INTERNATIONAL CHARTER SCHOOL OF TRENTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2012

INTERNATIONAL CHARTER SCHOOL

OF

TRENTON

International Charter School of Trenton
Board of Trustees
Trenton, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

OF THE

INTERNATIONAL CHARTER SCHOOL OF TRENTON

TRENTON, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prepared By

International Charter School of Trenton
Finance Department

And

Barre & Company, CPA's

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INTRODUCTORY SECTION

International Charter School of Trenton
105 Grand Street
Trenton, New Jersey 08611
609-394-3111

November 14, 2012

Honorable President and
Members of the Board of Trustees
International Charter School of Trenton
County of Mercer
Trenton, New Jersey

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the International Charter School of Trenton (Charter School) for the fiscal year ended June 30, 2012. This CAFR includes the Charter School's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34.

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

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

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

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;

- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;

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

Charter School Organization

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

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

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

The Charter School provides a full range of services appropriate to grade levels Kindergarten through Grade 4. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2011-2012 school year with an enrollment of 89 students. The following details the student enrollment of the Charter School over the last six years.

Fiscal Year	Student Enrollment	Percent Change
2011-2012	89.0	0.45%
2010-2011	89.0	-1.11%
2009-2010	88.0	1.12%
2008-2009	88.0	1.14%
2007-2008	86.9	0.00%
2006-2007	86.9	1.27%

2. ECONOMIC CONDITION AND OUTLOOK: International Charter School of Trenton opened its doors in September 1998. Management is stable and the school's finances are solid, supporting the maturing academic program and this audit will show continued stability and integrity.

3. MAJOR INITIATIVES: The Charter School has developed a comprehensive strategic plan to support its mission and vision and serves as a blueprint for the achievement of its goals. The plan includes objectives, such as pupil achievement as measured by standardized tests and teacher assessment instruments; formal professional development for the certified and non-certified staff; and the implementation of a technology plan in all classrooms.

4. INTERNAL ACCOUNTING CONTROLS: Management of the Charter School is responsible for establishing and maintaining an internal control designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

(1) the cost of a control should not exceed the benefits likely to be derived;
(2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and 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 cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

6. CASH MANAGEMENT: The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Basic Financial Statement" Note 2. The Charter School had adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

7. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, directors and officers insurance and workmen's compensation.

8. OTHER INFORMATION:

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

9. ANTI-BULLYING: On January 5, 2011, Governor Chris Christie signed into law P.L. 2010, Chapter 122, known as the Anti-Bullying Bill of Rights. The Anti-Bullying Bill of Rights Act ("Act") requires initial and on-going training for all staff members, Anti-Bullying Specialists, Anti-Bullying Coordinators, administrative staff and Board members. N.J.S.A. 18A:37-22(d) requires every teacher to complete at least two hours of instruction on harassment, intimidation, and bullying prevention in each professional development period. In 2011-2012, training was provided for harassment, intimidation and bullying prevention to comply with the training requirements of the Act.

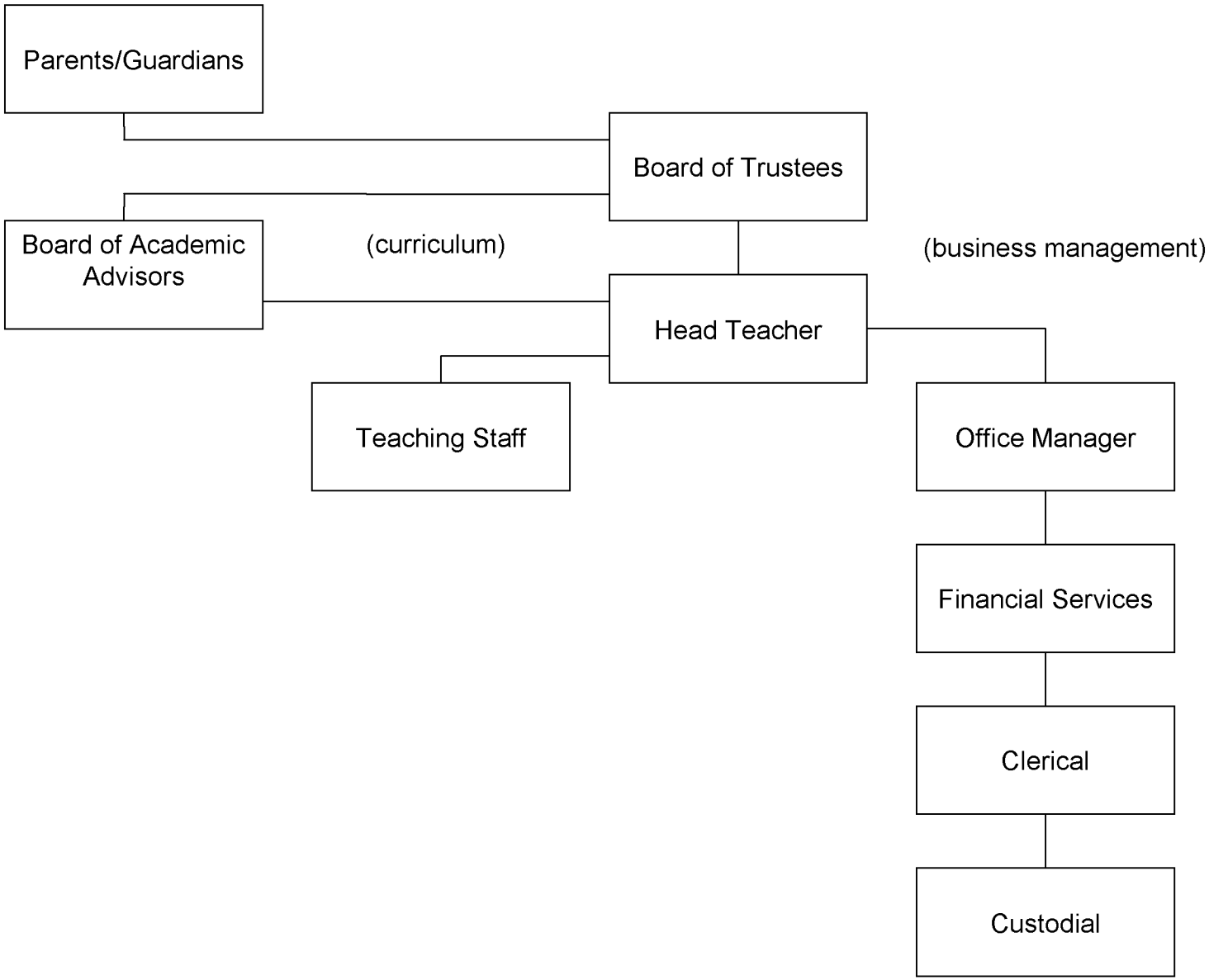
10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the International Charter School of Trenton Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and thereby contributing their full support to the development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

