

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN

**The Elysian Charter School of Hoboken
Hoboken, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011**

**Comprehensive Annual
Financial Report**

of the

The Elysian Charter School of Hoboken

Hoboken, New Jersey

For the Fiscal Year Ended June 30, 2011

Prepared by

**The Elysian Charter School of Hoboken
Finance Department**

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2011

INTRODUCTORY SECTION

Letter of Transmittal	1-4
Organizational Chart.....	5
Roster of Officials.....	6
Consultants and Advisors	7

FINANCIAL SECTION 8

Independent Auditors' Report.....	9-10
-----------------------------------	------

Required Supplementary Information.....	11
Management's Discussion and Analysis (Unaudited).....	12-19

Basic Financial Statements (Sections A. and B.).....	20
--	----

A. Entity-Wide Financial Statements.....	21
A-1 Statement of Net Assets.....	22
A-2 Statement of Activities	23

B. Fund Financial Statements	24
B-1 Balance Sheet – Governmental Funds.....	25
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds	26
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	27
B-4 Statement of Net Assets – Proprietary Funds.....	28
B-5 Statement of Revenue, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	29
B-6 Statement of Cash Flows – Proprietary Funds	30
B-7 Statement of Fiduciary Net Assets – Fiduciary Funds	31
B-8 Statement of Changes in Fiduciary Net Assets – Fiduciary Funds (Not Applicable)	

Notes to the Basic Financial Statements	32-47
---	-------

Supplementary Schedules (Sections C. to I.)

C. Budgetary Comparison Schedules (Unaudited)	48
C-1 Budgetary Comparison Schedule – General Fund.....	49-51
C-2 Budgetary Comparison Schedule – Special Revenue Fund.....	52
C-3 Budget-to-GAAP Reconciliation – Notes to Required Supplementary Information.....	53

D. School Level Schedules (Not Applicable)	54
--	----

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2011
 (Continued)

FINANCIAL SECTION (Cont'd)

E.	Special Revenue Fund	55
	E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis	56
	E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	
F.	Capital Projects Fund (Not Applicable)	57
G.	Proprietary Fund.....	58
	G-1 Combining Statement of Net Assets.....	59
	G-2 Combining Statement of Revenue, Expenses and Changes in Fund Net Assets.....	60
	G-3 Combining Statement of Cash Flows	61
H.	Fiduciary Funds.....	62
	H-1 Combining Statement of Fiduciary Net Assets	63
	H-2 Combining Statement of Changes in Fiduciary Net Assets (Not Applicable)	
	H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements (Not Applicable)	
	H-4 Student Activity Agency Fund Statement of Activity (Not Applicable)	
	H-5 Payroll Agency Fund Schedule of Receipts and Disbursements.....	64
I.	Long-Term Debt (Not Applicable).....	65
J.	Statistical Section (Unaudited)	66
	J-1 Net Assets by Component	67
	J-2 Changes in Net Assets	68-69
	J-3 Fund Balances – Governmental Funds.....	70
	J-4 Changes in Fund Balance, Governmental Funds.....	71
	J-5 General Fund Other Local Revenue by Source	72
	J-6 Assessed Value and Estimated Actual Value of Taxable Property (Not Applicable)	
	J-7 Direct and Overlapping Property Tax Rates (Not Applicable)	
	J-8 Principal Property Taxpayers (Current Year and Nine Years Ago) (Not Applicable)	
	J-9 Property Tax Levies and Collections (Not Applicable)	
	J-10 Ratios of Outstanding Debt by Type (Not Applicable)	
	J-11 Ratios of Net General Bonded Debt Outstanding (Not Applicable)	
	J-12 Ratios of Direct and Overlapping Governmental Activities Debt (Not Applicable)	
	J-13 Legal Debt Margin Information (Not Applicable)	
	J-14 Demographic and Economic Statistics (Not Applicable)	
	J-15 Principal Employers, Current and Nine Years Ago (Not Applicable)	
	J-16 Full-time Equivalent District Employees by Function/Program	73
	J-17 Operating Statistics.....	74
	J-18 School Building Information.....	75
	J-19 Schedule of Allowable Maintenance Expenditures by School Facility (Not Applicable)	
	J-20 Insurance Schedule.....	76

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

FINANCIAL SECTION (Cont'd)

K. Single Audit Section.....	77
K-1 Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	78-79
K-2 Independent Auditors' Report on Compliance with Requirements That Could Have A Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular NJOMB 04-04	80-81
K-3 Schedule of Expenditures of Federal Awards	82
K-4 Schedule of Expenditures of State Awards	83
K-5 Notes to the Schedules of Expenditures of Federal and State Awards.....	84-85
K-6 Schedule of Findings and Questioned Costs	86
K-7 Summary Schedule of Prior Audit Findings.....	87

INTRODUCTORY SECTION

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN

301 Garden Street
Hoboken, NJ 07030
(201) 876-0102
(201) 876-9576 - Fax

September 16, 2011

The Honorable President and Members
of the Board of Trustees
The Elysian Charter School of Hoboken
Hoboken, New Jersey

Dear Board Members:

The comprehensive annual financial report of The Elysian Charter School of Hoboken (the "Charter School") for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Trustees (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations 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 Charter, roster of officials and a list of consultants and advisors. The financial section includes the Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the Charter School's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the Charter School, generally presented on a multi- year basis. The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

The Elysian Charter School of Hoboken is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the Charter School are included in this report. The Elysian Charter School of Hoboken constitutes the Charter School's reporting entity.

The Honorable President and Members
of the Board of Trustees
The Elysian Charter School of Hoboken
Page 2
September 16, 2011

1) REPORTING ENTITY AND ITS SERVICES: (Cont'd)

The Elysian Charter School of Hoboken operates a comprehensive ten-month school. Students attend classes 8:15 to 2:45. In addition, programs are available from 7:30am to 6:00pm. There is an average of 16 students in a class. Parents are heavily involved in school activities and governance. Students learn to use computers in a state-of-the-art technology lab.

The following table details the changes in the student enrollment of the Charter School over the last 5 years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	
	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-11	288.0	0.70%
2009-10	286.0	4.76%
2008-09	273.0	2.63%
2007-08	266.0	-2.92%
2006-07	274.0	1.48%

2) ENROLLMENT OUTLOOK:

The Elysian Charter School of Hoboken enrolled 288 students, kindergarten through 8th grade for the 2010-2011 school year. The Elysian Charter School of Hoboken reached its maximum enrollment capacity in the 2004-2005 school year. During the charter renewal process The Elysian Charter School of Hoboken was granted the ability to increase its enrollment to 288 beginning with the 2009-2010 school year. The Charter School had an enrollment of 288 for the 2010-2011 school year.

3) MAJOR INITIATIVES:

The Elysian Charter School of Hoboken's approach to learning, teaching and community is based on many of the philosophies taught in the tradition of hands-on and cooperative learning. Our philosophy leads us to teach in a manner that is child-centered, holistic, progressive and academically rigorous.

Our community of no more than 288 students with two classes for each grade from kindergarten to eighth grade (16 students per class), permits us to live the adage "It takes a community to raise a child". We are involved at every level.

The teachers and administrators at the Charter School are open to new ideas, to create new curriculum and to having children become active and responsible for their own learning. In our learning environment, language, conversation and discussion are seen as very important parts of the learning process that lead to the development of critical thinking skills.

The Elysian Charter School of Hoboken's curriculum meets the required New Jersey State Core Curriculum Standards and grows directly out of the work created by teachers who collaborate on a regular basis. We always keep our focus on the whole child who always has strengths on which he or she can learn and grow.

Our goal is to educate children to become curious, lifelong learners with an appreciation of the arts, the diversity of all peoples in the world, and the self-confidence to fulfill his or her life's dreams.

The Honorable Chairperson and Members
of the Board of Trustees
The Elysian Charter School of Hoboken
Page 3
September 16, 2011

4) INTERNAL ACCOUNTING CONTROLS:

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

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

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund and the special revenue fund.

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. Those amounts to be re-appropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2011.

6) ACCOUNTING SYSTEM AND REPORTS:

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the Charter School is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) CASH MANAGEMENT:

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

The Honorable Chairperson and Members
of the Board of Trustees
The Elysian Charter School of Hoboken
Page 4
September 16, 2011

8) 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, and fidelity bonds. A schedule of insurance coverage is found on Exhibit J-20.

