,103	10,004	1,333
Child care	55,046	52,534	24,562	10,742
Operating grants and contributions	123,380	114,408	83,398	21,774
Capital grants and contributions	25,319	-	-	58,160
Total business type activities program revenues	<u>210,533</u>	<u>177,045</u>	<u>117,964</u>	<u>92,009</u>
Total charter school program revenues	<u>\$ 729,378</u>	<u>\$ 471,826</u>	<u>\$ 245,956</u>	<u>\$ 299,838</u>
Net (Expense)/Revenue				
Governmental activities	\$ (3,695,787)	\$ (2,874,099)	\$ (2,107,586)	\$ (1,343,075)
Business-type activities	(37,987)	10,845	16,400	10,742
Total charter school-wide net expense	<u>\$ (3,733,774)</u>	<u>\$ (2,863,254)</u>	<u>\$ (2,091,186)</u>	<u>\$ (1,332,333)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes levied for general purposes, net	\$ 497,287	\$ 422,110	\$ 321,878	\$ 247,730
Grants and contributions	3,285,139	2,809,834	2,022,932	1,143,626
Miscellaneous income	13,798	45,863	98,989	2,512
Transfers	(25,319)	-	-	(58,160)
Total governmental activities	<u>3,770,905</u>	<u>3,277,807</u>	<u>2,443,799</u>	<u>1,335,708</u>
Business-type activities:				
Transfers	25,319	-	-	58,160
Total business-type activities	<u>25,319</u>	<u>-</u>	<u>-</u>	<u>58,160</u>
Total charter school-wide	<u>\$ 3,796,224</u>	<u>\$ 3,277,807</u>	<u>\$ 2,443,799</u>	<u>\$ 1,393,868</u>
Change in Net Assets				
Governmental activities	\$ 100,437	\$ 403,708	\$ 336,213	\$ 50,793
Business-type activities	(37,987)	10,845	16,400	10,742
Total charter school	<u>\$ 62,450</u>	<u>\$ 414,553</u>	<u>\$ 352,613</u>	<u>\$ 61,535</u>

Notes

Exhibit J-2 is a ten year schedule. 2007-2008 is the Charter School's first year of operation.
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ADELAIDE L. SANFORD CHARTER SCHOOL
 County of Essex, New Jersey

J-3

FUND BALANCES - GOVERNMENTAL FUNDS
Last Four Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,			
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund				
Unreserved	\$891,151	\$790,714	\$387,006	\$50,793
Total general fund	<u>\$891,151</u>	<u>\$790,714</u>	<u>\$387,006</u>	<u>\$50,793</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue fund	-	-	-	-
Capital projects fund	-	-	-	-
Debt service fund	-	-	-	-
Permanent fund	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes

Exhibit J-2 is a ten year schedule. 2007-2008 is the Charter School's first year of operation.
--

ADELAIDE L. SANFORD CHARTER SCHOOL
County of Essex, New Jersey

J-4

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

Function	2011	2010	2009	2008
Revenues				
Local tax levy	\$ 497,287	\$ 422,110	\$ 321,878	\$ 247,730
Miscellaneous	93,209	106,951	113,214	2,512
State sources	3,290,894	2,809,834	2,022,932	1,237,980
Federal sources	433,679	233,693	113,767	113,475
Total revenue	<u>4,315,069</u>	<u>3,572,588</u>	<u>2,571,791</u>	<u>1,601,697</u>
Expenditures				
Instruction	1,774,702	1,328,414	997,965	388,109
Administration	1,378,764	1,005,540	664,550	659,846
Support Services	1,061,166	834,926	573,063	502,949
Capital Outlay	-	-	-	-
Total expenditures	<u>4,214,632</u>	<u>3,168,880</u>	<u>2,235,578</u>	<u>1,550,904</u>
Net change in fund balances	<u>\$ 100,437</u>	<u>\$ 403,708</u>	<u>\$ 336,213</u>	<u>\$ 50,793</u>

Source: Charter School's Records

ADELAIDE L. SANFORD CHARTER SCHOOL
County of Essex, New Jersey

J-5

GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
Last Four Fiscal Years
(Unaudited)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Other Local Revenue By Source:				
Miscellaneous revenue	\$ 13,798	\$ 45,863	\$ 98,989	\$ 2,512
Total	<u>\$ 13,798</u>	<u>\$ 45,863</u>	<u>\$ 98,989</u>	<u>\$ 2,512</u>