Respectfully submitted,

Melissa Benford
Head Teacher/Administrator

INTERNATIONAL CHARTER SCHOOL OF TRENTON

ORGANIZATIONAL CHART



INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY

ROSTER OF OFFICIALS
June 30, 2012

MEMBERS OF THE BOARD OF TRUSTEES

Robert A. Kull, President

Tom Ogren, Vice President

Curt J. Hubert, Board Secretary

Rachael Binz, Member

Gaby Altman, Member

Melissa Benford, Head Teacher and an Ex-Officio, non-voting member

OTHER OFFICIALS

Peter Lanzi, Business Manager

INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

Schwartz, Simon, Edelstein & Celso, LLC
100 South Jefferson Road
Suite 200
Whippany, New Jersey 07981

Official Depository

Bank of America
301 Carnegie Center
Princeton, New Jersey 08543

FINANCIAL SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
2204 Morris Avenue, Suite 206
Union, New Jersey 07083
(908) 686-3484
FAX – (908) 686-6055

Independent Auditor's Report

Honorable President
Members of the Board of Trustees
International Charter School of Trenton
County of Mercer
Trenton, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund of the International Charter School of Trenton (Charter School), in the County of Mercer, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Charter School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

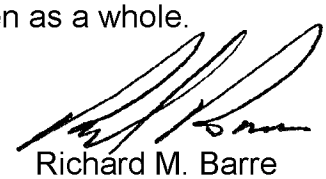
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the International Charter School of Trenton, in the County of Mercer, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated November 14, 2012 on our consideration of the Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be in considered in assessing the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison Information starting on pages 13 and 57, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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



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

November 14, 2012

REQUIRED SUPPLEMENTARY INFORMATION – PART I

INTERNATIONAL CHARTER SCHOOL OF TRENTON
TRENTON, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

The discussion and analysis of International Charter School of Trenton's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the Charter School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Charter School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 — *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2012 are as follows:

- General revenues accounted for $1,540,400 or 96% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for $62,467 or 4% of total revenues of$1,602,867.

- The Charter School had $1,754,558 in expenses; only $62,467 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of $1,540,400 were not adequate to provide for these programs.

- Among governmental funds, the General Fund had $1,407,906 in revenues and $1,558,258 in expenditures. The General Fund's fund balance decreased $150,352 over 2011.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the Charter School as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2012?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

- Governmental activities — All of the Charter School's programs and services are reported here including instruction, administration, support services, and capital outlay.

- Business-Type Activity — This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the Charter School's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the financial statements can be found starting on page 35 of this report.

The Charter School as a Whole

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

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

The Charter School's combined Net Assets were $74,958 on June 30, 2012 and $226,649 on June 30, 2011.

Governmental Activities

The Charter School's total revenues were $1,540,101 for the fiscal year 2012 and $1,451,674 for 2011, this includes $40,316 for 2012 and $43,758 for 2011 of state reimbursed TPAF social security contributions.

The total cost of all programs and services was $1,707,554 for 2012 and $1,609,381 for 2011. Instruction comprises 51% for 2012 and 58% for 2011 of Charter School expenses.

Business-Type Activities

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

- Food service expenses exceeded revenues by $89 for 2012 and revenues exceeded expenses by $907 for 2011.

- Charges for services represent $2,837 for 2012 and $2,283 for 2011 of revenue. This represents amounts paid by patrons for daily food.

- Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast were $44,078 for 2012 and $47,080 for 2011.

Governmental Activities

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

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

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

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

The Charter School's Funds

All governmental funds (i.e., general fund, special revenue fund, and capital projects fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to $1,540,101 for 2012 and $1,451,674 for 2011 and expenditures were $1,690,453 for 2012 and $1,630,982 for 2011.

The Charter School's Funds (Continued)

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2011	Percent of Increase/ (Decrease)
Local Sources	$ 147,705	9.59%	$ 23,830	19.24%
State Sources	1,260,201	81.83%	2,154	0.17%
Federal Sources	132,195	8.58%	62,443	89.52%
Total	$ 1,540,101	100.00%	$ 88,427	

The following schedule represents a summary of general fund, special revenue fund and capital projects fund expenditures for the fiscal year ended June 30, 2012, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2011	Percent of Increase/ (Decrease)
Instruction	$ 850,683	50.31%	$ 89,063	11.69%
Administration	436,774	25.84%	(74,453)	-14.56%
Support Services	386,433	22.86%	28,298	7.90%
Capital Outlay	16,563	0.98%	16,563	0.00%
Total	$ 1,690,453	99.99%	$ 59,471	

General Fund Budgeting Highlights

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

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

Capital Assets

At the end of fiscal year 2012, the Charter School had $13,750 (net of depreciation) invested in leasehold improvements and equipment and $15,000 for 2011.

For the Future

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

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

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to show the Charter School's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Peter Lanzi, Business Manager at International Charter School of Trenton, 105 Grand Street, Trenton, New Jersey 08611.