9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Trustees at its organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

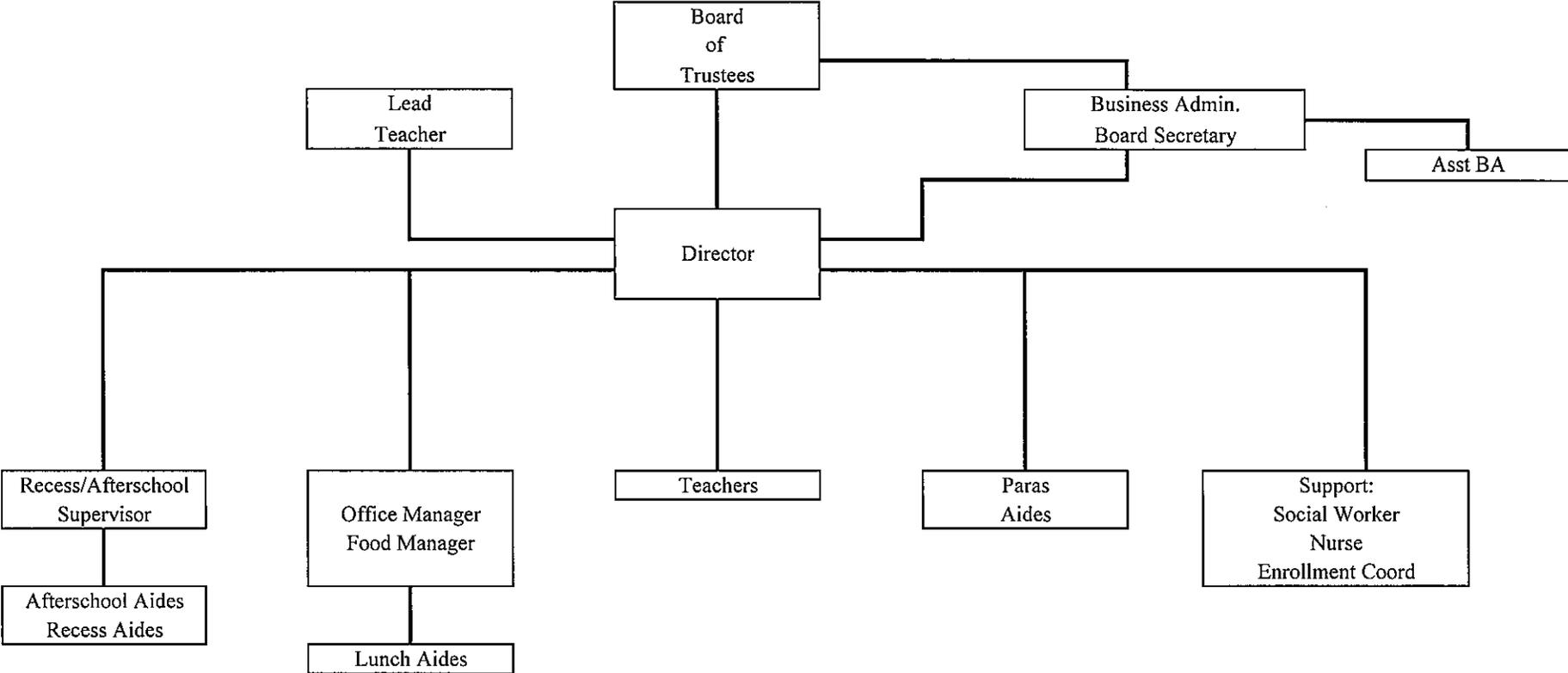
10) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Board of Trustees of The Elysian Charter School of Hoboken for their concern in providing fiscal accountability to the citizens and participating districts of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Dr. Harry Laub, Ph.D
Director

Kathleen Mone
Business Administrator

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
 2011 ORGANIZATIONAL CHART



THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
ROSTER OF OFFICIALS
JUNE 30, 2011

<u>Members of the Board of Trustees:</u>	<u>Expiration of Term</u>
Ken Nilsen, President	03/13
Leigh Higgins, Vice President	03/13
Alison Borelli	03/12
Mary Ann Bowen	03/13
Pam Cushing	03/13
Kim Demopoulos	03/12
Kristen Jordan	03/12
Laurent Lisimachio	03/12
Brian Neville	03/12

<u>Other Officials</u>	<u>Title</u>
Carol Stock	Director thru 1/24/11
Dr. Harry Laub, PhD.	Director from 1/24/11
Kathy Mone	Business Administrator
Kathryn Stima	Staff Representative

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN

Consultants and Advisors

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ, 07856
and
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney

Porzio, Bromberg, Newman, PC
100 Southgate Parkway
Morristown, NJ 07962-1997

Official Depositories

TD Bank
47 Newark Street
Hoboken, NJ 07030

FINANCIAL SECTION



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax
Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
of the Board of Trustees
The Elysian Charter School of Hoboken
Hoboken, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of The Elysian Charter School of Hoboken (the "Charter School") as of and for the fiscal year ended June 30, 2011 which collectively comprise the Charter School's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Charter School's management. Our responsibility is to express opinions on these financial statements based on our audit. The financial statements of the Charter School as of June 30, 2010 were audited by another auditor whose report dated September 10, 2010 expressed an unqualified opinion on those statements.

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. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Trustees of The Elysian Charter School of Hoboken as of June 30, 2011, and the respective changes in financial position, thereof, and cash flows, where applicable for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

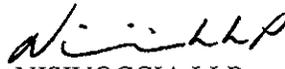
In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2011 on our consideration of the Board of Education of The Elysian Charter School of Hoboken's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable President and Members
of the Board of Trustees
The Elysian Charter School of Hoboken
Page 2

The Management's Discussion and Analysis and the Budgetary Comparison Information on Exhibits C-1 through C-3 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's financial statements. The accompanying introductory section, combining and individual fund financial statements, other supplementary schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards 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 Nonprofit Organizations*; and New Jersey OMB Circular NJOMB 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. The supplementary combining and individual fund financial statements, other supplementary schedules and schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical 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.

September 16, 2011
Mount Arlington, New Jersey


NISIVOCIA LLP


Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**The Elysian Charter School of Hoboken
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

This section of The Elysian Charter School of Hoboken's annual financial report presents its discussion and analysis of the Charter School's financial performance during the fiscal year ending June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which immediately follow this section.

Financial Highlights

- The financial position of the Charter School declined on an entity-wide basis but improved on a fund basis.
- Overall revenue was \$4,247,166 and overall expenses were \$4,245,489.

Overview of the Financial Statements

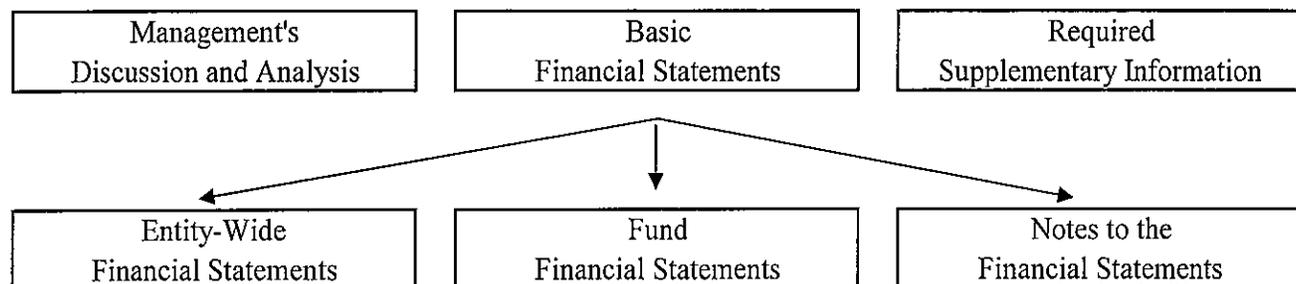
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Charter School:

- The first two statements are *entity-wide financial statements* that provide both *short-term* and *long-term* information about the Charter School's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Charter School, reporting the School's operations in *more* detail than the Charter School-Wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the School operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the Charter School acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Charter School's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of The Elysian Charter School of Hoboken's Financial Report



**The Elysian Charter School of Hoboken
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

Figure A-2

Major Features of the Entity-Wide and Fund Financial Statements

	Entity-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire entity (except fiduciary funds)	The activities of the entity that are not proprietary or fiduciary, such as special education and building maintenance	Activities the entity operates similar to private businesses: food services	Instances in which the entity administers resources on behalf of someone else, such as payroll
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenue, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**The Elysian Charter School of Hoboken
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

Entity-wide Statements

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

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

- Over time, increases or decreases in the School's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Charter School's overall health, you need to consider additional nonfinancial factors such as changes in the Charter School's property tax base and the condition of school buildings and other facilities.

In the entity-wide financial statements, the School's activities are divided into two categories:

- *Governmental activities*: Most of the Charter School's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The Charter School charges fees to help it cover the costs of certain services it provides.

Fund Financial Statements

The fund financial statements provide more detailed information about the Charter School's funds, focusing on its most significant or "major" funds – not the Charter School as a whole. Funds are accounting devices the School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The Charter School establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The School has three kinds of funds:

- *Governmental funds*: Most of the Charter School's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Charter School's programs. Because this information does not encompass the additional long-term focus of the Entity-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

**The Elysian Charter School of Hoboken
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

Fund Financial Statements (Cont'd)

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds:* The Charter School is the trustee, or *fiduciary*, for assets that belong to others, such as payroll agency funds. The Charter School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Charter School excludes these activities from the entity-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the entity-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the School as a Whole

Net Assets. The Charter School's *combined* net assets were \$774,520 on June 30, 2011, \$156,451 or 16.81% less than they were the year before. (See Figure A-3).

