

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
HOBOKEN DUAL LANGUAGE CHARTER
SCHOOL, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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JUNE 30, 2012
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January 3, 2013

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

Dear Commissioner:

The Comprehensive Annual Financial Report of the Hoboken Dual Language Charter School for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the school. To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the school. All disclosures necessary to enable the reader to gain an understanding of the school's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report. The statistical section includes audited data from the school's first six fiscal years. The school is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U. S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws and regulations and findings and recommendations is included in the single audit section of this report.

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

In 2010, the school opened with 132 students, the following represents the progression to full capacity

School Year	Grades	Enrollment
2009-2010	N/A	N/A
2010-2011	K-2	132
2011-2012	K-3	176
2012-2013	K-4	220
2013-2014	K-5	264

The Hoboken Dual Language Charter School is an exciting new dual language charter school that opened its doors to students in grades K-2 in September 2010 (a grade will be added each year until the school reaches K-5). HoLa offers a traditional core curriculum through instruction in both Spanish and English to children of all language backgrounds. The program utilizes the well-established Two-Way Immersion approach to dual language education with a range of opportunities for creative expression and experiential learning. Students will become bilingual and biliterate in a culturally diverse and nurturing environment. All families are welcome; no previous exposure to a second language is needed. Charter schools are free public schools funded by the State and operated independently of local school districts. After a rigorous application process, NJ Education Commissioner Lucille Davy approved the Hoboken Dual Language Charter School (HoLa) on September 22, 2009.

- 2) **ENROLLMENT OUTLOOK:** Average Daily Enrollment 174 or 92%, Average Daily Attendance 169 or 97%. As of January 8, 2013, there were 168 students on the waiting list.
- 3) **MAJOR ACCOMPLISHMENTS** – In the school’s initial year of operation these were the key financial highlights for the 2011-12 fiscal year:
 - The school raised \$73,717 in donations from parents, the community and PTO sponsored events
 - a) Curriculum meets the NJ core curriculum standards, and incorporates best practices of successful dual language schools and decades of research in immersion education.
 - b) Active engaged Parent Teacher Organization (PTO) raised over \$45,000 and organized several children, parent and community events: Sabor de Hola (community outreach dinner, dance, auction), Halloween / Día de los Muertos party, International Dinner/dance parent night, Field Day, Book Fair to promote literacy, and Pajama / Movie night, Participated in Swing for the Schools golf outing
 - c) Each classroom has 2 certified full-time teachers, who are supplemented by art, gym, music, and other weekly specials like cooking and gardening, theatre
 - d) Tutoring is available everyday from 2:45-3:30 free of charge for those that demonstrate academic need
 - e) After school enrichment programs (some for a fee) led by teachers, parents and some third party vendors - including photography, aviation, track team, swimming, cooking, building blocks, mad science, homework help, salsa and flamenco dancing, chess, creative writing, guitar, etiquette, theater arts, yoga, drawing

- f) Daily aftercare program available from 2:30 – 6:00pm (for a fee)
- g) Outdoor Student garden
- h) Built 2 brand new classrooms (framed out 2 additional classrooms for expansion for next year's fourth graders)
- i) Good partnership with Boys & Girls Club
- j) Parent organized morning bus service available (for a fee)
- k) Active Board of trustees with deep expertise in and /or employed in fields including education, accounting, finance, law, construction.

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

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

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

- 5) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the school maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the school and the State of New Jersey. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2012.

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

- 7) **FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of report, the school continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund and special revenue fund for the fiscal year ended June 30, 2012.

Revenue	Amount	Percent of Total
Local	1,575,106	70%
State	296,073	13%
Special Revenue	50,278	2%
Misc.	110,622	5%
Enterprise Fund	<u>228,220</u>	<u>10%</u>
Total	<u>\$2,260,299</u>	<u>100%</u>

The following schedule presents a summary of the general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2012.

Expenditures	Amount	Percent of Total
Current - General Fund	1,955,141	87%
Special Revenue	70,578	3%
Enterprise Fund	<u>223,425</u>	<u>10%</u>
Total	<u>\$2,249,144</u>	<u>100%</u>

- 8) **CASH MANAGEMENT:** The investment policy of the school is guided in large by the state Statute as detailed in “Notes to the Financial Statements,” Note 2. The school had adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with failed banking institutions in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 9) **RISK MANAGEMENT:** The school carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, and hazard and theft insurance on property and Contents.

10) OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by an independent Certified Public Accountant or Registered Municipal Accountant. The Accounting firm of Scott J. Loeffler, CPA was selected by the Charter School. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related 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 auditor's 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.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Sargent", written in a cursive style.

Jennifer Hindman Sargent

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL

**ROSTER OF TRUSTEES AND OFFICERS
JUNE 30, 2012**

<u>BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>
Jennifer Hindman Sargent	3/13
Barbara Martinez	3/13
Frank Raia	3/15
George Duke	3/14
Jennifer Austin	3/15
Susan Costomiris	3/14
Anthony Petrosino	3/14

CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEYS

Wilentz, Goldman & Spitzer
90 Woodbridge Center Drive
Woodbridge, NJ 07095

OFFICIAL DEPOSITORY

BCB Community Bank
401 Washington Street
Hoboken, NJ 07030

FINANCIAL SECTION

SCOTT J. LOEFFLER
CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 553
EAST HANOVER, NEW JERSEY 07936

TELEPHONE
973-585-4989

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

Independent Auditor's Report

The Honorable Chairman and
Members of the Board of Trustees
Hoboken Dual Language Charter School
County of Hudson
Newark, New Jersey

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Trustees of the Hoboken Dual Language Charter School, County of Hudson, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the charter schools' basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Board of Trustee's management. My responsibility is to express opinions on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Hoboken Dual Language Charter School, Board of Trustees, in the County of Hudson, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable thereof, 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*, I have also issued my report dated January 3, 2013 on my consideration of the Hoboken Dual Language Charter School, in the County of Essex, State of New Jersey, Board of Trustee's internal control over financial reporting and my tests of its compliance with

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hoboken Dual Language Charter School's Board of Trustees' basic financial statements. The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal and State Awards, 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*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the accompanying schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Licensed Public School Accountant No. 870

A handwritten signature in cursive script, reading "Scott J. Loeffler, CPA". The signature is written in black ink and is positioned above the typed name and date.

Scott J. Loeffler, CPA
January 3, 2013

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2012
(Unaudited)

This section of Hoboken Dual Language Charter School annual financial report presents its discussion and analysis of the Board's financial performance during the fiscal year that ended on June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the Board's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

This was an initial year of operations. Key financial highlights for the 2011-12 fiscal year include the following:

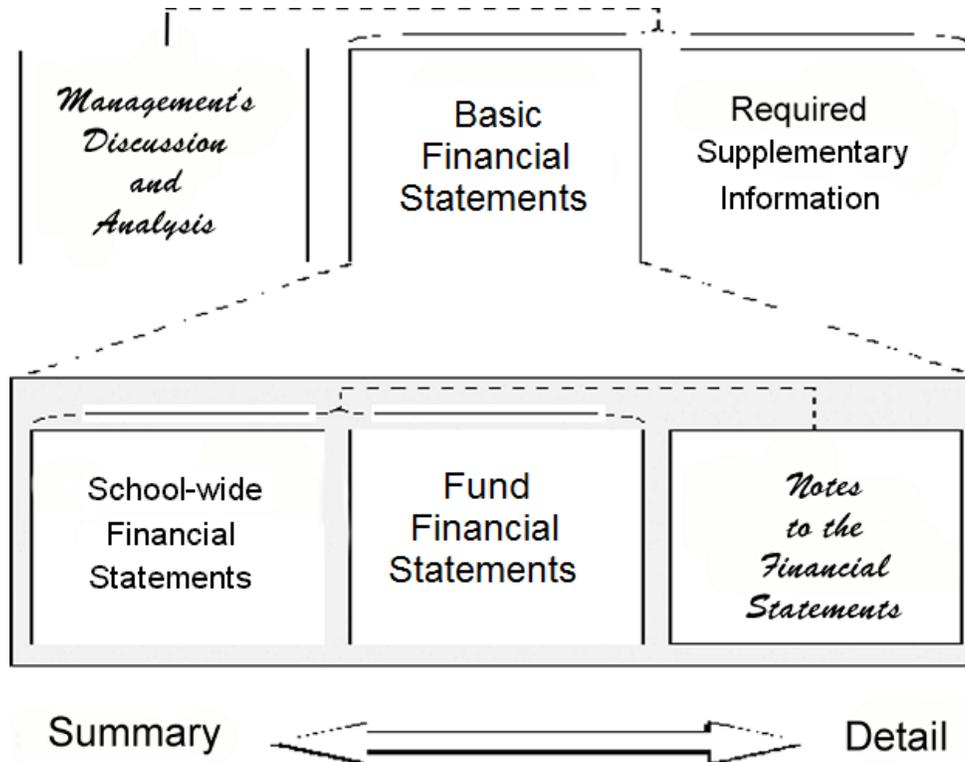
- Net assets were \$181,666.
- The unrestricted General Fund balance at June 30, 2012 is \$43,697.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2012
(Unaudited)