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents:			
Unrestricted	$ 140,521	$ 847	$ 141,368
Restricted	3,336		3,336
Interfund Receivables	81,720	7,364	89,084
Receivables		1,970	1,970
Prepaid Expenses	6,600		6,600
Capital Assets, Net	13,750	1,834	15,584
Total Assets	245,927	12,015	257,942
LIABILITIES:			
Interfund Payable	88,507	3,115	91,622
Payable to State Government	9,029		9,029
Accounts Payable	82,333		82,333
Total Liabilities	179,869	3,115	182,984
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	15,000	4,716	19,716
Unrestricted	51,058	4,184	55,242
Total Net Assets	$ 66,058	$ 8,900	$ 74,958

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Statement of Activities
For The Fiscal Year Ended June 30, 2012

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes In Net Assets: Governmental Activities	Net (Expense) Revenue and Changes In Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes In Net Assets: Total
GOVERNMENTAL ACTIVITIES:								
Instruction	$ 694,791	$ 171,743	$ -	$ 15,552	$ -	$ (850,982)	$ -	$ (850,982)
Administration	372,956	63,818				(436,774)		(436,774)
Support Services	360,230	26,203				(386,433)		(386,433)
Capital Outlay	16,563					(16,563)		(16,563)
Unallocated Depreciation	1,250					(1,250)		(1,250)
Total Governmental Activities	1,445,790	$ 261,764	-	15,552	-	(1,692,002)	-	(1,692,002)
BUSINESS-TYPE ACTIVITIES:								
Food Service	47,004		2,837	44,078			(89)	(89)
Total Business-Type Activities	47,004		2,837	44,078	-	-	(89)	(89)
Total Primary Government	$ 1,492,794		$ 2,837	$ 59,630	$ -	$ (1,692,002)	$ (89)	$ (1,692,091)
GENERAL REVENUES								
General Purposes						$ 116,865	$ -	$ 116,865
Federal and State Aid Not Restricted						1,392,695		1,392,695
Miscellaneous Income						30,840		30,840
Total General Revenues						1,540,400	-	1,540,400
Change in Net Assets						(151,602)	(89)	(151,691)
Net Assets - Beginning						217,660	8,989	226,649
Net Assets - Ending						$ 66,058	$ 8,900	$ 74,958

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

SECTION B – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Governmental Funds
Combining Balance Sheet
June 30, 2012

	General Fund	Special Revenue Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents:			
Unrestricted	$ 58,275	$ 82,246	$ 140,521
Restricted	3,336		3,336
Interfund Receivables	81,720		81,720
Other Assets	6,600		6,600
Total Current Assets	149,931	82,246	232,177
Total Assets	$ 149,931	$ 82,246	$ 232,177
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Current Liabilities:			
Interfund Payables	$ -	$ 82,246	$ 82,246
Payable to State Government	9,029		9,029
Accounts Payable	88,594		88,594
Total Current Liabilities	97,623	82,246	179,869
Total Liabilities	97,623	82,246	179,869
Fund Balances:			
Unreserved:			
General Fund	52,308		52,308
Total Fund Balances	52,308	-	52,308
Total Liabilities and Fund Balances	$ 149,931	$ 82,246	
Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets are $66,469 and the accumulated depreciation is $52,719.			13,750
Net Assets of Governmental Activities			$ 66,058

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	$ 116,865	$ -	$ 116,865
Miscellaneous	30,840		30,840
Total Local Sources	147,705		147,705
State Sources	1,260,201		1,260,201
Federal Sources		132,195	132,195
Total Revenues	1,407,906	132,195	1,540,101
EXPENDITURES:			
Instruction	644,103	34,837	678,940
Administration	634,720		634,720
Support Services	279,435	80,795	360,230
Capital Outlay		16,563	16,563
Total Expenditures	1,558,258	132,195	1,690,453
NET CHANGE IN FUND BALANCES	(150,352)		(150,352)
FUND BALANCES, JULY 1	202,660		202,660
FUND BALANCES, JUNE 30	$ 52,308	$ -	$ 52,308

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Fiscal Year Ended June 30, 2012

Total net change in fund balances - Governmental Fund (from B-2)	$	(150,352)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.		
Depreciation Expense		(1,250)
Change in net assets of governmental activities	$	(151,602)

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

PROPRIETARY FUNDS

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Proprietary Fund
Statement of Fund Net Assets
June 30, 2012

	Business-Type Activities Enterprise Fund Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 847
Due From Other Funds	7,364
Receivables From Other Governments	1,970
Total Current Assets	10,181
Noncurrent Assets:	
Machinery and Equipment	2,620
Less Accumulated Depreciation	(786)
Total Noncurrent Assets	1,834
Total Assets	$ 12,015
LIABILITIES:	
Interfund Accounts Payable	$ 3,115
Total Liabilities	3,115
NET ASSETS:	
Invested in Capital Assets	4,716
Unrestricted	4,184
Total Net Assets	8,900
Total Liabilities and Net Assets	$ 12,015

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended June 30, 2012

	Business-Type Activities Enterprise Fund Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales Reimbursable Program	$ 2,837
Total Operating Revenues	2,837
OPERATING EXPENSES:	
Depreciation Expense	524
Cost of Sales	46,480
Total Operating Expenses	47,004
OPERATING LOSS	(44,167)
NONOPERATING REVENUES:	
State Source:	
State Lunch Program	723
Federal Source:	
Federal BreakFast Program	8,230
Federal Lunch Program	35,125
Total Nonoperating Revenues	44,078
CHANGE IN NET ASSETS	(89)
TOTAL NET ASSETS, JULY 1	8,989
TOTAL NET ASSETS, JUNE 30	$ 8,900

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Proprietary Funds
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2012

	Business-Type Activities Enterprise Fund Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	$ 2,837
Cash Payments to Suppliers and Employees	(46,068)
Net Cash Used by Operating Activities	(43,231)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received from State and Federal Reimbursements	44,078
Net Cash Provided by Noncapital Financing Activities	44,078
Net Decrease in Cash and Cash Equivalents	847
Cash and Cash Equivalents, July 1	-
Cash and Cash Equivalents, June 30	$ 847
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss Used for Operating Activities	$ (44,167)
Depreciation	524
Changes in Assets and Liabilities:	
Decrease in Interfund Accounts Receivable	(1,103)
Decrease in Intergovernmental Accounts Receivable	1,545
Decrease in Accounts Payable	(30)
Net Cash Used by Operating Activities	$ (43,231)

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

FIDUCIARY FUNDS

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Fiduciary Fund
Statement of Fiduciary Net Assets
June 30, 2012

	Agency Fund
ASSETS:	
Cash and Cash Equivalents	$ 3,723
Receivables:	
Interfund	705
Total Assets	$ 4,428
LIABILITIES:	
Interfund Payable	$ 4,428
Total Liabilites	$ 4,428

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

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Trustees (Board) of International Charter School of Trenton (Charter School) have been prepared in conformity with generally accepted accounting principles (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 accounting policies of the Board's accounting policies are described below.