**Figure A-3
Condensed Statement of Net Assets**

	Government Activities		Business-Type Activities		Total Charter School		Percentage
	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	Change 2010/2011
Current and Other Assets	\$ 399,339	\$ 650,205	\$ 17,892	\$ 18,129	\$ 417,231	\$ 668,334	-37.57%
Capital Assets	681,130	866,907			681,130	866,907	-21.43%
Total Assets	1,080,469	1,517,112	17,892	18,129	1,098,361	1,535,241	-28.46%
Other Liabilities	323,841	590,391		13,879	323,841	604,270	-46.41%
Total Liabilities	323,841	590,391		13,879	323,841	604,270	-46.41%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	681,130	866,907			681,130	866,907	-21.43%
Unrestricted	75,498	59,814	17,892	4,250	93,390	64,064	45.78%
Total Net Assets	\$ 756,628	\$ 926,721	\$ 17,892	\$ 4,250	\$ 774,520	\$ 930,971	-16.81%

Changes in Net Assets. The Charter School's net assets for governmental activities decreased \$170,093 during the year. Net assets invested in capital assets decreased \$185,777 due to the removal of a non-depreciated asset of \$158,128 combined with \$27,649 in current year depreciation. Unrestricted net assets increased \$29,326 primarily due to unexpended budget appropriations and miscellaneous revenue of \$15,684 combined with an increase of \$13,642 from the operation of the Charter School's business-type activities.

**The Elysian Charter School of Hoboken
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

**Figure A-4
Change in Net Assets from Operating Results**

	Governmental Activities		Business-Type Activities		Total Charter School		Percentage Change
	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011
Revenue:							
Program Revenue:							
Charges for Services			\$113,270	\$130,309	\$ 113,270	\$ 130,309	-13.08%
Operating Grants and Contributions	\$ 390,233	\$ 179,685	27,745	37,200	417,978	216,885	92.72%
General Revenue:							
Charter School Aid	2,289,186	3,189,583			2,289,186	3,189,583	-28.23%
Federal and State Aid	1,424,153	735,510			1,424,153	735,510	93.63%
Other	2,521	171,881	58		2,579	171,881	-98.50%
Total Revenue	<u>4,106,093</u>	<u>4,276,659</u>	<u>141,073</u>	<u>167,509</u>	<u>4,247,166</u>	<u>4,444,168</u>	-4.43%
Expenses:							
Instruction	2,314,878	2,195,343			2,314,878	2,195,343	5.44%
General Administration Services	1,004,587	1,298,718			1,004,587	1,298,718	-22.65%
School Administration Services	770,944	838,066			770,944	838,066	-8.01%
Other	27,649	33,084	127,431	165,316	155,080	198,400	-21.83%
Total Expenses	<u>4,118,058</u>	<u>4,365,211</u>	<u>127,431</u>	<u>165,316</u>	<u>4,245,489</u>	<u>4,530,527</u>	-6.29%
Special Item:							
Capital Asset Adjustment	(158,128)				(158,128)		-100.00%
Increase/(Decrease) in Net Assets	<u>\$ (170,093)</u>	<u>\$ (88,552)</u>	<u>\$ 13,642</u>	<u>\$ 2,193</u>	<u>\$ (156,451)</u>	<u>\$ (86,359)</u>	81.16%

Revenue Sources. The Charter School's total revenue for the 2010-2011 school year was \$4,247,166. (See Figure A-5). Charter School Aid accounted for most of the Charter School's revenue (53.90%) (See Figure A-5). Another 43.47 percent came from state and federal aid for and Operating grants and the remaining 2.73% came from miscellaneous sources and the business-type activities.

**Figure A-5
Sources of Revenue for Fiscal Year 2011**

Sources of Income	2011	Percentage
Charter School Aid	\$ 2,289,186	53.90%
Federal and State Aid	1,424,153	33.53%
Operating Grants and Contributions	417,978	9.84%
Charges for Services	113,270	2.67%
Other	2,579	0.06%
	<u>\$ 4,247,166</u>	<u>100.00%</u>

**The Elysian Charter School of Hoboken
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

Expenses. The total cost of all programs and services was \$4,245,489. The Charter School's expenses are predominantly related to student instruction (54.53%). (See Figure A-6). The Charter School's general administrative expenses accounted for 23.66% of total costs.

**Figure A-6
Expenses for Fiscal Year 2011**

Expense Category	2011	Percentage
Instruction	\$ 2,314,878	54.53%
General Administration Services	1,004,587	23.66%
School Administration Services	770,944	18.16%
Other	155,080	3.65%
	<u>\$ 4,245,489</u>	<u>100.00%</u>

Governmental Activities

The financial position of the Charter School decreased over the course of the year, primarily due to a decrease in capital assets at year end. Through careful budgeting, the Charter School has managed to maintain programs. Careful management of expenses remains essential for the Charter School to sustain its financial health.

Figure A-7 presents the cost of three major Charter School activities: instruction and administration. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs):

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2010/2011	2009/2010	2010/2011	2009/2010
Instruction	\$ 2,314,878	\$ 2,195,343	\$ 1,924,645	\$ 2,030,964
General Administration Services	1,004,587	1,298,718	1,004,587	1,283,412
School Administration Services	770,944	838,066	770,944	838,066
Other	27,649	33,084	27,649	33,084
Total	<u>\$ 4,118,058</u>	<u>\$ 4,365,211</u>	<u>\$ 3,727,825</u>	<u>\$ 4,185,526</u>

Governmental Activities

- The cost of all governmental activities this year was \$4,118,058.
- A significant portion (\$2,289,186) of the Charter School's activities was financed through amounts raised by local school district tax levies and transferred to the Charter School in the form of Charter School Aid.

**The Elysian Charter School of Hoboken
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

Governmental Activities (Cont'd)

- The federal and state governments subsidized certain programs with \$1,814,386 in grants, and general aid.
- The remaining \$2,521 of funding came from miscellaneous revenue.

Business-Type Activities

Net assets from the District's business-type activity increased \$13,642 is primarily attributable to increases in both enterprise funds of the charter school. (Refer to Figure A-4).

Financial Analysis of the Charter School's Funds

The Charter School's financial position improved on a fund basis through budgetary control and the School's Enterprise Funds. Faculty costs have increased slightly with the addition of new staff. Fringe benefit costs for all staff continue to increase.

General Fund Budgetary Highlights

Over the course of the year, the Charter School revised the annual operating budget several times. These budget amendments represented changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Asset and Debt Administration

Capital Assets

Capital assets of governmental activities decreased \$185,777 due to the removal of a non-depreciated asset of \$158,128 combined with \$27,649 in current year depreciation. (More detailed information about the Charter School's capital assets is presented in the Notes to the Basic Financial Statements, Note 4.)

Figure A-8

Capital Assets (Net of Depreciation)

	Governmental Activities		Percent Change 2010-2011
	2010/2011	2009/2010	
Buildings and Improvements (Not Depreciated)		\$ 158,128	-100.00%
Buildings and Improvements	\$ 619,518	639,757	-3.16%
Machinery and Equipment	61,612	69,022	-10.74%
Total Capital Assets, Net of Depreciation	<u>\$ 681,130</u>	<u>\$ 866,907</u>	-21.43%

Long-term Liabilities

At year-end, the Charter School has no Long Term Debt.

**The Elysian Charter School of Hoboken
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

Factors Bearing on the Charter School's Future

At the time these financial statements were prepared and audited, The Elysian Charter School of Hoboken was aware of existing circumstances that could significantly affect its financial health in the future:

- The state aid and revenue received from the resident school districts as per the NJDOE Charter School Payment schedule remained flat at the 2007-08 level again for the 2011-2012 school year.
- Teachers have signed a contract for 2011-2012 with no salary increases. Teachers have been advised that as long as the funding is frozen their salaries will be frozen.
- The Charter School is working with its non-profit foundation, the Friends of Elysian Charter School, which holds several main fundraisers in support of the Charter School.

Contacting the District's Financial Management

This financial report is designed to provide the Charter School's students, parents, sending school districts, customers and investors and creditors with a general overview of the School's finances and to demonstrate the Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Charter School Office, 301 Garden Street Hoboken, New Jersey 07030.