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



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

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2012
(Unaudited)

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

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

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

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2012
(Unaudited)

School-wide Statements

The school-wide statements report information about the Hoboken Dual Language 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 Hoboken Dual Language Charter School's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

In the school-wide financial statements, the Hoboken Dual Language Charter School's activities are shown in two categories:

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

Fund Financial Statements

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

Funds are accounting devices the Hoboken Dual Language Charter School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2012
(Unaudited)

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

The Hoboken Dual Language Charter School has three kinds of funds:

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

FINANCIAL ANALYSIS OF THE HOBOKEN DUAL LANGUAGE CHARTER SCHOOL AS A WHOLE

Net assets. The Hoboken Dual Language Charter School's net assets are \$181,666 on June 30, 2012. (See Table A-1).

Governmental	\$181,666
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The Statement of Net Assets of \$130,020 reflects total capital assets at net of assumed depreciation from inception.

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2012
(Unaudited)

The Hoboken Dual Language Charter School's financial position is the product of these factors:

- Special Revenues for Governmental Activities were \$70,578.
- General Fund Revenues were \$1,961,501.
- General Fund Expenditures were \$1,955,141.

Table A-1
HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Statement of Net Assets
As of June 30, 2012

	<u>Total</u>
Current and Other Assets	108,668
Capital Assets (Including Business Activities)	130,020
Total Assets	<u>\$238,688</u>
Long-Term Liabilities	
Other Liabilities	57,022
Total Liabilities	<u>\$57,022</u>
Net Assets:	
Invested In Capital Assets, Net of Related Debt	130,020
Restricted	0
Unrestricted	51,646
Total Net Assets	<u><u>\$181,666</u></u>

Total Governmental and Business Activities revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net assets of \$181,666 on June 30, 2012.

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2012
(Unaudited)

Table A-2
HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Year Ended June 30, 2012

Revenues	Total
Program revenues	
Charges for services	222,243
Operating grants and contributions	
General revenues	
Local Share	1,575,106
Federal and State Aid-Unrestricted	296,073
Federal Aid-Restricted	50,278
Other	110,622
Enterprise Fund	5,977
Increase in Capital Outlay	3,375
Total revenues	<u>\$ 2,263,674</u>
Expenses	
Regular Instruction	916,824
General Administrative	654,552
School Administrative	381,492
On-behalf TPAF Social Security	72,851
Capital Outlay	--
Enterprise Fund	223,425
Total expenses	<u>\$ 2,249,144</u>
(Increase) in net assets	14,530
Net Assets, Beginning July 1	167,136
Net Assets, End of Year June 30	<u>\$ 181,666</u>

Changes in Net Assets. The Hoboken Dual Language Charter School's total revenues were \$2,260,299. Local shares of \$1,575,106 represented 70% of revenues. The state aid and federal aid of \$346,351 represented 15% of revenues, enterprise revenue \$228,220 represented 10% of revenue.

The smallest component of revenues is "Other Revenue." The largest source of "Other Revenue" is private contributions of \$110,622 (5%).

The Hoboken Dual Language Charter School's expenditures of \$2,249,144 are predominantly related to instruction and support services and enterprise funds revenues. Instruction expenditures totaled \$916,824 (41%) of total expenditures. Support services and capital outlay, \$1,108,895 (49%) of total expenditures) and enterprise activities \$223,425 (10%) of expenditures. (See Figure A-2)

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2012
(Unaudited)

Table A-3 (See Exhibit A-2)
HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Year Ended June 30, 2012

<u>Functions/Programs</u>	<u>Source</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Governmental Activities			
Instruction			
Regular	B-2	916,824	916,824
Support Services			
General Administrative Services	B-2	654,552	654,552
School Administrative Services	B-2	381,492	381,492
On-behalf TPAF Social Security	B-2	72,851	72,851
Capital Outlay	B-2	-	-
Enterprise Fund	G-2	223,425	223,425
Total Governmental Activities		\$ 2,249,144	\$ 2,249,144

FINANCIAL ANALYSIS OF THE HOBOKEN DUAL LANGUAGE CHARTER SCHOOL FUNDS

The financial performance of the Hoboken Dual Language Charter School as a whole is reflected in its governmental activities Exhibit A-2. As the Hoboken Dual Language Charter School completed the year, its general funds reported a combined fund balance of \$43,697.

Revenues for the Hoboken Dual Language Charter School's governmental funds were \$2,226,299 while total expenses were \$2,249,144. (Table A-4) (Exhibit B-2)

GENERAL FUND

The General Fund includes the primary operations of the Hoboken Dual Language Charter School in providing educational services to students from grade K through grade 2.

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2012
(Unaudited)

The following schedule presents a summary of Government Revenues.

Table A-4 (See Exhibit B-2)
HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Years Ended June 30, 2012 and 2011

General Fund Revenues	Year Ended June 30, 2012	Year Ended June 30, 2011	Amount of Increase (Decrease)
Local Sources:			
Local Share	1,575,106	685,134	889,972
Other Local Revenue	332,865	224,533	108,332
Total Local Sources	\$ 1,907,971	\$ 909,667	\$ 998,304
Intergovernmental			
State Sources	301,650	680,939	(379,289)
Federal Sources	50,678	118,304	(67,626)
Total Intergovernmental Sources	\$ 352,328	\$ 799,243	\$ (446,915)
Total Revenue	\$ 2,260,299	\$ 1,708,910	\$ 551,389

The following schedule presents a summary of Governmental expenditures.

Table A-5 (See Exhibit B-2)
HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Years Ended June 30, 2012 and 2011

General Fund Expenditures	Year Ended June 30, 2012	Year Ended June 30, 2011	Increase (Decrease)
Current:			
Regular Instruction	916,824	634,903	281,921
General Administrative Services	654,552	414,013	240,539
School Administration	381,492	270,048	111,444
On-behalf TPAF Social Security	72,851	32,963	39,888
Capital outlay	-	129,268	(129,268)
Food Service	223,425	187,224	36,201
Total Expenditures	\$ 2,249,144	\$ 1,668,419	\$ 580,725

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2012
(Unaudited)

UNRESERVED-UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES

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

Table A-6
HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Year Ended June 30, 2012

General Fund	<u>2012</u>	<u>2011</u>
Unreserved-Undesignated		
Fund Balance	43,697	40,491
Expenditures	2,025,719	1,668,419
Percentages	2%	2%

The Hoboken Dual Language Charter School values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during school year. The amount of fund balance designed to support the subsequent years budgets \$43,697 for the 2011-12 school year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2012, in the General Fund, the Hoboken Dual Language Charter School had invested \$137,568 in a broad range of capital assets, including building improvements, computer and audio-visual equipment, and administrative offices, etc. (More detailed information about capital assets can be found in Note 4 to the financial statements) and Total General Fund depreciation expense for the year was \$7,548.