A. Reporting Entity

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

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

The combined financial statements include all funds and account groups for the Charter School over which the Board of Trustees exercises operating control.

B. Basis of Presentation, Basis of Accounting

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

Basis of Presentation

Charter School-wide Statements: The statement of net assets and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the Charter School. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

The Charter School reports the following governmental funds:

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

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

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

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: Not Applicable.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

The Charter School reports the following proprietary funds:

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

Additionally, the Charter School reports the following fund type:

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

Basis of Accounting

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

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

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

C. Budgets/Budgetary Control

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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

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

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting:

Total Revenues & Expenditures (Budgetary Basis)	$ 132,195
Adjustments:	
Less Encumbrances at June 30, 2012	-
Plus Encumbrances at June 30, 2011	-
Total Revenues and Expenditures (GAAP Basis)	$ 132,195

D. Encumbrances Accounting

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrances Accounting (Continued)

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

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

E. Assets, Liabilities, and Equity

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Capital Assets:

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

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

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

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

Compensated Absences:

The Charter School employees do not accumulate sick leave, therefore, no liability is reflected in the basic financial statements.

Deferred Revenue:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Accrued Liabilities and Long-Term Obligations:

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

Net Assets:

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

Fund Balance Reserves:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Revenues — Exchange and Non-exchange Transactions:

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

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

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

Operating Revenues and Expenses:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

Management Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Accrued Salaries and Wages:

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

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

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

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

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

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

Deposits (Continued)

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

Investments

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

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

As of June 30, 2012, cash and cash equivalents and investments of the Charter School consisted of the following:

	General Fund	Special Revenue	Proprietary Fund	Fiduciary Funds	Total
Operating Account	$ 61,611	$ 82,246	$ 847	$ 3,723	$ 148,427

The investments recorded in the Charter School-wide statements have been recorded at amortized cost. In accordance with GASB 31, participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost. For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the Charter School-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2012 was $148,427 and the bank balance was $253,928. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

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

Risk Category

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

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

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

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

As of June 30, 2012, the Board had funds invested and on deposit in checking accounts. These funds constitute deposits with financial institutions" as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

New Jersey Cash Management Fund

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

As of June 30, 2012, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 3: RECEIVABLES

Receivables at June 30, 2012, consisted of accounts (tuition), intergovernmental, grants, and miscellaneous.

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

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	$ -	$ 32
Federal Aid	-	1,938
Other	-	-
Gross Receivables	-	1,970
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	$ -	$ 1,970

NOTE 4: INTERFUND TRANSFERS AND BALANCES

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

The following interfund balances remained on the fund financial statements at June 30, 2012:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 81,720	$ -
Special Revenue Fund		82,246
Proprietary Fund	7,364	3,115
Fiduciary Fund	705	4,428
Total	$ 89,789	$ 89,789

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital Assets Being Depreciated:				
Leasehold Improvements	$ 25,000	$ -	$ -	$ 25,000
Machinery and Equipment	41,469	-	-	41,469
Totals at Historical Cost	66,469	-	-	66,469
Less Accumulated Depreciation For:				
Leasehold Improvements	10,000	1,250	-	11,250
Machinery and Equipment	41,469	-	-	41,469
Total Accumulated Depreciation	51,469	1,250	-	52,719
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	15,000	(1,250)	-	13,750
Government Activity Capital Assets, Net	$ 15,000	$ (1,250)	$ -	$ 13,750

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

Depreciation expense was charged to functions as follows:

Depreciation Expense:	
Instructional	$ -
Unallocated	1,250
Total	$ 1,250

NOTE 6: RENTAL LEASE

The School operates under a Business Lease ("Lease") agreement to lease classroom and office space in portions of the Bishop Beky Center of the Hungarian Reformed Church located at 105 Grand Avenue, Trenton, New Jersey. The Lease is dated July 1, 2006, and the term of the lease is for five (5) years, and runs through June 30, 2012. The School has an Option under the Lease to renew for one (1) year. Per the Lease, the School deposited with the landlord a security deposit of $6,600 in an interest bearing account. Total lease payments made during the year ended June 30, 2012 were $75,813. In addition, the Lease obligates the School to be responsible for 80% of the utility costs. Future minimum lease payments are as follows:

Year	Amount
2011-2012	$ 75,813

NOTE 7: PENSION PLANS

Description of Plans

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

Teachers' Pension and Annuity Fund (TPAF)

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

NOTE 7: PENSION PLANS

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established as of January 1, 1955 under the provisions of N.J.S.A. 43:1 5A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions

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

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

Significant Legislation

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

NOTE 7: PENSION PLANS (CONTINUED)

Contribution Requirements

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

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/12	$17,067	100%	$17,067
06/30/11	$25,533	100%	$25,533
06/30/10	$13,174	80%	$13,174

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/12	$52,161	100%	$52,161
06/30/11	$41,814	100%	$41,814
06/30/10	$29,766	100%	$29,766

NOTE 8: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

NOTE 9: RISK MANAGEMENT

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

Property and Liability Insurance

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

NOTE 10: FUND BALANCE APPROPRIATED

General Fund

Of the $52,308 General Fund fund balance in the fund financial statements at June 30, 2012, $52,308 is unreserved and undesignated.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