BASIC FINANCIAL STATEMENTS

ENTITY-WIDE FINANCIAL STATEMENTS

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 261,835	\$ 9,874	\$ 271,709
Accounts Receivable - Other	19,041	5,712	24,753
Receivable from Local Governments	4,108		4,108
Receivable from State Government	23,655	86	23,741
Receivable from Federal Government	24,450	2,220	26,670
Security Deposit	66,250		66,250
Capital Assets, net			
Depreciable Building and Building Improvements and Machinery and Equipment	681,130		681,130
Total Assets	<u>1,080,469</u>	<u>17,892</u>	<u>1,098,361</u>
LIABILITIES			
Accounts Payable - Vendors	7,799		7,799
Interfund Payable	303,874		303,874
Payable to Local Governments	7,820		7,820
Payable to State Government	4,348		4,348
Total Liabilities	<u>323,841</u>		<u>323,841</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	681,130		681,130
Unrestricted	75,498	17,892	93,390
Total Net Assets	<u>\$ 756,628</u>	<u>\$ 17,892</u>	<u>\$ 774,520</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction	\$ 2,314,878		\$ 390,233		\$ (1,924,645)		\$ (1,924,645)
Support Services:							
General Administration Services	1,004,587				(1,004,587)		(1,004,587)
School Administration Services	770,944				(770,944)		(770,944)
Unallocated Depreciation Expense	27,649				(27,649)		(27,649)
Total Governmental Activities	4,118,058		390,233		(3,727,825)		(3,727,825)
Business-Type Activities:							
Food Service	60,682	\$ 44,335	27,745			\$ 11,398	11,398
After School Program	66,749	68,935				2,186	2,186
Total Business-Type Activities	127,431	113,270	27,745			13,584	13,584
Total Primary Government	\$ 4,245,489	\$ 113,270	\$ 417,978	\$ - 0 -	(3,727,825)	13,584	(3,714,241)
General Revenue:							
Local Property Taxes - Charter School Aid					2,289,186		2,289,186
Unrestricted Federal and State Aid					1,424,153		1,424,153
Miscellaneous Income					2,521	58	2,579
Special Item - Disposal of Non Depreciated Capital Asset					(158,128)		(158,128)
Total General Revenue and Special Items					3,557,732	58	3,557,790
Change in Net Assets					(170,093)	13,642	(156,451)
Net Assets - Beginning					926,721	4,250	930,971
Net Assets - Ending					\$ 756,628	\$ 17,892	\$ 774,520

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 250,233	\$ 11,602	\$ 261,835
Accounts Receivable - Other	19,041		19,041
Interfund Receivable	30,623		30,623
Intergovernmental Receivable:			
Local	4,108		4,108
Federal		24,450	24,450
State	23,655		23,655
Security Deposit - Property Rental	66,250		66,250
Total Assets	<u>\$ 393,910</u>	<u>\$ 36,052</u>	<u>\$ 429,962</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable - Vendors	\$ 2,370	\$ 5,429	\$ 7,799
Intergovernmental Payable:			
Local	7,820		7,820
State	4,348		4,348
Interfund Payable	303,874	30,623	334,497
Total Liabilities	<u>318,412</u>	<u>36,052</u>	<u>354,464</u>
Fund Balances:			
General Fund:			
Unassigned	75,498		75,498
Total Fund Balances	<u>75,498</u>		<u>75,498</u>
Total Liabilities and Fund Balances	<u>\$ 393,910</u>	<u>\$ 36,052</u>	<u>\$ 429,962</u>

Amounts Reported for *Governmental Activities* in the *Statement of Net Assets* (Exhibit A-1) are different because:

Total Fund Balances - Governmental Funds (Above)	\$ 75,498
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$899,729 and the accumulated depreciation is \$218,599.	<u>681,130</u>
Net Assets of Governmental Activities	<u>\$ 756,628</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUE:			
Local Sources:			
Charter School Aid	\$ 2,289,186		\$ 2,289,186
Miscellaneous	2,521	\$ 2,537	5,058
Total - Local Sources	2,291,707	2,537	2,294,244
State Sources	1,724,901		1,724,901
Federal Sources		86,948	86,948
Total Revenue	4,016,608	89,485	4,106,093
EXPENDITURES:			
Current:			
Instruction	1,969,478	89,485	2,058,963
Support Services and Undistributed Costs:			
General Administration Services	1,004,587		1,004,587
School Administration Services	770,944		770,944
Unallocated Benefits	255,915		255,915
Total Expenditures	4,000,924	89,485	4,090,409
Excess of Revenue over Expenditures	15,684		15,684
Fund Balance—July 1	59,814		59,814
Fund Balance—June 30	\$ 75,498	\$ - 0 -	\$ 75,498

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$	15,684
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Amounts Reported for *Governmental Activities* in the *Statement of Activities* (Exhibit A-2) are Different Because:

Capital outlays are reported in Governmental Funds as expenditures. However, in the *Statement of Activities*, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and depreciation exceeded adjustments and capital asset disposals in the period.

	\$	(158,128)	
Disposal of Assets with Carrying Value		(27,649)	
Depreciation expense		(27,649)	
			(185,777)

Change in Net Assets (from Exhibit A-2)	\$	(170,093)
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THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	<u>Business-Type Activities - Enterprise Funds Non-Major Funds</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 9,874
Accounts Receivable:	
State	86
Federal	2,220
Other	5,712
	17,892
Total Current Assets	17,892
Total Assets	17,892
 <u>NET ASSETS:</u>	
Unrestricted	17,892
Total Net Assets	\$ 17,892

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE
 AN INTEGRAL PART OF THIS STATEMENT

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Business-Type Activities - Enterprise Funds Non-Major Funds</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 27,745
Daily Sales - Non-Reimbursable Programs	16,590
Before and After School Revenue	<u>68,935</u>
Total Operating Revenue	<u>113,270</u>
Operating Expenses:	
Cost of Sales	51,198
Supplies and Materials	<u>76,233</u>
Total Operating Expenses	<u>127,431</u>
Operating Income/(Loss)	<u>(14,161)</u>
Non-Operating Revenue:	
Interest Income	58
State Sources:	
State School Lunch Program	945
Federal Sources:	
National School Breakfast Program	2,231
National School Lunch Program	<u>24,569</u>
Total Non-Operating Revenue	<u>27,803</u>
Change in Net Assets	13,642
Net Assets - Beginning of Year	<u>4,250</u>
Net Assets - End of Year	<u>\$ 17,892</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Business-Type Activities - Enterprise Funds Non-Major Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 113,615
Payments to Suppliers	(141,311)
	(27,696)
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Reimbursements	28,386
Interest Income	58
	28,444
Net Cash Provided by/(Used for) Operating Activities	748
Cash and Cash Equivalents, July 1	9,126
Cash and Cash Equivalents, June 30	\$ 9,874
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:	
Operating Income/(Loss)	\$ (14,161)
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	345
Increase/(Decrease) in Accounts Payable	(13,880)
Net Cash Provided by/(Used for) Operating Activities	\$ (27,696)

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Agency</u>
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 23,027
Interfund Receivable	303,874
Total Assets	\$ 326,901
<u>LIABILITIES:</u>	
Accrued Salaries and Wages	\$ 323,213
Payroll Deductions and Withholdings	3,688
Total Liabilities	\$ 326,901

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Trustees (the "Board") of The Elysian Charter School of Hoboken (the "Charter School") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of volunteer officials and is responsible for the fiscal control of the Charter School. A Director is appointed by the Board and is responsible for the administrative control of the Charter School.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and Schools by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

Charter School-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the Charter School's governmental activities. These statements include the financial activities of the overall Charter School in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function is self-financing or draws from the general revenues of the Charter School.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The Charter School reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the Charter School and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

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

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

The Charter School reports the following proprietary fund:

Enterprise (Food Service and Before and After School Program) Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria and child care operations. The food service fund and school age child care fund are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Additionally, the Charter School reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

The Charter School-Wide financial statements, the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the School gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes (in the form of Charter School Aid) is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The Charter School considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the Charter School's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the Charter School's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Charter School Aid is susceptible to accrual since under the New Jersey State Statute, each constituent school district is required to remit to the Charter School the entire balance of aid in the amount reported to each district by the State Department of Education. The School is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

Under the terms of grant agreements, the Charter School may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the Charter School's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the Charter Schools Proprietary Funds are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with Government Accounting Standards Board (GASB) pronouncements.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

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

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

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

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 4,016,608	\$ 89,485
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 4,016,608</u>	<u>\$ 89,485</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 4,000,924	\$ 89,485
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 4,000,924</u>	<u>\$ 89,485</u>

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the Charter School has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

H. Encumbrances: (Cont'd)

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

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

K. Capital Assets:

During the Charter School's initial year a formal system of accounting for its capital assets was established. Capital assets acquired or constructed are recorded at historical cost including ancillary charges necessary to place the asset into service. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The Charter School does not possess any infrastructure. The Charter School has reviewed capital assets for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the Charter School-Wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Long Term Liabilities:

In the Charter School-Wide statements of net assets, long-term debt and other long-term obligations are reported as liabilities in government activities. Debt issuance costs, as well as applicable debt discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize debt discounts, as well as debt issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

In the Charter School-Wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due beyond one year.

M. Accrued Salaries and Wages:

Certain Charter School employees, who provide services to the Charter School over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2011, the amount earned by these employees but not disbursed was \$323,213.

N. Deferred Revenue:

Deferred revenue represents cash and/or commodities which have been received but not yet earned.

O. Fund Balance Appropriated:

General Fund: Of the \$75,498 General Fund balance at June 30, 2011, all is unassigned.

P. Net Assets:

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

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Fund Balance Restrictions, Commitments and Assignments:

The Charter School implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the current fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classification that can be more consistently applied by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the Charter School's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Charter School has no funds restricted at June 30, 2011.

Unassigned fund balance is the residual classification for the Charter School's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

The Board of Trustees has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body. The Board of Trustees must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body in order to remove or change the commitment of resources. The Charter School has no committed resources at June 30, 2011.