Table A-7
HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Changes in Net Assets - School Wide
For the Year Ended June 30, 2012

Facilities Improvement	105,035
Equipment	32,533
Total - General Fund	<u>\$137,568</u>
Less: Accumulated Depreciation	(7,548)
Total - Net Capital Assets General Fund	<u><u>\$130,020</u></u>

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Management's Discussion and Analysis
Year Ended June 30, 2012
(Unaudited)

FACTORS BEARING ON THE SCHOOL'S FUTURE

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

- The State of New Jersey passed legislation which imposes a 2% cap on the underlying school District's tax levy.
- Future State Aid may be reduced due to the State's new criteria utilized in calculating allocations of State Aid.

**CONTACTING THE HOBOKEN DUAL LANGUAGE CHARTER SCHOOL'S
FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Hoboken Dual Language Charter School's finances and to demonstrate the Hoboken Dual Language Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Hoboken Dual Language Charter School, 123 Jefferson St, Hoboken, New Jersey 07030.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the Hoboken Dual Language Charter School's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2012.

SCHOOL-WIDE FINANCIAL STATEMENTS

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,754	\$ 13,335	\$ 18,089
Investments			
Receivables, net	87,850	2,729	90,579
Security Deposit	-		-
Restricted assets:			
Cash and cash equivalents			
Capital reserve account - cash			
Capital assets, net (Note 2):	130,020	-	130,020
Total Assets	<u>222,624</u>	<u>16,064</u>	<u>238,688</u>
LIABILITIES			
Cash Overdraft			
Accounts payable	35,791	-	35,791
Deposits payable	-		
Payable to school districts	13,116		13,116
Payable to federal government	-		
Payable to state government			
Deferred revenue		8,115	8,115
Noncurrent liabilities:			
Due within one year			
Due beyond one year			
Total liabilities	<u>48,907</u>	<u>8,115</u>	<u>57,022</u>
NET ASSETS			
Invested in capital assets, net of related debt	130,020	-	130,020
Restricted for:			
Debt service			
Capital reserve	-		-
Permanent endowment - nonexpendable			
Reserve for NCLB repayment	-		-
Unrestricted	43,697	7,949	51,646
Total net assets	<u>\$ 173,717</u>	<u>\$ 7,949</u>	<u>\$ 181,666</u>

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

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Statement of Activities
For the Year Ended June 30, 2012

Exhibit A-2

Functions/Programs	Expenses	Program Revenues			Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ (916,824)		\$ (70,578)		\$ (846,246)		\$ (846,246)
Support services:							
General administration	(654,552)		-		\$ (654,552)		\$ (654,552)
School administrative services/ operations plant serv.	(381,492)				(381,492)		(381,492)
On - behalf TPAF Social Security	(72,851)				(72,851)		(72,851)
Capital Outlay	-				-		-
Total governmental activities	<u>(2,025,719)</u>		<u>(70,578)</u>		<u>(1,955,141)</u>		<u>(1,955,141)</u>
Business-type activities:							
Food Service and After School Program		(223,425)				(223,425)	(223,425)
Total business-type activities		<u>(223,425)</u>				<u>(223,425)</u>	<u>(223,425)</u>
Total primary government	<u>(\$2,025,719)</u>	<u>\$ (223,425)</u>	<u>\$ (70,578)</u>		<u>\$ (1,955,141)</u>	<u>\$ (223,425)</u>	<u>\$ (2,178,566)</u>
General revenues:							
					1,575,106		1,575,106
					197,464		197,464
					98,609	5,977	104,586
					90,322	222,243	312,565
					3,375		3,375
Total general revenues, special items, extraordinary					<u>1,964,876</u>	<u>228,220</u>	<u>2,193,096</u>
Change in Net Assets					9,735	4,795	14,530
Net Assets—beginning					163,982	3,154	167,136
Net Assets—ending					<u>\$ 173,717</u>	<u>\$ 7,949</u>	<u>\$ 181,666</u>

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Balance Sheet
Governmental Funds
June 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 16,233	\$ (11,479)	\$ -		\$ 4,754
Investments					
Receivables, net	76,371	11,479	-		87,850
Security Deposit	-				-
Restricted cash and cash equivalents					
Total assets	<u>\$ 92,604</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 92,604</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash Overdraft					
Accounts payable	35,791	-	-		35,791
Payable to federal government		-			
Payable to School Districts	13,116				13,116
Payable to state government	-				0
Deferred revenue					
Total liabilities	<u>48,907</u>	<u>-</u>	<u>-</u>		<u>48,907</u>
Fund Balances:					
Reserved for:					
Encumbrances					
Legally restricted -- unexpended additional spending proposal					
Legally restricted -- designated for subsequent year's expenditures					
Capital reserve	-				
Excess surplus	-				
Excess surplus -- designated for Subsequent year's expenditures					
Reserve for NCLB Repayment	-				0
Unreserved, reported in:					
General fund	43,697		-		43,697
Capital projects fund					
Permanent fund					
Total Fund balances	<u>43,697</u>		<u>-</u>		<u>43,697</u>
Total liabilities and fund balances	<u>\$ 92,604</u>		<u>\$ -</u>		

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is	137,568	
and the accumulated depreciation	<u>(7,548)</u>	
		130,020
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 3)		
Net assets of governmental activities		<u>\$ 173,717</u>

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

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources:					
Local share	\$ 1,575,106				\$ 1,575,106
State Share	197,464				197,464
Other Restricted Miscellaneous Revenues					
Miscellaneous	90,322	20,300			110,622
Total - Local Sources	<u>1,862,892</u>	<u>20,300</u>			<u>1,883,192</u>
State sources	98,609	-			98,609
Federal sources		50,278			50,278
Total revenues	<u>1,961,501</u>	<u>70,578</u>			<u>2,032,079</u>
EXPENDITURES					
Current:					
Regular instruction	\$ 846,246	\$ 70,578			\$ 916,824
Support services- General Administrative	654,552	-			654,552
Support Services- School Admin/ operations plant se	381,492				381,492
On-behalf TPAF Social Security	72,851				72,851
Capital outlay	-				-
Total expenditures	<u>1,955,141</u>	<u>70,578</u>			<u>2,025,719</u>
Excess (Deficiency) of revenues over expenditures	<u>6,360</u>				<u>6,360</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-				-
Transfers out	-				-
Total other financing sources and uses	*				-
Net change in fund balances	6,360				6,360
Fund balance—July 1	37,337				37,337
Fund balance—June 30	<u>\$ 43,697</u>				<u>\$ 43,697</u>

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

Exhibit B-3

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2012**

	General Fund	General Fund	Total
Total net change in fund balances - governmental funds (from B-2)	\$ 6,360	\$ 4,795	\$ 11,155
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>			
Depreciation expense	\$ (4,925)		
Capital outlays	<u>8,300</u>		
	\$ 3,375	\$ -	\$ 3,375
 Change in net assets of governmental activities	 <u>\$ 9,735</u>	 <u>\$ 4,795</u>	 <u>\$ 14,530</u>

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

PROPRIETARY FUNDS

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Statement of Net Assets
Proprietary Funds
June 30, 2012

		Business-type Activities Enterprise funds After School Program and Food Service
ASSETS		
Current assets:		
Cash and cash equivalents	\$	13,335
Investments		
Accounts receivable		2,566
Other receivables		163
Inventories		
Total current assets		16,064
Noncurrent assets:		
Restricted cash and cash equivalents		
Furniture, machinery & equipment		
Less accumulated depreciation		
Total noncurrent assets		_____
Total assets		_____
LIABILITIES		
Current liabilities:		
Deferred Revenue		8,115
Accounts payable		-
Total current liabilities		8,115
Total liabilities		8,115
NET ASSETS		
Invested in capital assets net of related debt		
Restricted for:		
Capital projects		
Unrestricted		7,949
Total net assets	\$	7,949