INTERNATIONAL CHARTER SCHOOL OF TRENTON
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local Sources:					
"Local Levy" Local Share - Charter School Aid	$ 110,532	$ -	$ 110,532	$ 116,865	$ 6,333
Total Local Sources	110,532	-	110,532	116,865	6,333
Categorical Aid:					
"Local Levy" State Share - Charter School Aid	1,048,814		1,048,814	1,108,901	60,087
Special Education	27,235		27,235	15,552	(11,683)
Security Aid	41,143		41,143	43,271	2,128
Total Categorical Aid	1,117,192	-	1,117,192	1,167,724	50,532
Revenues From Other Sources:					
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				40,316	40,316
Reimbursed TPAF Pension Aid (Non-Budgeted)				52,161	52,161
Miscellaneous Revenue				30,840	30,840
Total Revenues From Other Sources	-	-	-	123,317	123,317
Total Revenues	1,227,724	-	1,227,724	1,407,906	180,182
EXPENDITURES:					
Instruction:					
Salaries of Teachers	629,433	(22,500)	606,933	511,974	94,959
Purchased Prof/Tech Services	71,000		71,000	57,890	13,110
Other Purchased Services	26,400	4,600	31,000	30,312	688
General Supplies	51,000	(9,600)	41,400	26,566	14,834
Textbooks	10,000	6,500	16,500	16,461	39
Miscellaneous	4,500	(3,500)	1,000	900	100
Total Instruction	792,333	(24,500)	767,833	644,103	123,730
Administration:					
Salaries - General Administration	122,865	37,567	160,432	160,432	-
Salaries of Secretarial/Clerical Assistants	36,000	(2,817)	33,183	29,805	3,378
Total Benefits Cost	183,500	(12,700)	170,800	169,287	1,513
Purchases Prof/Tech Services	92,100	(5,150)	86,950	73,293	13,657
Other Purchased Services	7,500	(1,000)	6,500	4,499	2,001
Communications/Telephone	7,500	(1,800)	5,700	2,002	3,698
Supplies and Materials	3,800	(1,200)	2,600	2,137	463
Judgments Against Charter Schools				88,594	(88,594)
Miscellaneous Expenses	13,500	(1,100)	12,400	12,194	206
Total Administration	466,765	11,800	478,565	542,243	(63,678)

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
(Continued from Prior Page)					
Support Services:					
Salaries	77,585	640	78,225	78,127	98
Purchased Prof/Tech Services	58,300	18,700	77,000	72,920	4,080
Rental of Land and Buildings	78,000		78,000	69,213	8,787
Other Purchased Services	65,650	(6,000)	59,650	37,280	22,370
Insurance for Property, Liability and Fidelity	11,000		11,000	9,577	1,423
Supplies and Materials	5,000	(640)	4,360	1,338	3,022
Energy Costs (Heat and Electricity)	20,000		20,000	9,943	10,057
Miscellaneous Expenses	2,750		2,750	1,037	1,713
Total Support Services	318,285	12,700	330,985	279,435	51,550
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				40,316	(40,316)
Reimbursed TPAF Pension Contributions (Non-Budgeted)				52,161	(52,161)
Total Expenditures	1,577,383	-	1,577,383	1,558,258	19,125
Excess (Deficiency) of Revenues Over (Under) Expenditures	(349,659)		(349,659)	(150,352)	199,307
FUND BALANCE, JULY 1	202,660		202,660	202,660	
FUND BALANCE, JUNE 30	$ (146,999)	$ -	$ (146,999)	$ 52,308	$ 199,307
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	$ (146,999)	$ -	(146,999)	$ 52,308	$ 199,307
Total	$ (146,999)	$ -	$ (146,999)	$ 52,308	$ 199,307

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Federal	$ 117,277	$ -	$ 117,277	$ 132,195	$ 14,918
Total Revenues	117,277	-	117,277	132,195	14,918
EXPENDITURES:					
Instruction:					
Salaries of Teachers	55,000		55,000	34,837	20,163
Total Instruction	55,000	-	55,000	34,837	20,163
Support Services:					
Personal Services - Employee Benefits	9,765		9,765		9,765
Purchased Prof/Ed Services				54,652	(54,652)
Other Purchased Prof/Tech Services	52,512		52,512	15,744	36,768
Other Purchased Services				10,399	(10,399)
Total Support Services	62,277	-	62,277	80,795	(18,518)
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment				16,563	(16,563)
Total Facilities Acquisition and Construction Services	-	-	-	16,563	(16,563)
Total Expenditures	117,277	-	117,277	132,195	(14,918)
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ -	$ -	$ -	$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Budgetary Comparison Schedule
Budget-To-GAAP Reconciliation
Note to RSI
For the Fiscal Year Ended June 30, 2012

Note A - Explanation of differences between Budgetary Inflows and GAAP Revenues and Expenditures

		General Fund		Special Revenue Fund
Sources/Inflows of Resources				
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	**[C-1]**	$ 1,407,906	**[C-2]**	$ 132,195
Difference - Budget to GAAP				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	**[B-2]**	$ 1,407,906	**[B-2]**	$ 132,195
Uses/Outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	**[C-1]**	$ 1,558,258	**[C-2]**	$ 132,195
Differences - Budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.				
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	**[B-2]**	$ 1,558,258	**[B-2]**	$ 132,195

OTHER SUPPLEMENTARY INFORMATION

SECTION E – SPECIAL REVENUE FUND
DETAIL STATEMENTS

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	NCLB Title I	NCLB Title II	ARRA Title I Part A	I.D.E.A.	Grand Total
REVENUE SOURCES:					
Federal	$ 41,267	$ 9,229	$ 26,143	$ 55,556	$ 132,195
Total Revenues	41,267	9,229	26,143	55,556	132,195
EXPENDITURES:					
Instruction:					
Salaries	34,837				34,837
Total Instruction	34,837	-	-	-	34,837
Support Services:					
Purchased Prof/Ed Services	6,430	9,229		38,993	54,652
Other Purchased Prof/Tech Services			15,744		15,744
Other Purchased Services			10,399		10,399
Total Support Services	6,430	9,229	26,143	38,993	80,795
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment				16,563	16,563
Total Facilities Acquisition and Construction Services	-	-	-	16,563	16,563
Total Expenditures	41,267	9,229	26,143	55,556	132,195
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ -	$ -	$ -	$ -