The assignment of resources is generally made by the Board of Trustees through a motion or a resolution passed by a majority of the members of the Board of Trustees. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Trustees may allow an official of the Charter School to assign resources through policies adopted by the Board of Trustees. The Charter School has no assigned resources at June 30, 2011.

R. Revenue - Exchange and Nonexchange Transactions:

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

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

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

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

S. Revenue – Operating Revenue and Expenses

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

T. Management Estimates:

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

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND CHARTER SCHOOL-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and Charter School-Wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. 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.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures* requires disclosure of the level of custodial credit risk assumed by the Charter School in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the Charter School ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The Charter School limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below.

Deposits:

New Jersey statutes require that school districts 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. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

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:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

	Cash and Cash Equivalents
	\$ 294,736
Checking & Savings Accounts	

During the period ended June 30, 2011, the Charter School did not hold any investments. The carrying amount of the Charter School's cash and cash equivalents and investments at June 30, 2011, was \$294,736 and the bank balance was \$325,450.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2011 were as follows:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Governmental Activities:				
Capital Assets not being Depreciated:				
Buildings and Building Improvements	\$ 158,128		\$ (158,128)	
Total Capital Assets not Being Depreciated	158,128		(158,128)	
Capital Assets Being Depreciated:				
Buildings and Building Improvements	809,535			\$ 809,535
Machinery and Equipment	90,194			90,194
Total Capital Assets Being Depreciated	899,729			899,729
Governmental Activities Capital Assets	1,057,857		(158,128)	899,729
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(169,778)	\$ (20,239)		(190,017)
Machinery and Equipment	(21,172)	(7,410)		(28,582)
Total Accumulated Depreciation	(190,950)	(27,649)		(218,599)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 866,907	\$ (27,649)	\$ (158,128)	\$ 681,130

Depreciation expense was charged to governmental functions as follows:

Unallocated	\$ 27,649
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NOTE 5. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers Pensions and Annuity Fund (TPAF) and Public Employees' Retirement Systems (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 contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 5. POST-RETIREMENT BENEFITS (Cont'd)

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.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$96,794, \$92,493, and \$-0- for 2011, 2010, and 2009, respectively.

NOTE 6. LONG-TERM LIABILITIES

The Elysian Charter School of Hoboken has no long-term liabilities as of June 30, 2011

NOTE 7. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF 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 Board and the system's other noncontribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at or after age according to the relevant tier category for the employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

Charter School contributions to PERS amounted to \$105,447, \$84,838 and \$47,643 for fiscal year 2011, 2010 and 2009, respectively. The Charter School elected to defer \$38,157 of their \$85,800 regular pension liability for the year ended June 30, 2009 and must start repaying this during the 2011-2012 school year.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 8. RISK MANAGEMENT

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

The Charter School provides employees with health benefit coverage through the State of New Jersey Health Benefits Plan.

New Jersey Unemployment Compensation Insurance

The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District is required to remit employee withholdings to the State on a quarterly basis. All of the Charter School's claims are paid by the State.

Property and Liability Insurance

The Charter School is a member of the New Jersey School Boards Association Insurance Group (the "Group"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation coverage for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of this Group, the Charter School could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Selected, summarized financial information for the Group as of June 30, 2010 is as follows:

	NJ School Board's Association Insurance Group (NJSBAIG)
Total Assets	\$ 241,084,120
Net Assets	\$ 57,984,070
Total Revenue	\$ 85,455,060
Total Expenses	\$ 76,536,630
Change in Net Assets	\$ 8,918,430
Net Assets Distribution to Participating Members	\$ -0-

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 8. RISK MANAGEMENT (Cont'd)

Financial statements for the Group are available at the Group's Executive Director's Office:

New Jersey School Boards Association Insurance Group
450 Veterans Drive
Burlington, NJ 08016
(609) 386-6060
www.njsbaig.org

NOTE 9. ECONOMIC DEPENDENCY

The Charter School receives a substantial amount of its support from state and local governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Charter School's programs and activities.

NOTE 10. DEFERRED COMPENSATION

The Charter School offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, which is administered by Equitable Financial Companies, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2011.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 30,623	\$ 303,874
Special Revenue Fund		30,623
Fiduciary Funds	<u>303,874</u>	
	<u>\$ 334,497</u>	<u>\$ 334,497</u>

The interfund payable in the General Fund consists of accrued payroll not transferred to the Fiduciary Funds as of June 30, 2011. The interfund payable in the Special Revenue Fund is the amount of the cash deficit advanced from the General Fund while awaiting federal grant reimbursements.

NOTE 12. LEASE OF FACILITIES

The Charter School currently leases one of its primary locations under the terms of a non-cancelable lease. The lease was entered into July 15, 1999 and will continue until July 14, 2014, unless the Charter School is no longer in existence. Under the terms of the lease the rent will be set annually and will be paid in monthly installments. At the inception of the lease the Charter School paid a security deposit of \$66,250 which is recorded on the balance sheet. Rent expense for the year ended June 30, 2011 was \$243,576 and the rent expense for the year ended June 30, 2012 \$250,883.28

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

NOTE 12. LEASE OF FACILITIES (Cont'd)

The Charter School currently leases 4 classrooms from Hoboken Board of Education . The term of this lease was one year. Under the terms of the lease the rent was paid in 3 installments during the 2010-2011 school year. Rent expense for the year ended June 30, 2011 was \$32,901. The Charter School has renewed the lease for the 2011-2012 school year and the rent expense for the year ended June 30, 2012 will be \$52,577.23.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Grant Programs

The Charter School participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The Charter School is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The Charter School is periodically involved in lawsuits and estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially adversely affect the financial position of the Charter School.

Encumbrances

The Charter School has no encumbrances recorded as of June 30, 2011.

BUDGETARY COMPARISON SCHEDULES

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local Levy - Charter School Aid - Local Share	\$ 2,306,894	\$ (17,708)	\$ 2,289,186	\$ 2,289,186	
Miscellaneous				2,521	\$ 2,521
Total - Local Sources	2,306,894	(17,708)	2,289,186	2,291,707	2,521
State Sources:					
Local Levy - Charter School Aid - State Share	690,045	14,997	705,042	705,042	
Adjustment Aid	576,542	(23,990)	552,552	552,552	
Special Education Aid - Charter School Aid	133,975	8,088	142,063	142,063	
Security Aid	50,716	(5,883)	44,833	44,833	
Nonpublic Aid		24,496	24,496	24,496	
On-Behalf TPAF Non Contributory Insurance (Non-Budgeted)				4,557	4,557
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				96,794	96,794
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				154,564	154,564
Total State Sources	1,451,278	17,708	1,468,986	1,724,901	255,915
Total Revenues	3,758,172		3,758,172	4,016,608	258,436
Expenditures:					
Instruction:					
Salaries of Teachers	1,815,265	(87,258)	1,728,007	1,710,837	17,170
Other Salaries for Instruction	81,409	78,835	160,244	158,373	1,871
Purchased Professional/Technical Services	37,940	5,920	43,860	43,860	
Other Purchased Services		250	250	250	
Tuition - Private School Disabled		32,758	32,758	32,758	
General Supplies	18,750	3,385	22,135	22,135	
Textbooks	11,500	(10,235)	1,265	1,265	
Miscellaneous Expenses	8,000	(8,000)			
Total Instructional Expense	1,972,864	15,655	1,988,519	1,969,478	19,041

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Administrative:					
Salaries - Administration	\$ 195,000	\$ 6,645	\$ 201,645	\$ 201,645	
Salaries of Secretarial and Clerical Assistants	83,000	14,333	97,333	97,333	
Total Benefit Costs	590,000	(48,843)	541,157	541,157	
Purchased Professional/Technical Services	135,204	(38,770)	96,434	96,434	
Purchased Professional Services - Audit		17,000	17,000	17,000	
Other Purchased Services	3,634	(1,617)	2,017	2,017	
Communications	9,300	1,259	10,559	10,559	
Supplies and Materials	26,000	(2,000)	24,000	24,000	
Judgements		8,000	8,000	8,000	
Miscellaneous Expenses	9,000	(2,558)	6,442	6,442	
Total Administrative Expense	1,051,138	(46,551)	1,004,587	1,004,587	
Support Services:					
Salaries	225,500	34,160	259,660	259,660	
Purchased Professional/Technical Services	70,600	7,425	78,025	78,025	
Other Purchased Services	66,300	8,039	74,339	74,339	
Rental of Land and Buildings	281,667	(2,538)	279,129	279,129	
Insurance for Property, Liability and Fidelity	39,379	1,115	40,494	40,494	
Supplies and Materials	10,000	2,648	12,648	12,648	
Transportation - Other than To/From School	8,000	(2,370)	5,630	5,630	
Miscellaneous Expenses	21,000	19	21,019	21,019	
Total Support Services	722,446	48,498	770,944	770,944	
On-Behalf TPAF Non Contributory Insurance (Non-Budgeted)				4,557	\$ (4,557)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				96,794	(96,794)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				154,564	(154,564)
Total On-Behalf Contributions				255,915	(255,915)