Source: Charter School's Records

ADELAIDE L. SANFORD CHARTER SCHOOL
County of Essex, New Jersey

J-10

RATIO OF OUTSTANDING DEBT BY TYPE
Last Four Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Type Activities	Total Charter School	Percentage of Personal Income *	Per Capita *
	General Obligation Bonds b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2009	-	-	-	-	-	-		
2010	-	-	-	-	-	-		
2011	-	-	-	-	-	-		

NO LONG TERM DEBT FOR THE CHARTER SCHOOL

**ADELAIDE L. SANFORD CHARTER SCHOOL
County of Essex, New Jersey**

J-14

**DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Four Fiscal Years**

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemploymen t Rate ^d</u>
2008	272,434	\$ 3,544,093,906	\$ 13,009	9.50%
2009	272,434	\$ 3,544,093,906	\$ 13,009	14.10%
2010	277,140	\$ 3,605,314,260	\$ 13,009	15.00%
2011	277,140	\$ 3,605,314,260	\$ 13,009	15.00%

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

**ADELAIDE L. SANFORD CHARTER SCHOOL
County of Essex, New Jersey**

J-15

**PRINCIPAL EMPLOYERS
Current Year**

<u>Employer</u>	<u>2011</u>		
	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>
Newark Liberty International Airport	24,000	1	17.14%
Verizon Communications	17,100	2	12.21%
Prudential Financial, Inc.	16,850	3	12.04%
Continental Airlines	11,000	4	7.86%
University of Medicines/Dentistry	11,000	5	7.86%
Public Service Enterprise Group	10,800	6	7.71%
Prudential Insurance	4,492	7	3.21%
City of Newark	3,984	8	2.85%
Horizon Blue Cross & Blue Shield	3,900	9	2.79%
	<u>103,126</u>		<u>73.67%</u>

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

ADELAIDE L. SANFORD CHARTER SCHOOL
County of Essex, New Jersey

J-16

**FULL-TIME EQUIVALENT CHARTER SCHOOL EMPLOYEES BY FUNCTION/
PROGRAM**

Last Four Fiscal Years

<u>Function/Program</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Instruction				
Regular	30	21	12	12
Special education	1	1	1	1
Vocational				
Other instruction				
Support Services:				
Student & instruction related services				
General administration	6	6	6	6
School administrative services				
Other administrative services	2	1	2	2
Central services				
Administrative Information Technology				
Plant operations and maintenance				
Pupil transportation				
Other support services	6	6	4	4
Special Schools				
Food Service				
Total	<u>45</u>	<u>35</u>	<u>25</u>	<u>25</u>

Source: Charter School Personnel Records

ADELAIDE L. SANFORD CHARTER SCHOOL
County of Essex, New Jersey

J-17

OPERATING STATISTICS

Last Four 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	% Change in Average Daily Enrollment	Student Attendance Percentage
						Kindergarten	Elementary				
2008	135	1,550,904	11,488	0.00%	13	1:09	1:09	135.0	135	0.00%	100.00%
2009	135	1,550,904	11,488	0.00%	22	1:09	1:09	135.0	135	0.00%	100.00%
2010	236	3,168,880	13,427	16.88%	22	1:09	1:09	236.0	224	65.93%	94.92%
2011	285	4,214,632	14,788	28.73%	31	1:09	1:09	285.0	271	20.87%	95.00%

Sources: Charter School records

Note: Enrollment based on annual June Charter School count.

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

ADELAIDE L. SANFORD CHARTER SCHOOL
County of Essex, New Jersey

SCHOOL BUILDING INFORMATION
Last Four Fiscal Years

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Square Feet	45,000	38,100	38,100	31,750
Capacity (students)	300	240	222	222
Enrollment	285	236	188	135

Source: School Records

ADELAIDE L. SANFORD CHARTER SCHOOL
County of Essex, New Jersey

J-19

SCHEDULE OF ALLOWABLE MAINTENANCE EXPENDITURES
BY SCHOOL FACILITY
Last Four Fiscal Years

2008	\$ 39,679
2009	27,006
2010	33,291
2011	25,978
	-
Total	<u><u>\$ 125,954</u></u>