SECTION G – PROPRIETARY FUND DETAIL STATEMENTS

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

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

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

SECTION H – FIDUCIARY FUNDS
DETAIL STATEMENT

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

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

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2012

	Agency Fund		
	Payroll Agency	Payroll Account	Total Agency Fund
ASSETS:			
Cash and Cash Equivalents	$ (705)	$ 4,428	$ 3,723
Receivables:			
Interfund	705		705
Total Assets	$ -	$ 4,428	$ 4,428
LIABILITIES:			
Liabilities:			
Interfund Payable	$ -	$ 4,428	$ 4,428
Total Liabilities	$ -	$ 4,428	$ 4,428

INTERNATIONAL CHARTER SCHOOL OF TRENTON

Fiduciary Funds
Payroll Agency Funds
Schedule of Receipts and Disbursements
June 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
ASSETS:				
Cash and Cash Equivalents	$ 10,304	$ 348,436	$ 359,445	$ (705)
Interfund Accounts Receivable	-	705	-	705
Total Assets	$ 10,304	$ 349,141	$ 359,445	$ -
LIABILITIES:				
Interfund Accounts Payable	$ 10,304	$ -	$ 10,304	$ -
Payroll Deductions and Withholdings	-	349,141	349,141	-
Totals	$ 10,304	$ 349,141	$ 359,445	$ -

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Financial Trends

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

Revenue Capacity (Not Applicable to Charter School)

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

FINANCIAL TRENDS

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities									
Invested in capital assets, net of related debt	$ 15,000	$ 15,000	$ 16,250	$ 19,200	$ 23,852	$ 28,504	$ 33,156	$ 29,313	$ 28,641
Restricted		1,685				205,510	8,100		
Unrestricted	51,058	200,975	381,968	399,750	248,902	51,724	162,113	122,079	262,702
Total Governmental Activities Net Assets	$ 66,058	$ 217,660	$ 398,218	$ 418,950	$ 272,754	$ 285,738	$ 203,369	$ 151,392	$ 291,343
Business-Type Activities									
Invested in Capital Assets	$ 4,716	$ 2,358	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	4,184	6,631	9,896	9,714	(811)	4,148	4,644	5,283	5,482
Total Business-Type Activities Net Assets	$ 8,900	$ 8,989	$ 9,896	$ 9,714	$ (811)	$ 4,148	$ 4,644	$ 5,283	$ 5,482
Charter School-wide									
Invested in capital assets, net of related debt	$ 19,716	$ 17,358	$ 16,250	$ 19,200	$ 23,852	$ 28,504	$ 33,156	$ 29,313	$ 28,641
Restricted		1,685				205,510	8,100		
Unrestricted	55,242	207,606	391,864	409,464	248,091	55,872	166,757	127,362	268,184
Total Charter School-wide Net Assets	$ 74,958	$ 226,649	$ 408,114	$ 428,664	$ 271,943	$ 289,886	$ 208,013	$ 156,675	$ 296,825

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses									
Governmental Activities:									
Instruction	$ 866,534	$ 941,557	$ 884,087	$ 707,770	$ 693,191	$ 561,028	$ 580,669	$ 458,898	$ 503,906
Administration	436,774	308,333	278,991	260,016	238,888	220,527	240,734	197,925	180,371
Support Services	386,433	381,092	331,103	308,735	257,249	261,319	229,475	411,595	284,472
Capital Outlay	16,563			26,000		(8,495)	(188,515)	242,405	(22,815)
Unallocated	1,250	1,250	1,250	2,953	2,953	2,953	2,953	7,844	6,142
Renovation Grant Repayment						188,494			
Total Governmental Activites Expenses	1,707,554	1,632,232	1,495,431	1,305,474	1,192,281	1,225,826	865,316	1,318,667	952,076
Business-Type Activities:									
Food Service and Before & After School Care	47,004	50,270	45,121	41,172	65,112	59,649	55,012	44,611	53,454
Total Business-Type Activites Expenses	47,004	50,270	45,121	41,172	65,112	59,649	55,012	44,611	53,454
Total Charter School Expenses	$ 1,754,558	$ 1,682,502	$ 1,540,552	$ 1,346,646	$ 1,257,393	$ 1,285,475	$ 920,328	$ 1,363,278	$ 1,005,530
Program Revenues									
Governmental Activities:									
Operating Grants and Contributions	15,552	26,500	34,053	55,710	22,820	50,525	52,369	53,128	33,140
Total Governmental Activites Expenses	15,552	26,500	34,053	55,710	22,820	50,525	52,369	53,128	33,140
Business-Type Activities:									
Charges for Services	2,837	2,283	3,410	2,933	4,193	3,229	2,566	2,378	10,064
Operating Grants and Contributions	44,078	47,080	34,893	39,915	46,031	38,924	36,807	35,034	30,859
Total Business-Type Activites Expenses	46,915	49,363	38,303	42,848	50,224	42,153	39,373	37,412	40,923
Total Charter School Program Revenues	$ 62,467	$ 75,863	$ 72,356	$ 98,558	$ 73,044	$ 92,678	$ 91,742	$ 90,540	$ 74,063
Net (Expense)/Revenue									
Governmental Activities	$ (1,692,002)	$ (1,605,732)	$ (1,461,378)	$ (1,249,764)	$ (1,169,461)	$ (1,175,301)	$ (812,947)	$ (1,265,539)	$ (918,936)
Business-Type Activities	(89)	(907)	(6,818)	1,676	(14,888)	(17,496)	(15,639)	(7,199)	(12,531)
Total Charter School-wide Net Expense	$ (1,692,091)	$ (1,606,639)	$ (1,468,196)	$ (1,248,088)	$ (1,184,349)	$ (1,192,797)	$ (828,586)	$ (1,272,738)	$ (931,467)
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
General Purposes	$ 116,865	$ 113,870	$ 114,585	$ 121,852	$ 118,660	$ 130,848	$ 143,405	$ 112,370	$ 98,360
Capital Projects								66,500	
Federal and State Aid Not Restricted	1,392,695	1,301,299	1,330,059	1,258,926	999,207	915,626	893,129	942,786	795,987
Investment Earnings		2		1,195	11,679	20,213			
Miscellaneous Income	30,840	10,003	3,002	341	23,577	12,984	22,380	17,584	4,003
Transfers			(7,000)						
	1,540,400	1,425,174	1,440,646	1,382,314	1,153,123	1,079,671	1,058,914	1,139,240	898,350
Business-Type Activities:									
Miscellaneous Income			7,000	9,929	17,000	15,000	7,000	12,357	
Total Business-Type Activities	-	-	7,000	9,929	17,000	15,000	7,000	12,357	-
Total Charter School-wide	$ 1,540,400	$ 1,425,174	$ 1,447,646	$ 1,392,243	$ 1,170,123	$ 1,094,671	$ 1,065,914	$ 1,151,597	$ 898,350
Change in Net Assets									
Governmental Activities	$ (151,602)	$ (180,558)	$ (20,732)	$ 132,550	$ (16,338)	$ (95,630)	$ 245,967	$ (126,299)	$ (20,586)
Business-Type Activities	(89)	(907)	182	11,605	2,112	(2,496)	(8,639)	5,158	(12,531)
Total Charter School	$ (151,691)	$ (181,465)	$ (20,550)	$ 144,155	$ (14,226)	$ (98,126)	$ 237,328	$ (121,141)	$ (33,117)