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

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities Enterprise Fund Food Service and After School Program
Operating revenues:	
Charges for services:	
Daily sales - Reimbursable programs and Special Lunch Program	\$ 48,084
After School Revenue	174,159
Total operating revenues	222,243
Operating expenses:	
Cost of sales	
Salaries and Benefits	106,907
Supplies, Materials and Other Expenses	116,518
Total Operating Expenses	223,425
Operating income (loss)	(1,182)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	400
Federal sources:	
National school breakfast program	0
National school lunch program	5,577
Board Subsidy	-
Total nonoperating revenues (expenses)	5,977
Income (loss) before contributions & transfers	4,795
Capital contributions	-
Transfers in (out)	
Change in net assets	4,795
Total net assets—beginning	3,154
Total net assets—ending	\$ 7,949

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

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

Exhibit B-6

Business-type
Activities
Enterprise Funds

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Participants	\$ 230,358
Payments to employees and benefits	(106,907)
Payments to suppliers	(116,518)
Net cash provided by (used for) operating activities	6,933

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State and Federal Sources	4,342
Operating subsidies and transfers to other funds	
Net cash provided by (used for) non-capital financing activities	4,342

CASH FLOWS FROM INVESTING ACTIVITIES

Increase In Fixed Assets	
Proceeds from sale/maturities of investments	
Net cash provided by (used for) investing activities	
Net increase (decrease) in cash and cash equivalents	11,275
Cash Balances—beginning of year	2,060
Cash Balances—end of year	\$ 13,335

Reconciliation of operating income (loss) to net cash provided

(used) by operating activities:	
Operating income (loss)	4,795
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation and net amortization	0
(Increase) decrease in accounts receivable, net	(1,635)
(Increase) decrease in inventories	
(Increase) decrease in USDA Communities	
Increase (decrease) in Deferred Revenue	8,115
Increase (decrease) in accrued compensated absences	
Total adjustments	6,480
Net cash provided by (used for) operating activities	\$ 11,275

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

FIDUCIARY FUNDS

Exhibit B-7

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012**

NOT APPLICABLE

Exhibit B-8

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012**

NOT APPLICABLE

NOTES TO THE BASIC FINANCIAL STATEMENTS

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Notes to the Basic Financial Statements
Year Ended June 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

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

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

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

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Notes to the Basic Financial Statements
Year Ended June 30, 2012

B. Government-wide and Fund Financial Statements:

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

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

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

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

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

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Notes to the Basic Financial Statements
Year Ended June 30, 2012

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

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

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

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

The Hoboken Dual Language Charter School reports the following major governmental funds:

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

The Hoboken Dual Language Charter School reports the following major proprietary fund which are organized to be self-supporting through user charges:

The *enterprise fund* accounts for the activities of the school cafeteria, which provides food service to students and the after school program which services the children at the Hoboken Dual Language School for after school activities.

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Notes to the Basic Financial Statements
Year Ended June 30, 2012

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

Additionally, the government reports the following fund types:

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

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

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

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

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

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Notes to the Basic Financial Statements
Year Ended June 30, 2012

D. Assets, Liabilities and Net Assets or Equity:

1. *Deposits and Investments*

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

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

2. *Receivables and Payables*

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

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

3. *Inventories and Prepaid Items*

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

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

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

4. *Accrued Liabilities and Payables*

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

5. *Net Assets*

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

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Notes to the Basic Financial Statements
Year Ended June 30, 2012

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

6. *Capital Assets*

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

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

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

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

7. *Fund Reserve 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. 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.

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Notes to the Basic Financial Statements
Year Ended June 30, 2012

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

Fund Reserves Restrictions, Commitments and Assignments (continued)

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, 2012.

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, 2012.

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, 2012.

Reserve for Encumbrances - This reserve is created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30. There were no reserve for encumbrance at June 30, 2012.

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

Reserve for Legally Restricted - Designated for Subsequent Year's Expenditures
This reserve is created to represent the portion of fund balance at June 30, 2012 restricted and utilized in the adopted subsequent year's budget. At June 30, 2012 there were no reserves.

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Notes to the Basic Financial Statements
Year Ended June 30, 2012

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

8. *On Behalf Payments*

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

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

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

No difference noted.

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information:

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

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

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

The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The school approved several budget transfers during 2011/2012.

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Notes to the Basic Financial Statements
Year Ended June 30, 2012

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. Budgetary Information: (continued)

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

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

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Operating In</u>	<u>Transfers Out</u>
Budgetary Basis	\$70,578	\$70,578	-	-
Adjustments:				
Add encumbrances at June 30, 2011	-	-	-	-
Less encumbrances at June 30, 2012	-	-	-	-
GAAP Basis	<u>\$70,578</u>	<u>\$70,578</u>	-	-

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation.

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Notes to the Basic Financial Statements
Year Ended June 30, 2012

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

A. Budgetary Information: (continued)

Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

B. Capital Reserve Account:

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

NOTE 4. DETAILED NOTES ON ALL FUNDS

A. Cash and Cash Equivalents

Deposits

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

As of June 30, 2012, Hoboken Dual Language Charter School cash and cash equivalents consisted of the following:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Enterprise Fund</u>	<u>Total</u>
Operating Account	\$16,233	(\$11,479)	\$13,355	\$18,109

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

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

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Notes to the Basic Financial Statements
Year Ended June 30, 2012

NOTE 4. DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and Cash Equivalents (continued)

Deposits (continued)

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

	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Bank</u> <u>Balance</u>
Deposits	\$18,109	\$ 0	\$ 0	\$18,109

The Hoboken Dual Language Charter School's cash deposits as June 30, 2012 were entirely covered by the Federal Deposit Insurance Corporation (F.D.I.C.) or by the pledged collateral pool maintained by the banks as required by New Jersey statutes.

Investments

New Jersey statutes permit the Hoboken Dual Language Charter School to purchase the following types of securities:

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

The Hoboken Dual Language Charter School had no outstanding investments at June 30, 2012.

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Notes to the Basic Financial Statements
Year Ended June 30, 2012

NOTE 4. DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and Cash Equivalents (continued)

Investments (continued)

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

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	<u>\$76,371</u>	<u>\$11,479</u>	<u>\$2,729</u>	<u>\$90,579</u>
Gross Receivables	<u>\$76,371</u>	<u>\$11,479</u>	<u>\$2,729</u>	<u>\$90,579</u>

B. Deferred Revenue

There is \$8,115 in deferred revenue in the enterprise fund for the 2012 Summer Camp Program.

C. Capital Assets

Capital assets as of June 30, 2012 were as follows:

Primary Government:

	<u>Balance at June 30, 2012</u>
Capital assets, being depreciated:	
Building Improvements	105,035
Machinery and equipment	<u>32,533</u>
Total capital assets being depreciated	<u>\$137,568</u>
Less accumulated depreciation for:	
Total accumulated depreciation	<u>(\$7,548)</u>
Total capital assets, being depreciated, net all funds	<u>\$130,020</u>

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Notes to the Basic Financial Statements
Year Ended June 30, 2012

NOTE 4. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets (continued)

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

Governmental activities:

Total depreciation expense - governmental activities	<u>\$7,548</u>
--	----------------

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

D. Interfund Receivables, Payables, and Transfers:

As of June 30, 2012, there were no interfund transactions reflected.

E. Management Estimates:

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

NOTE 5. OTHER INFORMATION

A. Contingent Liabilities

The Hoboken Dual Language Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Hoboken Dual Language Charter School may be required to reimburse the grantor government. As of June 30, 2012, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Hoboken Dual Language Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Hoboken Dual Language Charter School.

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

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Notes to the Basic Financial Statements
Year Ended June 30, 2012

NOTE 5. OTHER INFORMATION (continued)

B. Pension Plans

Substantially all of the Hoboken Dual Language Charter School'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 Employees' Retirement System (PERS) of New Jersey. The TPAF and PERS 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 Hoboken Dual Language Charter School and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan. As a general rule, all full-time employees are eligible to join the TPAF or the PERS.

Employees who are members of TPAF or PERS and retire at a specified age according to the relevant tier category for that 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, P.O. 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. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS went from 5.5% to 6.5% of employees' annual compensation as defined. Employers are required to contribute at an actuarially determined rate in the PERS and TPAF.