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

Source: Charter School records

ADELAIDE L. SANFORD CHARTER SCHOOL
County of Essex, New Jersey

J-20

INSURANCE SCHEDULE

June 30, 2011

	<u>Coverage</u>	
Property:		
Business Personal Property	\$3,000,000	
Computer Coverage	750,000	
Flexi-Plus Five:		
Directors & Officers Liability with \$10,000 Deductible	1,000,000	
Employment Practices Liability with \$10,000 Deductible	1,000,000	
Workplace Violence with \$10,000 Deductible	1,000,000	
Commercial General Liability:		
General Aggregate	2,000,000	
Products - Completed Operations Aggregate Limit	1,000,000	
Personal & Advertising Injury Limit	1,000,000	Each Occurrence
Damage to Premises Rented by Insured	50,000	
Medical Expenses - Limits	1,000	
Sexual Molestation	300,000	Each Occurrence
Educators Errors & Omissions		
Educators Errors & Omissions Liability with \$2,500 Deductible	1,000,000	
Supplemental Payments - Defence Expenses with \$2,500 Deductible each	50,000	Each
Supplemental Payments - Defence Expenses with \$2,500 Deductible	100,000	Aggregate
Crime:		
Employee Dishonesty with \$5,000 Deductible	117,000	
Money & Securities - Premises/In Transit with \$5,000 Deductible	25,000	
Computer Fraus with \$5,000 Deductible	117,000	
Funds Transfer Fraud with \$5,000 Deductible	117,000	
Student Accident:		
Standard Plan Excluding Interscholastic Athletics	1,000,000	
Dental Accident Expenses	50,000	
Accidental Death & Dismemberment - Life	10,000	
Accidental Death & Dismemberment - Both hands or feet or eyes	50,000	
Accidental Death & Dismemberment - one hands or feet or eyes	25,000	

Source: Charter School Records

SINGLE AUDIT SECTION

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K-1

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

The Honorable Chairperson and
Members of the Board of Trustees
Adelaide L. Sanford Charter School
County of Essex
Newark, New Jersey

We have audited the financial statements of Adelaide L. Sanford Charter School (“the Charter School”) in the county of Essex, State of New Jersey as of and for the year ended June 30, 2011, and have issued our report thereon, dated October 28, 2011. 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 and Regulatory Compliance, Department of Education, State of New Jersey*.

Internal Control over Financial Reporting

Management of Adelaide L. Sanford Charter School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Adelaide L. Sanford Charter School’s 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 Adelaide L. Sanford Charter Schools’ internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Adelaide L. Sanford Charter Schools’ 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 that is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Adelaide L. Sanford Charter School'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 and Regulatory Compliance, Department of Education, State of New Jersey*.

We noted certain matters that we reported to the Board of Trustees of the Adelaide L. Sanford Charter School in the separate *Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* dated October 28, 2011.

This report is intended for the information of the management, the Adelaide L. Sanford Charter School's, the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Olugbenga Olabintan, CPA

October 28, 2011
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



Olugbenga Olabintan, CPA
Licensed Public School Accountant
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K-2

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

The Honorable Chairperson and
Members of the Board of Trustees
Adelaide L. Sanford Charter School
Essex County, New Jersey

Compliance

We have audited the compliance of the of the of Adelaide L. Sanford Charter School (“the Charter School”) in the county of Essex, State of New Jersey, with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2011. Charter School’s major federal and state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Charter School management. Our responsibility is to express an opinion on Charter School’s 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the audit requirements as prescribed by the *Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey, and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB’s Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal and state programs occurred. An audit includes examining, on a test basis, evidence about the Charter School’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Charter School Board of Trustees’ compliance with those requirements.

In our opinion, Adelaide L. Sanford Charter School complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal and state programs for the fiscal year ended June 30, 2011.

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

Internal Control Over Compliance

Management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Charter School's internal control over compliance with requirements that could have a direct and material effect on a major federal and state programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and *New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, 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 Adelaide L. Sanford Charter Schools' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal and 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 federal and 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 weakness. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Olugbenga Olabintan, CPA