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
Reserved	$ -	$ 1,685	$ -	$ -	$ -	$ 8,500	$ 8,100	$ -	$ -	$ 7,362
Unreserved	52,308	200,975	381,968	399,750	248,902	248,734	359,123	122,079	65,692	162,232
Total General Fund	$ 52,308	$ 202,660	$ 381,968	$ 399,750	$ 248,902	$ 257,234	$ 367,223	$ 122,079	$ 65,692	$ 169,594

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Local Sources:										
Local Tax Levy	$ 116,865	$ 113,870	$ 114,585	$ 121,852	$ 118,660	$ 130,848	$ 143,405	$ 112,370	$ 98,360	$ 119,580
Interest In Investments		2		1,195	11,679	20,213				821
Miscellaneous	30,840	10,003	3,002	341	23,577	12,984	22,380	17,584	4,003	6,525
State Sources	1,260,201	1,259,986	1,187,456	1,164,285	880,977	839,685	770,293	740,897	770,371	793,235
Federal Sources	132,195	66,999	176,656	151,165	141,050	126,466	175,205	255,017	125,256	117,151
Total Revenues	1,540,101	1,450,860	1,481,699	1,438,838	1,175,943	1,130,196	1,111,283	1,125,868	997,990	1,037,312
Expenditures:										
Instruction	678,940	761,620	745,215	598,310	584,717	482,838	494,595	451,351	381,201	339,302
Administration	634,720	511,227	434,024	383,126	346,902	316,434	284,646	284,647	326,475	264,523
Support Services	360,230	357,321	320,242	280,554	252,656	243,903	275,413	329,588	273,430	192,537
Capital Outlay	16,563			26,000			8,495	12,411	43,685	6,723
Total Expenditures	1,690,453	1,630,168	1,499,481	1,287,990	1,184,275	1,043,175	1,063,149	1,077,997	1,024,791	803,085
Excess (Deficiency) of Revenues Over (Under) Expenditures	(150,352)	(179,308)	(17,782)	150,848	(8,332)	87,021	48,134	47,871	(26,801)	234,227
Net Change in Fund Balance	$ (150,352)	$ (179,308)	$ (17,782)	$ 150,848	$ (8,332)	$ 87,021	$ 48,134	$ 47,871	$ (26,801)	$ 234,227

Source: Charter School records

INTERNATIONAL CHARTER SCHOOL OF TRENTON

General Fund - Other Local Revenue by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Donations	Interest	Miscellaneous Revenue	Total
2012	$ -	$ -	$ 30,840	$ 30,840
2011		2	10,003	10,005
2010			3,002	3,002
2009		1,195	341	1,536
2008		11,679	23,577	35,256
2007		20,213	12,984	33,197
2006			22,380	22,380
2005			17,584	17,584
2004			4,003	4,003
2003	95	821	6,525	7,441

Source: Charter School's Records

OPERATING INFORMATION

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Operating Statistics
Last Nine Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil / Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	Percent Change in Average Daily Enrollment	Student Attendance Percentage
2012	90.0	$ 1,558,258	$ 17,314	-1.30%	N/A	N/A	89.4	85.8	0.45%	95.97%
2011	89.0	1,561,230	17,542	19.35%	N/A	N/A	89.0	88.0	-1.11%	98.88%
2010	90.0	1,322,825	14,698	17.76%	N/A	N/A	90.0	88.0	1.12%	97.78%
2009	89.0	1,110,825	12,481	5.28%	N/A	N/A	89.0	84.8	1.14%	95.28%
2008	88.0	1,043,225	11,855	13.80%	N/A	N/A	88.0	84.8	0.00%	96.36%
2007	88.0	916,709	10,417	1.95%	N/A	N/A	88.0	84.8	1.27%	96.36%
2006	86.9	887,944	10,218	3.13%	N/A	N/A	86.9	83.2	0.00%	95.74%
2005	82.2	814,464	9,908	-4.54%	N/A	N/A	86.9	78.9	4.95%	90.79%
2004	82.8	859,435	10,380	0.00%	N/A	N/A	82.8	77.2	0.00%	93.24%

Sources: Charter School records

Note: Enrollment based on annual final Charter School count.