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 Hoboken Dual Language Charter School is a noncontributing employer of the TPAF.

During the fiscal year ended June 30, 2012, the amount that the State of New Jersey contributed to the TPAF for pension benefits on-behalf of the Hoboken Dual Language Charter School was not available.

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Notes to the Basic Financial Statements
Year Ended June 30, 2012

NOTE 5. OTHER INFORMATION (continued)

B. Pension Plans (continued)

Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through 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, 2011, there were 93,323 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 prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

The State's on behalf Post Retirement Medical Contributions to TPAF for the Hoboken Dual Language Charter School were \$0.

NOTE 6. RISK MANAGEMENT

The Hoboken Dual Language Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The school maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

NOTE 7. LONG-TERM LEASES

The school leases both of its premises under the terms of a non-cancelable lease. Rent expense for the year ended June 30, 2012 amounted to \$214,636.

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Notes to the Basic Financial Statements
Year Ended June 30, 2012

NOTE 8. ECONOMIC DEPENDENCY

The charter school receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if it were to occur, could have an effect on the charter school's programs and activities.

NOTE 9. LINE OF CREDIT

The school had entered into a Non-Revolving Line of Credit with BCB Community Bank in the amount of \$100,000 to finance certain improvements at the school location. At June 30, 2012, the Line of Credit was fully repaid and thus the amount outstanding under the line was zero. Interest is payable at the prime rate plus 1% and interest expense amounted to \$1,096 for the period ended June 30, 2012. The line had an initial term of 18 months. The loan is subject to certain guarantees and security interests on assets of the school.

NOTE 10. SUBSEQUENT EVENTS

The school has evaluated subsequent events occurring after the balance sheet through the date of January 3, 2013, which is the date the financial statements were available to be issued. Based on this evaluation, the school has determined no subsequent events require disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Share	\$ 1,847,534	\$ (74,964)	\$ 1,772,570	\$ 1,575,106	\$ 197,464
State Share	-	0	0	197,464	(197,464)
Other Restricted Miscellaneous Revenues			0		
Miscellaneous	-	94,979	94,979	90,322	4,657
Total - Local Sources	<u>1,847,534</u>	<u>20,015</u>	<u>1,867,549</u>	<u>1,862,892</u>	<u>4,657</u>
Nonpublic Aid	-	-	-	-	-
Special Education	24,073	(24,073)	-	-	-
Non-Public Aid	-	3,643	3,643	3,643	-
Security Aid	33,584	(11,469)	22,115	22,115	-
Bilingual Education	-	-	-	-	-
Demonstrably Effective	-	-	-	-	-
TPAF Pension (On-Behalf - Non-Budgeted)	-		-	-	
TPAF Social Security (Reimbursed - Non-Budgeted)				72,851	(72,851)
Total State Sources	<u>57,657</u>	<u>(31,899)</u>	<u>25,758</u>	<u>98,609</u>	<u>(72,851)</u>
Total Revenues	<u>1,905,191</u>	<u>(11,884)</u>	<u>1,893,307</u>	<u>1,961,501</u>	<u>(68,194)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Teachers Salary	476,320	2,217	478,537	478,537	\$ -
Other Salaries	204,500	54	204,554	204,554	-
Prof/Tech Services	13,000	27,839	40,839	40,839	-
Other Purchased Services (400-500 series)	-	2,109	2,109	2,109	-
General Supplies	111,375	(62,488)	48,887	48,887	-
Textbooks	85,000	(22,359)	62,641	62,641	-
Other Objects	37,200	(28,521)	8,679	8,679	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>927,395</u>	<u>(81,149)</u>	<u>846,246</u>	<u>846,246</u>	<u>-</u>

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2012
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administrative					
Salaries of Administrative Salaries	328,498	(105,439)	223,059	223,059	-
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-
Cost of Benefits	195,000	81,517	276,517	265,500	11,017
Consultants	55,500	84,914	140,414	140,414	-
Other Purchased Services (400-500 series)	13,000	(3,585)	9,415	9,415	-
Communications/Telephone	15,600	(12,060)	3,540	3,540	-
Supplies and Materials	6,450	(672)	5,778	5,778	-
Other Objects	21,250	(14,404)	6,846	6,846	-
	<u>635,298</u>	<u>30,271</u>	<u>665,569</u>	<u>654,552</u>	<u>11,017</u>
Support Services - School Admin/Operation Plant Services					
Salaries	70,750	1,487	72,237	72,237	-
Purchased Professional and Technical Services	21,000	11,119	32,119	32,119	-
Other Purchased Services	32,500	(25,231)	7,269	7,269	-
Rental of Land and Building- other than Lease Purchase Agreements	165,000	49,636	214,636	214,636	-
Insurance	28,248	1,584	29,832	29,832	-
General Supplies	10,000	(1,961)	8,039	8,039	-
Transportation- Trips	-	-	-	-	-
Energy (Energy and Electricity)	15,000	-	15,000	15,000	-
Other Objects	-	2,360	2,360	2,360	-
	<u>342,498</u>	<u>38,994</u>	<u>381,492</u>	<u>381,492</u>	<u>-</u>
Total Undist. Expend. - Other Oper. & Maint. Of Plant					
Food Service and After Care Program					
Other Purchased Services	-	-	-	-	-
Total Food Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
On-behalf TPAF pension Contributions (non-budgeted)					
Reimbursed TPAF Social Security Contributions (non-budgeted)				72,851	(72,851)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,851</u>	<u>(72,851)</u>
TOTAL UNDISTRIBUTED EXPENDITURES					
	977,796	69,265	1,047,061	1,108,895	61,834
TOTAL GENERAL CURRENT EXPENSE	<u>1,905,191</u>	<u>(11,884)</u>	<u>1,893,307</u>	<u>1,955,141</u>	<u>61,834</u>

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Instructional Equipment	-	-	-	-	-
Non-Instructional Equipment	-	-	-	-	-
Building Improvements	-	-	-	-	-
Total Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES- GENERAL FUND	1,905,191	(11,884)	1,893,307	1,955,141	(61,834)
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>--</u>	<u>--</u>	<u>6,360</u>	<u>(6,360)</u>
Other Financing Sources:					
Operating Transfer In:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,360</u>	<u>(6,360)</u>
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,337</u>	
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,697</u>	<u>\$ (6,360)</u>

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2012
(Unaudited)

Exhibit C-2
Page 1

	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
REVENUES:					
Local Sources	\$ 20,300		\$ 20,300	\$ 20,300	
State Sources	-		-	-	
Federal Sources	50,278		50,278	50,278	
Total Revenues	<u>70,578</u>		<u>70,578</u>	<u>70,578</u>	
EXPENDITURES:					
Instruction					
Salaries of Teachers	31,889		31,889	31,889	
Other Salaries for Instruction					
Purchased Professional -Educational Services					
Purchased Professional and Technical Services	15,249		15,249	15,249	
Transportation	-		-	-	
Other Purchased Services (400-500 series)	-		-	-	
Travel	-		-	-	
General Supplies	8,775		8,775	8,775	
Personal Services- Employee Benefits	2,365		2,365	2,365	
Field Trip Transportation	4,000		4,000	4,000	
Class Room Construction	8,300		8,300	8,300	
Other Objects	-		-	-	
Total Instruction	<u>70,578</u>		<u>70,578</u>	<u>70,578</u>	
Support Services					
Salaries of Supervisor of Instruction	-		-	-	
Salaries of Program Directors	-		-	-	
Salaries of Other Professional Staff	-		-	-	
Salaries of Secretaries & Clerical Assistants	-		-	-	
Other Salaries	-		-	-	
Personal Services - Employee Benefits	-		-	-	
Purchased Professional - Educational Services	-		-	-	
Other Purchased Professional Services	-		-	-	
Supplies	-		-	-	
Field Trips	-		-	-	
Scholarships	-		-	-	
Tuition	-		-	-	
Travel	-		-	-	
Other purchased Services (400-500 series)	-		-	-	
Building Improvements	-		-	-	
Total Support Services	<u>-</u>		<u>-</u>	<u>-</u>	