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital Outlay:					
Non Instructional Equipment	\$ 11,724	\$ (11,724)			
Total Capital Outlay	11,724	(11,724)			
Total Expenditures	3,758,172	5,878	\$ 3,764,050	\$ 4,000,924	\$ (236,874)
Excess (Deficiency) of Revenues Over (Under) Expenditures		(5,878)	(5,878)	15,684	21,562
Fund Balance, July 1	59,814		59,814	59,814	
Fund Balance, June 30	\$ 59,814	\$ (5,878)	\$ 53,936	\$ 75,498	\$ 21,562
Recapitulation:					
Unassigned				\$ 75,498	
Fund Balance per Governmental Funds (GAAP)				\$ 75,498	

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenue:					
Local Sources		\$ 2,537	\$ 2,537	\$ 2,537	
Federal Sources	\$ 86,705	243	86,948	86,948	
Total Revenue	<u>86,705</u>	<u>2,780</u>	<u>89,485</u>	<u>89,485</u>	
Expenditures:					
Instruction:					
Salaries of Teachers	35,368	134	35,502	35,502	
Other Salaries for Instruction	<u>29,566</u>		<u>29,566</u>	<u>29,566</u>	
Total Instruction	<u>64,934</u>	<u>134</u>	<u>65,068</u>	<u>65,068</u>	
Support Services:					
Personal Services - Employee Benefits	12,987	27	13,014	13,014	
Purchased Technical Services	<u>8,784</u>	<u>2,619</u>	<u>11,403</u>	<u>11,403</u>	
Total Support Services	<u>21,771</u>	<u>2,646</u>	<u>24,417</u>	<u>24,417</u>	
Total Expenditures	<u>86,705</u>	<u>2,780</u>	<u>89,485</u>	<u>89,485</u>	
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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	\$ 4,016,608	\$ 89,485
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 4,016,608	\$ 89,485
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 4,000,924	\$ 89,485
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 4,000,924	\$ 89,485

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year end.

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	No Child Left Behind				Safety Grant	Totals June 30, 2011
	Title I	Title II Part A	Title II Part D	IDEA Part B Basic		
REVENUE:						
Local Sources					\$ 2,537	\$ 2,537
Federal Sources	\$ 35,479	\$ 8,784	\$ 82	\$ 42,603		86,948
Total Revenue	35,479	8,784	82	42,603	2,537	89,485
EXPENDITURES:						
Instruction:						
Salaries of Teachers				35,502		35,502
Other Salaries for Instruction	29,566					29,566
Total Instruction	29,566			35,502		65,068
Support Services:						
Employee Benefits	5,913			7,101		13,014
Professional and Technical Services		8,784	82		2,537	11,403
Total Support Services	5,913	8,784	82	7,101	2,537	24,417
Total Expenditures	\$ 35,479	\$ 8,784	\$ 82	\$ 42,603	\$ 2,537	\$ 89,485

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
ENTERPRISE FUND
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Food Service Program</u>	<u>Before and After School Program</u>	<u>Totals</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 7,133	\$ 2,741	\$ 9,874
Accounts Receivable:			
State	86		86
Federal	2,220		2,220
Other	370	5,342	5,712
Total Current Assets	<u>9,809</u>	<u>8,083</u>	<u>17,892</u>
Total Assets	<u>9,809</u>	<u>8,083</u>	<u>17,892</u>
 <u>NET ASSETS:</u>			
Unrestricted	<u>9,809</u>	<u>8,083</u>	<u>17,892</u>
Total Net Assets	<u>\$ 9,809</u>	<u>\$ 8,083</u>	<u>\$ 17,892</u>

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
ENTERPRISE FUND
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Program	Before and After School Program	Totals
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 27,745		\$ 27,745
Daily Sales - Non-Reimbursable Programs	16,590		16,590
Before and After School Revenue		\$ 68,935	68,935
Total Operating Revenue	44,335	68,935	113,270
Operating Expenses:			
Cost of Sales	51,198		51,198
Supplies and Materials	9,484	66,749	76,233
Total Operating Expenses	60,682	66,749	127,431
Operating Income/(Loss)	(16,347)	2,186	(14,161)
Non-Operating Revenue:			
Interest Income	25	33	58
State Sources:			
State School Lunch Program	945		945
Federal Sources:			
National School Breakfast Program	2,231		2,231
National School Lunch Program	24,569		24,569
Total Non-Operating Revenue	27,770	33	27,803
Net Income Before Operating Transfers	11,423	2,219	13,642
Other Operating Sources:			
Reclassification between Enterprise Funds	(5,312)	5,312	
Change in Net Assets	6,111	7,531	13,642
Net Assets - Beginning of Year	3,698	552	4,250
Net Assets - End of Year	\$ 9,809	\$ 8,083	\$ 17,892

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
ENTERPRISE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Food Service Program</u>	<u>Before and After School Program</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 43,965	\$ 69,650	\$ 113,615
Payments to Suppliers	(74,368)	(66,943)	(141,311)
Net Cash Provided by /(Used for) Operating Activities	<u>(30,403)</u>	<u>2,707</u>	<u>(27,696)</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	28,386		28,386
Interest Income	25	33	58
Net Cash Provided by Noncapital Financing Activities	<u>28,411</u>	<u>33</u>	<u>28,444</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,992)	2,740	748
Cash and Cash Equivalents, July 1	<u>9,125</u>	<u>1</u>	<u>9,126</u>
Cash and Cash Equivalents, June 30	<u>\$ 7,133</u>	<u>\$ 2,741</u>	<u>\$ 9,874</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (16,347)	\$ 2,186	\$ (14,161)
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:			
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(370)	715	345
Increase/(Decrease) in Accounts Payable	(13,686)	(194)	(13,880)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (30,403)</u>	<u>\$ 2,707</u>	<u>\$ (27,696)</u>

FIDUCIARY FUNDS

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Payroll Agency</u>
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 23,027
Interfund Receivable	<u>303,874</u>
Total Assets	<u><u>\$ 326,901</u></u>
<u>LIABILITIES:</u>	
Accrued Salaries and Wages	\$ 323,213
Payroll Deductions and Withholdings	<u>3,688</u>
Total Liabilities	<u><u>\$ 326,901</u></u>

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents		\$ 4,968,247	\$ 4,945,220	\$ 23,027
Interfund Receivable		303,874		303,874
Total Assets	<u>\$ -0-</u>	<u>\$ 5,272,121</u>	<u>\$ 4,945,220</u>	<u>\$ 326,901</u>
 <u>LIABILITIES:</u>				
Accrued Salaries and Wages		\$ 323,213		\$ 323,213
Payroll Deductions and Withholdings		4,948,908	\$ 4,945,220	3,688
Total Liabilities	<u>\$ -0-</u>	<u>\$ 5,272,121</u>	<u>\$ 4,945,220</u>	<u>\$ 326,901</u>

LONG-TERM DEBT
(NOT APPLICABLE)

STATISTICAL SECTION

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:							
Invested in Capital Assets, Net of Related Debt	\$ 773,290	\$ 773,813	\$ 726,409	\$ 733,849	\$ 894,556	\$ 866,907	\$ 681,130
Restricted	285,700	41,900					
Unrestricted	396,143	525,319	399,404	173,015	120,717	59,814	75,498
Total Governmental Activities Net Assets	\$ 1,455,133	\$ 1,341,032	\$ 1,125,813	\$ 906,864	\$ 1,015,273	\$ 926,721	\$ 756,628
Business-Type Activities							
Invested in Capital Assets, Net of Related Debt							
Unrestricted	\$ 15,351	\$ 15,351	\$ 5,203	\$ 2,375	\$ 2,057	\$ 4,250	\$ 17,892
Total Business-Type Activities Net Assets	\$ 15,351	\$ 15,351	\$ 5,203	\$ 2,375	\$ 2,057	\$ 4,250	\$ 17,892
Entity-Wide:							
Invested in Capital Assets, Net of Related Debt	\$ 773,290	\$ 773,813	\$ 726,409	\$ 733,849	\$ 894,556	\$ 866,907	\$ 681,130
Restricted	285,700	41,900					
Unrestricted	411,494	540,670	404,607	175,390	122,774	64,064	93,390
Total Entity Net Assets	\$ 1,470,484	\$ 1,356,383	\$ 1,131,016	\$ 909,239	\$ 1,017,330	\$ 930,971	\$ 774,520

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Charter School Financial Reports