October 28, 2011
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant


Olugbenga Olabintan, CPA
Licensed Public School Accountant
#20CS00230200

ADELAIDE L. SANFORD CHARTER SCHOOL

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Federal Grant/ Pass-Through Grantor/ Program Title	Federal C.F.D.A No.	Grant Period	Award Amount	Balance at June 30, 2010	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2011	Deferred Revenue at June 30, 2011	Due to Grantor at June 30, 2011
Special Revenue Fund:												
U.S. Department of Education:												
Passed-Through State Department of Education												
Title IA - FY 2010-2011	84.010A	9/1/10-8/31/11	\$ 230,377				\$ 80,479	\$ (150,524)		\$ (70,045)		
Title IA - ARRA - 2009-2011	84.389	7/1/09-8/31/11	130,310	\$ (41,240)			104,631	(62,976)			\$ 415	
Title IIA - FY 2010-2011	84.367A	9/1/10-8/31/11	4,141				4,064	(4,064)				
Title II, Part D - FY 2010-2011	84.318	9/1/10-8/31/11	504									
Title IV - FY 2010-2011	84.186	9/1/10-8/31/11	2,143									
IDEA FY 2010-2011	84.027	9/1/10-8/31/11	51,964				-	(32,760)		(32,760)		
IDEA, Basic ARRA - FY 2009-2011	84.391	7/1/09-8/31/11	57,053	-				(31,073)		(31,073)		
Title IA - FY 2009-2010	84.010A	9/1/09-8/31/10	197,953	4,325	55,780		39,577	(104,525)		(4,843)		
Title IIA - FY 2009-2010	84.367A	9/1/09-8/31/10	5,611	1,110			1,206	(3,375)		(1,059)		
Title II, Part D - FY 2009-2010	84.318	9/1/09-8/31/10	1,956	-	1,208		750				1,958	
Title IV - FY 2009-2010	84.186	9/1/09-8/31/10	2,638	-	2,098		2,143	(836)			3,405	
IDEA FY 2009-2010	84.027	9/1/09-8/31/10	37,943	9,945	18,705		14,188	(43,546)		(708)		
Title IA - FY 2008-2009	84.010A	9/1/08-8/31/09	171,675	55,780	(55,780)					-		
Title IIA - FY 2008-2009	84.367A	9/1/08-8/31/09	5,043	-						-		
Title II, Part D - FY 2008-2009	84.318	9/1/08-8/31/09	1,208	1,208	(1,208)					-		
Title IV - FY 2008-2009	84.186	9/1/08-8/31/09	2,098	2,098	(2,098)					-		
IDEA, Basic FY 2008-2009	84.027	9/1/08-8/31/09	31,130	18,705	(18,705)					-		
Total Special Revenue/U.S. Department of Education				<u>51,931</u>	<u>-</u>		<u>247,038</u>	<u>(433,679)</u>		<u>(140,488)</u>	<u>5,778</u>	
Enterprise Fund:												
U.S. Department of Agriculture												
Passed-Through New Jersey Dept of Agriculture												
National School lunch program	10.555	7/1/10-6/30/11	93,819				73,751	(93,819)		(20,068)		
National School lunch program	10.555	7/1/09-6/30/10	79,027	(8,118)			8,118	-				
National School breakfast program	10.553	7/1/10-6/30/11	27,636				21,709	(27,636)		(5,927)		
National School breakfast program	10.553	7/1/09-6/30/10	30,299	(2,899)			2,899			-		
Total Enterprise Fund/Total U.S. Department of Agriculture				<u>(11,017)</u>			<u>106,477</u>	<u>(121,455)</u>		<u>(25,995)</u>		
Total Expenditures of Federal Awards				<u>\$ 40,914</u>	<u>\$ -</u>		<u>\$ 353,515</u>	<u>\$ (555,134)</u>		<u>\$ (166,483)</u>	<u>\$ 5,778</u>	