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Buildings Improvements					
Instructional Equipment					
Noninstructional Equipment					
Total Facilities Acquisition and Construction Services					
Transfer to Charter School					
Total Expenditures	70,578		70,578	70,578	
Other Financing Sources (Uses)					
Transfer in from General Fund					
Transfer Out to Whole School Reform (General Fund)					
Total Other Financing Sources (Uses)					
Total Outflows					
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2012

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

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

SPECIAL REVENUE FUND

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

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Revenues and Expenditures- Budgetary Basis
For the Year Ended June 30, 2012

	TOTAL	IDEA PART B-Basic TITLE VI	IDEA Grant C/O	NCLB TITLE I	Start Up Grant C/O	Provident Grant	PTO Grant	Artist in Residence	Reading Marathon Grant	Kohl's Garden Grant
REVENUES										
Intergovernmental										
State										
Federal	50,278	19,008	6,874	18,296	6,100					
Other Sources										
Miscellaneous	20,300					2,500	12,300	2,000	2,000	1,500
Total Revenues	<u>70,578</u>	<u>19,008</u>	<u>6,874</u>	<u>18,296</u>	<u>6,100</u>	<u>2,500</u>	<u>12,300</u>	<u>2,000</u>	<u>2,000</u>	<u>1,500</u>
EXPENDITURES										
Instruction										
Salaries	31,889	17,726		14,163						
Other Purchased Services	0									
Purchased Prof. and Tech.and Edu Services	15,249		6,649		6,100	2,500				
General Supplies	8,775		225	3,050				2,000	2,000	1,500
Personal Services - Employee Benefits	2,365	1,282		1,083						
Field trip transportation	4,000						4,000			
Other Objects										
Class room construction	8,300						8,300			
Total Instruction	<u>70,578</u>	<u>19,008</u>	<u>6,874</u>	<u>18,296</u>	<u>6,100</u>	<u>2,500</u>	<u>12,300</u>	<u>2,000</u>	<u>2,000</u>	<u>1,500</u>
Support Services										
Salaries of Supervisors of Instruction										
Salaries of Program Directors										
Salaries of Other Prof. Staff										
Salaries of Secretarial and Clerical Ass't										
Personal Services - Employee Benefits										
Supplies and Materials										
Other Purchased Services										
Purchased Professional/Educational Services										
Class- room Improvements										
Building Improvements										
Non instructional Equipment										
Total Support Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u><u>70,578</u></u>	<u><u>19,008</u></u>	<u><u>6,874</u></u>	<u><u>18,296</u></u>	<u><u>6,100</u></u>	<u><u>2,500</u></u>	<u><u>12,300</u></u>	<u><u>2,000</u></u>	<u><u>2,000</u></u>	<u><u>1,500</u></u>

PROPRIETARY FUNDS

ENTERPRISE FUND

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

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

Exhibit G-1

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Statement of Net Assets
June 30, 2012

	Business-Type Activities <hr/> Enterprise Fund Food Services and After School Program <hr/>
ASSETS	
Current Assets	
Cash	\$13,335
Intergovernmental Receivable	
Federal	2,566
State	163
Accounts Receivable	0
Total Current Assets	<hr/> 16,064
Total Assets	<hr/> <hr/> 16,064
 LIABILITIES	
Cash Overdraft	
Deferred Revenue	8,115
Accounts Payable	
Total Current Liabilities	<hr/> 8,115
 Net Assets	
Unrestricted	7,949
Invested in capital assets net of related debt	
Total Net Assets	<hr/> <hr/> 7,949

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
Year Ended June 30, 2012

	<u>Business-Type Activities</u>		
	<u>Enterprise Fund</u>		<u>Total</u>
	<u>After School</u>	<u>Enterprise Fund</u>	<u>Enterprise Fund</u>
	<u>Program</u>	<u>Food Services</u>	<u>Enterprise Fund</u>
OPERATING REVENUES			
Local Sources			
Daily Sales - Reimbursable Programs			
After School Revenue	\$174,159		\$174,159
Self Pay Revenue		48,084	48,084
Total Operating Revenues	<u>174,159</u>	<u>48,084</u>	<u>222,243</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	67,212	39,695	106,907
Supplies, Materials & Other	75,630	14,366	89,996
Professional Services	26,522		26,522
Total Operating Expenses	<u>169,364</u>	<u>54,061</u>	<u>223,425</u>
Income (Loss) From Operations	<u>4,795</u>	<u>(5,977)</u>	<u>(1,182)</u>
Nonoperating Revenues			
State Sources			
State Sources		400	400
Federal Sources			
School Breakfast Program		0	0
National School Lunch Program		5,577	5,577
Board Subsidy	0	0	0
Total Nonoperating Revenues	<u>0</u>	<u>5,977</u>	<u>5,977</u>
	4,795	0	4,795
Net Income (Loss)			
Total Net Assets- Beginning of Year	<u>3,154</u>	<u>0</u>	<u>3,154</u>
Total Net Assets- End of Year	<u>\$7,949</u>	<u>\$0</u>	<u>\$7,949</u>

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Statements of Cash Flows
For the Year Ended June 30, 2012

	<u>2012</u>
Cash flows from operating activities	
Cash Received from Customers	230,358
Cash Payments to Employee's Salaries and Benefits	(106,907)
Cash Payments to Suppliers for Goods and Services	(116,518)
Net Cash (Used) by Operating Activities	<u>6,933</u>
 Cash Flows from Noncapital Financing Activities	
Cash Received from General Fund Transfer (Contribution)	
Cash Received from State and Federal Subsidy Reimbursements	4,342
Net Cash Provided by Noncapital Financing Activities	<u>4,342</u>
 Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	11,275
Cash and Cash Equivalents, Beginning of Year	2,060
Cash and Cash Equivalents, End of Year	<u>\$13,335</u>
 Reconciliation of Operating (Loss) to Net Cash	
Used by Operating Activities	
Operating (Loss)	\$4,795
Adjustments to Reconcile Operating (Loss) to	
Net Cash Used by Operating Activities	
Depreciation	
Increase in Accounts Receivable	(1,635)
USDA Commodities	
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	0
Increase/(Decrease) in Deferred Revenue	8,115
Increase/(Decrease) in Compensated Absences	
Increase/(Decrease) in Inventory	
Total Adjustment	<u>6,480</u>
 Net Cash Used by Operating Activities	<u>\$11,275</u>

FIDUCIARY FUNDS

Exhibit H-1

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Combining Statement of Agency Fund Net Assets
Fiduciary Funds
As of June 30, 2012
NOT APPLICABLE**

Exhibit H-2

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Nonexpendable Trust Fund
Combining Statement of Agency Fund Net Assets
Fiduciary Funds
As of June 30, 2012**

NOT APPLICABLE

Exhibit H-3

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Year Ended June 30, 2012

NOT APPLICABLE

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Year Ended June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS				
Cash and Cash Equivalents	_____	\$1,052,999	\$1,052,999	_____
Total Liabilities	=====	1,052,999	1,052,999	=====
LIABILITIES				
Payroll Deductions and Withholdings		442,076	442,076	
Accrued Salaries and Wages	_____	610,923	610,923	_____
Total Liabilities	=====	\$1,052,999	\$1,052,999	=====

Exhibit H-5

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Unemployment Compensation Insurance Trust Fund
Statement of Receipts and Disbursements
Fiduciary Funds
For the Year Ended June 30, 2012

NOT APPLICABLE

FINANCIAL TRENDS

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
NET ASSETS BY COMPONENT
FOR THE YEAR ENDED JUNE 30, 2012
(Unaudited)**

	2012	2011
Governmental activities		
Invested in capital assets, net of related debt	\$ 130,020	\$ 126,645
Restricted		
Unrestricted	43,697	37,337
Total governmental activities net assets	\$ 173,717	\$ 163,982
Business-type activities		
Invested in capital assets, net of related debt		
Restricted	7,949	3,154
Unrestricted	\$ 7,949	\$ 3,154
Total business-type activities net assets		
School-wide		
Invested in capital assets, net of related debt	130,020	126,645
Restricted	-	-
Unrestricted	51,646	40,491
Total school net assets	\$ 181,666	\$ 167,136