ELYSIAN CHARTER SCHOOL
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Expenses:							
Governmental Activities							
Instruction:							
Regular	\$ 1,785,254	\$ 1,848,839	\$ 2,143,744	\$ 2,202,291	\$ 2,223,785	\$ 2,195,343	\$ 2,314,878
Support Services:							
General Administrative Services	882,903	905,664	1,076,729	1,200,369	942,158	1,298,718	1,004,587
School Administrative Services	598,776	653,288	744,421	782,677	834,772	838,066	770,944
Unallocated Depreciation	48,503	48,503	22,599	24,770	26,210	27,649	27,649
Capital Outlay	29,918	36,143	18,766	26,450	186,917	5,435	
Total Governmental Activities Expenses	3,345,354	3,492,437	4,006,259	4,236,557	4,213,842	4,365,211	4,118,058
Business-Type Activities:							
Food Service	73,678	73,678	95,795	139,572	159,218	92,182	60,682
Child Care						73,134	66,749
Total Business-type Activities Expense	73,678	73,678	95,795	139,572	159,218	165,316	127,431
Total Entity Expenses	\$ 3,419,032	\$ 3,566,115	\$ 4,102,054	\$ 4,376,129	\$ 4,373,060	\$ 4,530,527	\$ 4,245,489
Program Revenues							
Governmental Activities:							
Operating Grants and Contributions						\$ 179,685	\$ 390,233
Total Governmental Activities Program Revenues						179,685	390,233
Business-Type Activities:							
Charges for Services:							
Food Service	\$ 90,557	\$ 82,243	\$ 161,049	\$ 139,254	\$ 167,509	56,623	44,335
Child Care						73,686	68,935
Operating Grants and Contributions						37,200	27,745
Total Business-type Activities Program Revenues	90,557	82,243	161,049	139,254	167,509	167,509	141,015
Total Entity Program Revenues	\$ 90,557	\$ 82,243	\$ 161,049	\$ 139,254	\$ 167,509	\$ 347,194	\$ 531,248

ELYSIAN CHARTER SCHOOL
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Net (Expense)/Revenue							
Governmental Activities	\$ (3,345,354)	\$ (3,492,437)	\$ (4,006,259)	\$ (4,236,557)	\$ (4,213,842)	\$ (4,185,526)	\$ (3,727,825)
Business-type Activities	16,879	8,565	65,254	(318)	8,291	2,193	13,584
Total Entity-wide Net Expense/Revenues	<u>\$ (3,328,475)</u>	<u>\$ (3,483,872)</u>	<u>\$ (3,941,005)</u>	<u>\$ (4,236,875)</u>	<u>\$ (4,205,551)</u>	<u>\$ (4,183,333)</u>	<u>\$ (3,714,241)</u>
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Local Property Taxes - Charter School Aid	671,263	724,095	2,248,197	2,362,908	2,017,123	3,189,583	2,289,186
Unrestricted Federal and State Aid	2,513,585	2,675,499	1,567,774	1,599,063	2,102,519	735,510	1,424,153
Special Item - Increases/(Decreases) in Capital Assets			11,195	32,210	186,917		(158,128)
Miscellaneous Income	153,757	96,162	41,774	23,427	15,702	171,881	2,521
Total Governmental Activities	<u>3,338,605</u>	<u>3,495,756</u>	<u>3,868,940</u>	<u>4,017,608</u>	<u>4,322,261</u>	<u>4,096,974</u>	<u>3,557,732</u>
Business-Type Activities:							
Miscellaneous Income							58
Total Business-Type Activities							<u>58</u>
Total Entity-Wide	<u>\$ 3,338,605</u>	<u>\$ 3,495,756</u>	<u>\$ 3,868,940</u>	<u>\$ 4,017,608</u>	<u>\$ 4,322,261</u>	<u>\$ 4,096,974</u>	<u>\$ 3,557,790</u>
Change in Net Assets:							
Governmental Activities	\$ (6,749)	\$ 3,319	\$ (137,319)	\$ (218,949)	\$ 108,419	\$ (88,552)	\$ (170,093)
Business-type Activities	16,879	8,565	65,254	(318)	8,291	2,193	13,642
Total Entity	<u>\$ 10,130</u>	<u>\$ 11,884</u>	<u>\$ (72,065)</u>	<u>\$ (219,267)</u>	<u>\$ 116,710</u>	<u>\$ (86,359)</u>	<u>\$ (156,451)</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Fund:							
Reserved/Restricted	\$ 285,700	\$ 41,900					
Unreserved	396,143	425,319	\$ 399,404	\$ 173,015	\$ 120,717	\$ 59,814	
Unassigned							\$ 75,498
Total General Fund	681,843	467,219	399,404	173,015	120,717	59,814	75,498
Total All Governmental Funds	\$ 681,843	\$ 467,219	\$ 399,404	\$ 173,015	\$ 120,717	\$ 59,814	\$ 75,498

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Revenues:							
Tax Levy (Charter School Aid)	\$ 2,041,997	\$ 2,334,758	\$ 2,248,197	\$ 2,362,908	\$ 2,017,123	\$ 3,189,583	\$ 2,289,186
Miscellaneous	33,044	28,710	41,774	131,304	15,702	186,766	5,058
State Sources	1,028,145	1,226,955	1,450,685	1,526,186	1,997,548	735,510	1,724,901
Federal Sources	530,525	127,903	116,059	104,254	104,961	165,100	86,948
Total Revenue	<u>3,633,711</u>	<u>3,718,326</u>	<u>3,856,715</u>	<u>4,124,652</u>	<u>4,135,334</u>	<u>4,276,959</u>	<u>4,106,093</u>
Expenditures:							
Instruction:							
Regular Instruction	1,682,151	1,873,805	1,935,032	1,999,492	2,004,765	2,030,964	2,016,360
Special Education Instruction							42,603
Support Services:							
General Administration Services	768,484	895,050	1,056,729	1,199,369	938,826	1,158,123	1,004,587
School Administration Services	384,742	736,241	744,421	782,677	834,772	838,066	770,944
Unallocated Benefits	108,084	106,685	111,623	99,545	117,391	125,289	255,915
Food Service				139,572			
Capital Outlay	5,651	5,466	18,766	26,450	186,917	5,435	
Special Revenue	534,525	131,903	116,059	104,254	104,961	179,985	
Total Expenditures	<u>3,483,637</u>	<u>3,749,150</u>	<u>3,982,630</u>	<u>4,351,359</u>	<u>4,187,632</u>	<u>4,337,862</u>	<u>4,090,409</u>
Net Change In Fund Balances	<u>\$ 150,074</u>	<u>\$ (30,824)</u>	<u>\$ (125,915)</u>	<u>\$ (226,707)</u>	<u>\$ (52,298)</u>	<u>\$ (60,903)</u>	<u>\$ 15,684</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Charter School Financial Reports

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST SEVEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

Fiscal Year Ended June 30,	Interest on Investments	Local Levy - Charter School Aid	Other	Total
2005		\$ 671,263	\$ 153,757	\$ 825,020
2006		724,095	96,162	820,257
2007		2,248,197	41,774	2,289,971
2008		2,362,908	23,427	2,386,335
2009		2,017,123	15,702	2,032,825
2010		3,189,583	186,766	3,376,349
2011		2,289,186	2,521	2,291,707

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: The Elysian Charter School of Hoboken Financial Reports.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction:							
Regular	21.0	21.0	22.0	22.0	22.0	22.0	22.0
Special Education	4.0	4.0	5.0	5.0	5.0	4.4	3.2
Support Services:							
Student & Instruction Related Services	5.0	6.0	8.0	8.0	8.0	8.0	5.0
School Administrative Services	3.0	3.0	3.0	3.0	3.0	3.0	2.0
General and Business Administrative Services	3.0	3.0	3.0	3.0	3.0	3.0	2.0
Plant Operations and Maintenance	1.0	1.0	1.0	1.0	1.0		
Other Support Services			2.0	2.0	2.0	2.0	2.0
Food Service	4.0	4.0	4.0	4.0	4.0	2.5	2.5
Child Care			2.0	2.0	2.0	2.0	2.0
Total	<u>41.0</u>	<u>42.0</u>	<u>50.0</u>	<u>50.0</u>	<u>50.0</u>	<u>46.9</u>	<u>40.7</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Charter School Personnel Records

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
OPERATING STATISTICS
LAST SEVEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil^b</u>	<u>Percent Change</u>	<u>Teaching Staff^c</u>	<u>Pupil/Teacher Ratio Middle</u>	<u>Average Daily Enrollment (ADE)^d</u>	<u>Average Daily Attendance (ADA)^d</u>	<u>% Change Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2005	270.0	\$ 2,949,112	10,923	16.31%	21.0	13.0	264.0	260.3	0.00%	98.60%
2006	270.0	3,617,247	13,397	6.23%	21.0	13.0	264.0	260.3	0.00%	98.60%
2007	274.0	4,024,530	14,688	9.64%	22.0	12.0	270.0	265.9	2.27%	98.48%
2008	266.0	3,954,762	14,868	1.22%	22.0	12.0	270.0	265.9	0.00%	98.48%
2009	273.0	3,983,801	14,593	-1.85%	22.0	12.0	273.0	268.9	1.11%	98.50%
2010	286.0	4,337,862	15,167	3.94%	22.0	12.0	286.0	276.0	4.76%	96.50%
2011	288.0	4,090,409	14,203	-6.36%	26.0	16.0	288.0	279.9	0.70%	97.19%

Note: Enrollment is based on the annual October Student count.

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

^b Cost per pupil is calculated based upon enrollment and operating expenditures presented and may not be the same as other cost per pupil calculations.