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

ADELAIDE L. SANFORD CHARTER SCHOOL

Schedule of Expenditures of State Awards

Year ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable) at June 30, 2010	Deferred Revenue at June 30, 2010	Due to Grantor at June 30, 2010	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable) at June 30, 2010	Deferred Revenue at June 30, 2011	Due to Grantor at June 30, 2011
State Department of Education														
General Fund:														
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	\$ 3,582,844						\$ 3,582,844	\$ (3,512,785)		\$ (7,027)		\$ 63,032
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	3,014,460	\$ (19,167)		\$ 23,029			19,167		\$ (23,029)			
Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	20,332						20,332	(20,332)				
Security Aid	11-495-034-5120-084	7/1/10-6/30/11	113,580						113,580	(113,580)				
TPAF/FICA Reimbursements	11-495-034-5095-002	7/1/10-6/30/11	54,958						49,190	(54,958)		(5,768)		
TPAF/FICA Reimbursements	10-495-034-5095-002	7/1/09-6/30/10	38,904	(3,507)					3,507					
Total General Fund				<u>(22,674)</u>		<u>23,029</u>			<u>3,788,620</u>	<u>(3,701,655)</u>	<u>(23,029)</u>	<u>(12,795)</u>		<u>63,032</u>
State Department of Agriculture														
Special Revenue Fund:														
State Food Equipment Grant	N/A	7/1/10-6/30/11	5,755						5,755	(5,755)				
State Department of Agriculture														
Enterprise Fund:														
State School breakfast program	11-100-010-3350-021	7/1/10-6/30/11	-											
State School breakfast program	10-100-010-3350-021	7/1/09-6/30/10	1,974	(185)					185	-				
State School lunch program	11-100-010-3350-023	7/1/10-6/30/11	1,925						1,484	(1,925)		(441)		
State School lunch program	10-100-010-3350-023	7/1/09-6/30/10	3,108	(316)					316	-				
Total Enterprise Fund				<u>(501)</u>					<u>1,985</u>	<u>(1,925)</u>		<u>(441)</u>		
Total State Financial Assistance				<u>\$ (23,175)</u>		<u>\$ 23,029</u>			<u>\$ 3,796,360</u>	<u>\$ (3,709,335)</u>	<u>\$ (23,029)</u>	<u>\$ (13,236)</u>		<u>\$ 63,032</u>

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

**ADELAIDE L. SANFORD CHARTER SCHOOL
(ESSEX COUNTY)**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state award programs of the Board of Trustees, Adelaide L. Sanford Charter School. The board of trustees is defined in Note 1 to the Board's financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of those recorded in the Enterprise Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 GENERAL-PURPOSE FINANCIAL STATEMENTS

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

**ADELAIDE L. SANFORD CHARTER SCHOOL
(ESSEX COUNTY)**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 3 RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS-
CONTINUED**

The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0- for the general fund and \$-0- 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 funds.

Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$3,701,655	\$3,701,655
Special Revenue Fund	\$433,679	5,755	439,434
Enterprise Fund	121,455	1,925	123,380
Total	<u>\$555,134</u>	<u>\$3,709,335</u>	<u>\$4,264,469</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 ON-BEHALF PAYMENTS

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, 2011.

**ADELAIDE L. SANFORD CHARTER SCHOOL
(ESSEX COUNTY)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes No

Significant deficiency(cies) identified? _____ Yes None reported

Noncompliance material to basic financial statements noted? _____ Yes No

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____yes no

Significant deficiency(ies) identified? _____yes none reported

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

Unqualified

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

_____yes no

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

\$300,000

Auditee qualified as low-risk auditee?

yes _____ no

**ADELAIDE L. SANFORD CHARTER SCHOOL
(ESSEX COUNTY)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION I - SUMMARY OF AUDITOR'S RESULTS - CONTINUED

Federal Awards - continued

Identification of major programs follows:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.101A	Title IA – Fiscal Years 2010-2011 & 2009-2010
84.389	Title IA ARRA– F/Y 2009-2011
84.027	IDEA, Basic–F/Years 2010-2011 & 2009-2010
84.391	IDEA, Basic ARRA– F/Y 2009-2011

State Financial Assistance:

Internal control over major programs:

Material weaknesses identified? _____yes no

Significant deficiency(ies) identified? _____yes none reported

Any audit findings disclosed that are required
to be reported in accordance with NJ OMB Circular
Letter 04-04? _____ yes no

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

Unqualified

Identification of major programs follows:

<u>State Grant/Project Number(s).</u>	<u>Name of State Program</u>
11-495-034-5120-078	Equalization Aid

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

\$300,000

Auditee qualified as low-risk auditee? yes ___ no

**ADELAIDE L. SANFORD CHARTER SCHOOL
(ESSEX COUNTY)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION II FINANCIAL STATEMENTS AUDIT

- NONE -

**ADELAIDE L. SANFORD CHARTER SCHOOL
(ESSEX COUNTY)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION III MAJOR FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

NONE –

**ADELAIDE L. SANFORD CHARTER SCHOOL
(ESSEX COUNTY)**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

STATUS OF PRIOR YEAR FINDINGS

-NONE-