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>2012</u>	<u>2011</u>
Expenses		
Governmental activities		
Instruction		
Regular	916,824	634,903
Support Services:		
General administration	654,552	414,013
School Administrative Services	381,492	272,980
On-behalf TPAF Social Security	72,851	30,031
Capital outlay	0	129,268
Unallocated depreciation	4,925	2,623
Total governmental activities expenses	<u>2,030,644</u>	<u>1,483,818</u>
Business-type activities:		
Food service	169,364	58,702
Child Care	54,061	128,522
Total business-type activities expense	<u>223,425</u>	<u>187,224</u>
Total school expenses	<u>2,254,069</u>	<u>1,671,042</u>
Program Revenues		
Governmental activities:		
Charges for services:		
Daily Sales- National Lunch Program	5,977	10,839
Pupil transportation		
Central and other support services		
Special revenue grants	50,278	118,304
Operating grants and contributions		30,032
Capital grants and contributions		
Total governmental activities program revenues	<u>56,255</u>	<u>159,175</u>
Business-type activities:		
Charges for services		
Food service	48,084	48,661
Child care	174,159	100,846
Operating grants and contributions		
Capital grants and contributions		
Total business type activities program revenues	<u>222,243</u>	<u>149,507</u>
Total school program revenues	<u>278,498</u>	<u>308,682</u>
Net (Expense)/Revenue		
Governmental activities	(\$1,980,366)	(\$1,365,514)
Business-type activities	\$4,795	\$3,154
Total school-wide net expense	<u>(\$1,975,571)</u>	<u>(\$1,362,360)</u>

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
(Unaudited)

	<u>2012</u>	<u>2011</u>
Governmental activities:		
Local share	1,575,106	685,134
State Share	197,464	507,841
State and Federal Aid aid	98,609	132,227
Miscellaneous income	110,622	75,026
Increase in Net Capital Outlay	8,300	129,268
Transfers		
Total governmental activities	<u>1,990,101</u>	<u>1,529,496</u>
Business-type activities:		
Investment earnings		
Transfers	<u>0</u>	<u>0</u>
Total business-type activities	<u>0</u>	<u>0</u>
Total school-wide	<u>1,990,101</u>	<u>1,529,496</u>
 Change in Net Assets		
Governmental activities	\$9,735	\$163,982
Business-type activities	<u>\$4,795</u>	<u>\$3,154</u>
Total school	<u>\$14,530</u>	<u>\$167,136</u>

Exhibit J-3

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
 FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012
 (Unaudited)**

	<u>2012</u>	<u>2011</u>
General Fund		
Reserved		\$ -
Unreserved	46,397	37,337
Total general fund	<u>\$ 46,397</u>	<u>\$ 37,337</u>
All Other Governmental Funds		
Reserved		
Unreserved, reported in:		
Special revenue fund		
Capital projects fund		
Debt service fund		
Permanent fund		
Total all other governmental funds	<u>_____</u>	<u>_____</u>

Exhibit J-4

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
GOVERNMENTAL REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012
(Unaudited)**

	<u>2012</u>	<u>2011</u>
Revenues		
Local tax Levy	\$1,575,106	\$685,134
Other local revenue	110,622	75,026
State sources	296,073	640,068
Federal sources	50,278	118,304
Total revenue	2,032,079	1,518,532
Expenditures		
Instruction	846,246	516,599
Regular Instruction		
Support Services:		
General administration	654,552	414,013
School administrative services/Plant	381,492	270,048
TPAF Social Security	72,851	32,963
Food Service		
Capital outlay	0	129,268
Debt service:		
Principal		
Interest and other charges		
Special Revenue	70,578	118,304
Total expenditures	2,025,719	1,481,195
Excess (Deficiency) of revenues over (under) expenditures		
Other Financing sources (uses)		
Proceeds from borrowing		
Capital leases (non-budgeted)		
Proceeds from refunding		
Payments to escrow agent		
Transfers in		
Transfers out		
Total other financing sources (uses)	0	0
Net change in fund balances	\$ 6,360	\$ 37,337

Source: School records

REVENUE CAPACITY

EXHIBIT J-5

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
REVENUE CAPACITY
FOR THE YEAR ENDED JUNE 30, 2012
(Unaudited)**

NOT APPLICABLE

Exhibit J-6

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Assessed Value and Actual Value of Taxable Property
For the Year Ended June 30, 2012
(Unaudited)**

NOT APPLICABLE

Exhibit J-7

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Direct and Overlapping Property Tax Rates
For the Year Ended June 30, 2012
(Unaudited)**

NOT APPLICABLE

Exhibit J-8

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Principal Property Taxpayers
For the Year Ended June 30, 2012
(Unaudited)**

NOT APPLICABLE

DEBT CAPACITY

Exhibit J-9

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Property Tax Levies and Collections
For the Year Ended June 30, 2012
(Unaudited)**

NOT APPLICABLE

Exhibit J-10

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Ratios of Outstanding Debt by Type
For the Year Ended June 30, 2012
(Unaudited)**

NOT APPLICABLE

Exhibit J-11

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Ratios of Net General Bonded Debt Outstanding
For the Year Ended June 30, 2012
(Unaudited)**

NOT APPLICABLE

Exhibit J-12

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Direct and Overlapping Governmental Activities Debt
For the Year Ended June 30, 2012
(Unaudited)**

NOT APPLICABLE

DEMOGRAPHIC AND ECONOMIC INFORMATION

Exhibit J-13

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Demographic and Economic Statistics
For the Year Ended June 30, 2012
(Unaudited)**

NOT APPLICABLE

Exhibit J-14

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Principal Employers
For the Year Ended June 30, 2012
(Unaudited)**

NOT APPLICABLE

**OPERATING INFORMATION
(UNAUDITED)**

Exhibit J-15

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Full-time Equivalent School Employees by Function/Program
For the year ended June 30, 2012
(Unaudited)

<u>Function/Program</u>	<u>2012</u>	<u>2011</u>
Instruction		
Regular	12	11
Special education		0
Other special education		
Vocational		
Other instruction		
Nonpublic school programs		
Adult/continuing education programs		
Support Services:		
Student & instruction related services		0
General administration	1	1
School administrative services	2	3
Other administrative services		
Central services		
Administrative Information Technology		
Plant operations and maintenance		0
Pupil transportation		
Other support services		0
Special Schools		
Food Service	2	1
Child Care		0
Total	<u>17</u>	<u>16</u>

Source: School Personnel Records

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Operating Statistics
For the Year Ended June 30, 2012
(Unaudited)

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary and Middle School	Senior High School				
2011	132	1,292,239	9,789	N/A	6	6	N/A	132	130	N/A	98.50%
2012	190	1,955,141	10,290	5.12%	8	8	N/A	174	169	31.82%	97.00%

Sources: School records

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
School Building Information
For the Year Ended June 30, 2012
(Unaudited)

<u>School Building</u>	<u>2012</u>	<u>2011</u>
Main Campus		
Square Feet	15,000	15,000
Capacity (students)	220	220
Enrollment	132	132
Second Campus		
Square Feet		
Capacity (students)		
Enrollment		
Number of Schools at June 30, 2012		
Elementary and Middle School =	1	1

Source: School Office

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Insurance Schedule
For the Year Ended June 30, 2012
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Commercial Property	\$ 40,000	\$ 1,000
Boiler and Machinery	1,000,000	1,000
General Automobile Liability	110,000	1,000
School Board Legal Liability	1,000,000	5,000
Umbrella	1,000,000	10,000
Workers' Compensation	1,000,000	-
 Surety Bonds		
School Board Legal Liability	1,000,000	N/A
Public Official Bond	115,000	N/A

Source: Charter School Records

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
General Fund - Other Local Revenue By Source
For the Year Ended June 30, 2012
(Unaudited)