^c Teaching staff includes only full-time equivalents of certificated staff.

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

Source: Charter School Business Office

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
SCHOOL BUILDING INFORMATION
LAST SEVEN FISCAL YEARS

<u>Building</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2009</u>	<u>2010</u>
Main Campus							
Square Feet	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Capacity (students)	180	180	186	192	192	192	224
Enrollment	180	180	182	172	177	190	224
Second Campus							
Square Feet	12,000	12,000	12,000	12,000	12,000	12,000	10,000
Capacity (students)	90	90	96	96	96	96	64
Enrollment	90	90	90	94	94	94	64

Number of Schools at June 30, 2011

 Charter School (K-8) = 2

Note: Enrollment is based on the annual October student count.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Charter School Business Office

THE ELYSIAN CHARTER SCHOOL OF HOBOKENINSURANCE SCHEDULEJUNE 30, 2011UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy: NJSBAIG		
Commercial Property	\$ 50,000,000	\$ 10,000
Boiler and Machinery	100,000,000	500
General Automotive Liability	16,000,000	1,000
School Board Legal Liability	16,000,000	5,000
Umbrella	5,000,000	
Workers' Compensation	2,000,000	
Public Officials	300,000	
Public Official Bond - NJSBAIG		
School Business Administrator	150,000	

Source: Charter School Business Office

SINGLE AUDIT SECTION



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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable President and Members
of the Board of Trustees
The Elysian Charter School of Hoboken
Hoboken, New Jersey

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of The Elysian Charter School of Hoboken in the County of Hudson (the "Charter School") as of, and for the fiscal year ended, June 30, 2011, which collectively comprise the charter school's basic financial statements, and have issued our report thereon dated September 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of the 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 over financial reporting 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.

The Honorable President and Members
of the Board of Trustees
The Elysian Charter School of Hoboken
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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*. However, we certain matters that we have reported to the Board in a separate report, the *Auditors' Management Report on Administrative Findings – Financial, Compliance, and Performance*, dated September 16, 2011.

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

September 16, 2011
Mount Arlington, New Jersey


NISIVOCCIA LLP



Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant



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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04

The Honorable President and Members
 of the Board of Trustees
 The Elysian Charter School of Hoboken
 Hoboken, New Jersey

Compliance

We have audited the compliance of the Board of Trustees of The Elysian Charter School of Hoboken in the County of Hudson (the "Charter School") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on its major state programs for the fiscal year ended June 30, 2011. The Charter School's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major state programs are the responsibility of the Charter School's management. Our responsibility is to express an opinion on the 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; audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey's OMB Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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's compliance with those requirements.

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

The Honorable President and Members
of the Board of Trustees
The Elysian Charter School of Hoboken
Page 2

Internal Control Over Compliance

The management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Charter School's internal control over compliance with requirements that could have a direct and material effect on a major 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 the *New Jersey State Aid/ Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

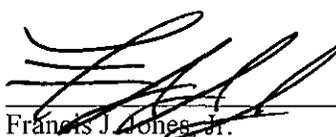
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or 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 or state program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, the members of the Board of Trustees, and to meet the requirements for filing with 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.

September 16, 2011
Mount Arlington, New Jersey


NISIVOCIA LLP



Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	June 30, 2010			Balance, June 30, 2011		
					Budgetary Accounts Receivable	Cash Received	Budgetary Expenditures	Budgetary Deferred Revenue	Budgetary Accounts Receivable	Due to Grantor
<u>General Fund</u>										
U.S. Department of Agriculture Passed-through										
State of New Jersey Department of Agriculture										
<u>Child Nutrition Cluster</u>										
National School Breakfast Program	10.555	N/A	7/1/10-6/30/11	\$ 2,231		\$ 2,064	\$ 2,231		\$ 167	
National School Breakfast Program	10.555	N/A	7/1/09-6/30/10	3,683	\$ 442	442				
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	24,569		22,516	24,569		2,053	
National School Lunch Program	10.555	N/A	7/1/09-6/30/10	23,845	2,340	2,340				
Total U.S. Department of Agriculture					2,782	27,362	26,800		2,220	
<u>Special Revenue Fund:</u>										
US Department of Education Passed-through State										
of New Jersey Department of Education										
IDEA- Part B, Basic	84.027	IDEA 6420-11	9/1/10-8/31/11	42,603		27,371	42,603		15,232	
<u>No Child Left Behind:</u>										
Title I - Part A	84.010A	NCLB 6420-11	9/1/10-8/31/11	35,479		26,261	35,479		9,218	
Title II - Part A	84.367A	NCLB 6420-11	9/1/10-8/31/11	8,784		8,784	8,784			
Title II - Part D	84.318X	NCLB 6420-11	9/1/10-8/31/11	82		82	82			
Total U.S. Department of Education						62,498	86,948		24,450	
Total Federal Awards					\$ 2,782	\$ 89,860	\$ 113,748	\$ - 0 -	\$ 26,670	\$ - 0 -

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2010		Cash Received	Budgetary Expenditures	June 30, 2011		MEMO Cumulative Total Expenditures	
				Budgetary Accounts Receivable	Budgetary Deferred Revenue			Deferred Revenue	Budgetary/ GAAP Receivable		Due to Grantor
State Department of Education:											
General Fund:											
Local Levy - State Share	11-495-034-5120-071	7/01/10-6/30/11	\$ 705,042			\$ 707,398	\$ 705,042			\$ 705,042	
Adjustment Aid	11-495-034-5120-085	7/01/10-6/30/11	552,552			535,114	552,552	\$ 17,438		552,552	
Security Aid	11-495-034-5120-084	7/01/10-6/30/11	44,833			44,831	44,833	2		44,833	
Special Education Aid	11-495-034-5120-089	7/01/10-6/30/11	142,063			144,011	142,063		1,948	142,063	
Other Categorical Aid:											
Nonpublic Aid	11-999-999-9999-960	7/01/10-6/30/11	24,496			24,496	24,496			24,496	
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/01/10-6/30/11	154,564			148,393	154,564	6,171		154,564	
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/01/09-6/30/10	125,289	\$ 5,515		5,515				125,289	
Total General Fund				5,515		1,609,758	1,623,550	23,611	4,304	1,748,839	
Enterprise Fund											
State Department of Agriculture											
State School Lunch	11-100-010-3350-023	7/01/10-6/30/11	945			859	945	86		945	
State School Lunch	10-100-010-3350-023	7/01/09-6/30/10	1,661	166		166				1,661	
Total Enterprise Fund				166		1,025	945	86		2,606	
Total State Awards				\$ 5,681	\$ - 0 -	\$ 1,610,783	\$ 1,624,495	\$ - 0 -	\$ 23,697	\$ 4,304	\$ 1,751,445

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal and state awards include the federal and state grant activity of The Elysian Charter School of Hoboken under programs of the federal and state governments for the fiscal year ended June 30, 2011. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Charter School, they are not intended to and do not present the financial position, changes in net assets or cash flows of the Charter School.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Charter School's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in Federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General Fund is presented in the accompanying 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 revenue, whereas the GAAP basis does not.

The Schedule of Expenditures of State Awards does not include the On-Behalf TPAF Non-Contributory Insurance and Post-Retirement Medical Benefits contributions in the amount of \$4,557 and \$96,794, respectively. Revenue from Federal and State awards is reported on the Charter School's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,724,901	\$ 1,724,901
Special Revenue Fund	\$ 86,948		86,948
Proprietary Fund	26,800	945	27,745
	<u>\$ 113,748</u>	<u>\$ 1,725,846</u>	<u>\$ 1,839,594</u>

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2011.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Summary of Auditors' Results:

- An unqualified report was issued on the Charter School's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the Charter School's internal controls.
- The audit did not disclose any noncompliance which is material to the Charter School's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the Charter School's major State program.
- An unqualified report was issued on the Charter School's compliance for its major State program.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey OMB Circular NJOMB 04-04 or Federal OMB Circular A-133.
- The Charter School was not subject to the single audit provisions of Federal OMB Circular A-133 for the fiscal year ended June 30, 2011 as Federal grant expenditures were less than the \$500,000 single audit threshold identified in the Circular.
- The Charter School's major State program for the current fiscal year consisted of the following general state aid:

<u>Program Title</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Local Levy - State Share	11-495-034-5120-071	7/01/10-6/30/11	\$ 705,042	\$ 705,042
Adjustment Aid	11-495-034-5120-085	7/01/10-6/30/11	552,552	552,552
Security Aid	11-495-034-5120-084	7/01/10-6/30/11	44,833	44,833
Special Education Aid	11-495-034-5120-089	7/01/10-6/30/11	142,063	142,063

- The threshold for distinguishing Type A and Type B programs was \$300,000.
- The Charter School qualified as a "low risk" auditee under the provisions of section 530 of the Circular.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since expenditures of Federal awards were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in Federal OMB Circular A-133 and New Jersey OMB Circular NJOMB 04-04.

THE ELYSIAN CHARTER SCHOOL OF HOBOKEN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

Status of Prior Year Findings:

There were no prior year audit findings.