	<u>Sale of Capital Assets</u>	<u>Donations</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Sale and Leaseback of Textbooks</u>	<u>Other Local</u>	<u>Annual Totals</u>
Years							
Ending June 30,							
2011		71,518				3,508	75,026
2012		90,322					90,322

Source: School records

Exhibit J-20

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
Schedule of Allowable Maintenance Expenditures by School Facility
For the Year Ended June 30, 2012
(Unaudited)

NOT APPLICABLE

SINGLE AUDIT SECTION K

SCOTT J. LOEFFLER
CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 553
EAST HANOVER, NEW JERSEY 07936

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973-585-4989

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973-240-7318

EXHIBIT 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 *GOVERNMENT AUDITING STANDARDS***

The Honorable Chairman and
Members of the Board of Trustees
Hoboken Dual Language Charter School
County of Hudson
Hoboken, New Jersey

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hoboken Dual Language Charter School as of and for the fiscal year ended June 30, 2012, which collectively comprise the Hoboken Dual Language Charter School's basic financial statements and have issued my report thereon dated January 3, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, 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

The management of the Board of Trustees of the Hoboken Dual Language Charter School is responsible for establishing and maintaining effective internal control over financial planning. In planning and performing my audit, I considered the Hoboken Dual Language Charter School Board of Trustees internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Hoboken Dual Language Charter School Board of Trustee's internal control over financial reporting. Accordingly, I do not express an opinion on effectiveness of the Hoboken Dual Language Charter School Board of Trustee's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Hoboken Dual

Language Charter School's financial statements will not be prevented or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hoboken Dual Language Charter School Board of Trustee's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. However, I noted certain matters that I have reported to the Board in a separate report, the *Auditors' Management report on Administrative Findings - Financial, Compliance, and Performance*, dated January 3, 2013.

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

Licensed Public School Accountant No. 870

A handwritten signature in black ink that reads "Scott J Loeffler CPA". The signature is written in a cursive style with a small "CPA" at the end.

Scott J Loeffler, CPA
January 3, 2013

SCOTT J. LOEFFLER
CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 553
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EXHIBIT 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**

The Honorable Chairman and
Members of the Board of Trustees
Hoboken Dual Language Charter School
County of Hudson
Newark, New Jersey

Compliance

I have audited the compliance of the Board of Trustee's of the Hoboken Dual Language Charter School, in the County of Hudson, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2012. The Board of Trustee's of the Hoboken Dual Language Charter School major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Board of Trustee's Hoboken Dual Language Charter School management. My responsibility is to express an opinion on the Board of Trustee's Hoboken Dual Language Charter School compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Administration and Finance, 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 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 Non-Profit Organizations*. Those standards, Federal OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04, require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board of Trustee's Hoboken Dual Language Charter School

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

In my opinion, the Board of Trustee's of the Hoboken Dual Language Charter School, in the County of Hudson, State of New Jersey, complied, in all material aspects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

The management of the Board of Trustee's of the Hoboken Dual Language Charter School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing my audit, I considered the Board of Trustee's Hoboken Dual Language Charter School internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly I do not express an opinion on the effectiveness of the Board of Trustee's Hoboken Dual Language Charter School 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.

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

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

Licensed Public School Accountant No. 870



Scott J. Loeffler, CPA
January 3, 2013

EXHIBIT A

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
 Schedule of Federal Financial Assistance
 For the Year Ended June 30, 2012

<u>Federal/Grantor Program Title</u>	<u>CFDA/GRANT Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2011</u>	<u>Prior Carry-over</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Refund of Prior Years' Balances</u>	<u>Adjust</u>	<u>Deferred Revenue/ (Accounts Receivable) June 30, 2012</u>	<u>Due to Grantor at June 30, 2012</u>
Food Subsidy											
Federal School Lunch Special Revenue Fund	10.555	07/02/11-06/30/12	5,577	(14,656)		\$17,667	\$5,577			(2,566)	
Special Revenue NCLB											
Title I NCLB	84.01	07/02/11-06/30/12	18,296	(10,784)		21,282	18,296			(7,798)	
Start up Grant	84.282A	07/02/11-06/30/12	6,100	(18,371)		24,471	6,100				
Title VI C/O	84.027	07/02/11-06/30/12	6,874	(10,649)		17,523	6,874				
Title VI- Basic	84.027	07/02/11-06/30/12	19,008	-		15,327	19,008			(3,681)	
Total Special Revenue				(39,804)	0	78,603	50,278			(11,479)	---
Total				(\$54,460)		\$96,270	\$55,855			(\$14,045)	

See accompanying notes to schedules of expenditures of Federal and State award programs.

EXHIBIT - B

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
 Schedule of State Financial Assistance
 For the Year Ended June 30, 2012

<u>State Grantor/Program Title</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2011</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Refund of Prior Years' Balances</u>	<u>Adjust</u>	<u>Deferred Revenue/ (Accounts Receivable) June 30, 2011</u>	<u>Due to Grantor at June 30, 2012</u>
GENERAL FUND										
TPAF Social Security	12-495-034-5095-002	7/1/11-06/30/12	72,851		72,851	72,851				
On Behalf Pension	12-495-034-5095-001	7/1/11-06/30/12			0					
					0					
Equalization Aid	12-495-034-5120-078	7/1/11-06/30/12	1,575,106		1,575,106	1,575,106				
Equalization Aid	12-495-034-5120-078	7/1/11-06/30/12	197,464		197,464	197,464				
Nonpublic Aid	12-495-034-5120-060	7/1/11-06/30/12	3,643		3,643	3,643				
Security Aid	12-495-034-5120-084	7/1/11-06/30/12	22,115		22,115	22,115				
Total General Fund					<u>1,871,179</u>	<u>1,871,179</u>				
SPECIAL REVENUE FUND										
Total Special Revenue Fund			<u>-</u>		<u>-</u>	<u>-</u>				
State School Lunch	12-100-034-5120-122	7/1/11-06/30/12	400	(66)	273	400			\$ (163)	
GRAND TOTAL				<u>(66)</u>	<u>1,871,452</u>	<u>1,871,579</u>			<u>\$ (163)</u>	

See accompanying notes to schedules of expenditures of Federal and State awarded programs.

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting revenue is not recognized until the subsequent year or 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 account budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's general-purpose financial statements on a GAAP basis as follows:

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

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

	Federal	State	Total
General Fund	\$ ---	\$1,871,179	\$1,871,179
Special Revenue Fund	50,278	-0-	50,278
Food Service Fund	<u>5,577</u>	<u>400</u>	<u>5,977</u>
Total Awards and Financial Assistance	<u>\$ 55,855</u>	<u>\$ 1,871,579</u>	<u>\$ 1,927,434</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2012. TPAF Social Security Contributions of \$12,851 represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the schools basic financial statements and the amount subject to State single audit and major program determination.

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

PART 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statement Section

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

Federal Awards

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

Identification of major programs:

<u>C DFA Number(s)</u>	<u>Name of Federal Program</u>
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None

None

Dollar threshold used to distinguish between type A and type B programs (.520)		\$300,000	
Auditee qualified as low risk auditee:			X

State Awards

Dollar threshold used to distinguish between type A and type B programs (.520)		\$300,000	
Auditee qualified as low risk auditee:			X
Type of auditor’s report issued:		Unqualified	
Internal control over major programs:			
Material weakness(es) identified:			X
Significant deficiencies identified not considered to be material weakness(es)?			X
Type of auditor’s report on compliance for major programs:		Unqualified	
Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 04-04?			X

Identification of major programs:

<u>C DFA Number(s)</u>	<u>Name of State Program</u>
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12-495-034-5120-078

Equalization Aid - Cluster

12-495-034-5120-084

Security Aid - Cluster

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

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

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
COUNTY OF HUDSON, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012**

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

No federal and state award findings and questioned costs noted that are required to be reported in accordance of OMB Circular A-133 or with NJOMB Circular 04-04.

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL
SUMMARY OF SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Status of Prior Year Findings

In accordance with government auditing standards, my procedures included a review of all prior year recommendations. There were no prior year findings.