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

Source: Charter School's Records

INTERNATIONAL CHARTER SCHOOL OF TRENTON

Insurance Schedule

June 30, 2012

(Unaudited)

	Coverage	Deductible
Commercial General Liability - NJ School Boards Association Insurance Group		
General aggregate limit	$ 1,000,000	
Combined single limit for bodily injury and property damage	6,000,000	
Products - completed operations aggregate limit	6,000,000	
Personal and advertising injury		
Aggregate limit	1,000,000	
Per occurrence	6,000,000	
Employee benefits liability	6,000,000	
Commercial Property - NJSBA Insurance Group		
Blanket real and personal property		
Per occurrence	100,000	1,000
Blanket extra expense	250,000	
Business Automobile Coverage - NJSBA Insurance Group		
Hired and non-owned auto	6,000,000	
Crime Coverage - NJSBA Insurance Group		
Faithful performance limit	100,000	500
Board Secretary	110,000	1,000
Board Treasurer	110,000	1,000
Errors and Omissions - Legion Insurance Company		
Aggregate limit	1,000,000	5,000
Excess Liability - Umbrella Form - NJSBA Insurance Group		
Aggregate limit	3,000,000	
Per occurrence	3,000,000	
Self-insured retention	10,000	
Workman's Compensation - NJSBA Insurance Group		
Each accident	2,000,000	
Each employee	2,000,000	
Aggregate limit	2,000,000	
Property		
Boiler & Machinery	100,000,000	5,000
Electronic Data Processing (Computer)	120,000	1,000
Building and Contents	110,000	1,000
Student Accident		
Gold Plan	1,000,000	
School Leader E&O		
Coverage A - Each Loss	1,000,000	5,000
Coverage B - Each Loss	100,000	5,000
Coverage B - Annual Aggregate	300,000	
Supplemental Indemnity		
7-Day Waiting Period	Statutory	

Source: Charter School's Records

SINGLE AUDIT SECTION

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

Honorable President and
Members of the Board of Trustees
International Charter School of Trenton
County of Mercer
Trenton, New Jersey

We have audited the financial statements of the International Charter School of Trenton, in the County of Mercer, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated November 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control over Financial Reporting

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

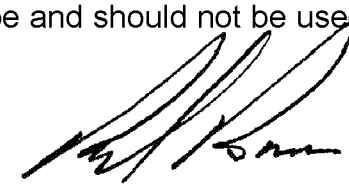
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination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

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

Compliance and Other Matters

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

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



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

November 14, 2012

BARRE & COMPANY
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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 NEW JERSEY OMB CIRCULAR 04-04

Honorable President and
Members of the Board of Trustees
International Charter School of Trenton
County of Mercer
Trenton, New Jersey

Compliance

We have audited the compliance of the International Charter School of Trenton (Charter School), in the County of Mercer, State of New Jersey, with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major state programs for the year ended June 30, 2012. The Charter School's major 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 state programs is the responsibility of the Charter School's management. Our responsibility is to express an opinion on the Charter School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

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

In our opinion, the International Charter School of Trenton, in the County of Mercer, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2012.

Internal Control over Compliance

Management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Charter School's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. The Charter School's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Charter School's responses and, accordingly, we express no opinion on the responses.

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

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

November 14, 2012

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June, 30, 2012

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2011 Accounts Receivable/ Due to Grantor	Balance at June 30, 2011 Deferred Revenue	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2012 Accounts Receivable	Balance at June 30, 2012 Deferred Revenue	Balance at June 30, 2012 Due to Grantor
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue Fund:															
Title I	84.010	NCLB 2012	$ 79,905	9/1/11	8/31/12	$ -	$ -	$ -	$ 36,876	$ (41,267)	$ -	$ -	$ (4,391)	$ -	$ -
Title I Carryover	84.010	NCLB 2011	79,153	9/1/10	8/31/11	(12,822)			12,822						
Title I SIA	84.010	NCLB 2012	88,352	9/1/11	8/31/12	(6,076)			6,076						
Title II Part A	84.367	NCLB 2012	9,229	9/1/11	8/31/12				9,229	(9,229)					
I.D.E.A. Part B Basic	84.027	IDEA 2012	55,556	9/1/11	8/31/12				55,556	(55,556)					
ARRA - Title I Part A Carryover	84.389	ARRA 2010	50,973	7/1/10	8/31/12	(15,580)			41,723	(26,143)					
Total Special Revenue Fund						(34,478)	-	-	162,282	(132,195)	-	-	(4,391)	-	-
U.S. Department of Agriculture															
Passed-through State Department of Education															
Enterprise Fund:															
School Breakfast Program	10.553	N/A	8,230	7/1/11	6/30/12				7,834	(8,230)			(396)		
School Breakfast Program Carryover	10.553	N/A	8,873	7/1/10	6/30/11	(502)	-		502						
National School Lunch Program	10.555	N/A	35,125	7/1/11	6/30/12				33,583	(35,125)			(1,542)		
National School Lunch Program Carryover	10.555	N/A	39,684	7/1/10	6/30/11	(2,870)	-		2,870						
Total Enterprise Fund						(3,372)	-	-	44,789	(43,355)	-	-	(1,938)	-	-
Total Federal Financial Awards						$ (37,850)	$ -	$ -	$ 207,071	$ (175,550)	$ -	$ -	$ (6,329)	$ -	$ -

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June, 30, 2012

State Grantor/Program Title	Grant Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2011 Deferred Revenue (Accounts Receivable)	Balance at June 30, 2011 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2012 (Accounts Receivable)	Balance at June 30, 2012 Interfund Payable/ Deferred Revenue	Balance at June 30, 2012 Due to Grantor	MEMO Budgetary Receivable	MEMO Cumulative Total Expenditures
State Department of Education:															
General Fund:															
"Local Levy" State Share - Charter School Aid	12-495-034-5120-071	$ 1,108,901	7/1/11	6/30/12	$ -	$ -	$ -	$ 1,108,901	$ (1,108,901)	$ -	$ -	$ -	$ -	$ -	$ 1,108,901
Special Education Aid	12-495-034-5120-089	15,552	7/1/11	6/30/12				15,552	(15,552)						15,552
Security Aid	12-495-034-5120-084	43,271	7/1/11	6/30/12				43,271	(43,271)						43,271
Reimbursed TPAF - Pension	12-495-034-5095-006	52,161	7/1/11	6/30/12				52,161	(52,161)						52,161
Reimbursed TPAF - Social Security	12-495-034-5095-002	40,316	7/1/11	6/30/12				40,316	(40,316)						40,316
Reimbursed TPAF - Social Security	11-495-034-5095-002	43,758	7/1/10	6/30/11	(2,129)			2,129							
Total General Fund					(2,129)			1,262,330	(1,260,201)						1,260,201
State Department of Agriculture															
Enterprise Fund:															
School Breakfast Program Carryover	11-100-010-3350-021	31	7/1/10	6/30/11	(31)			31							
National School Lunch Program	12-100-010-3350-023	723	7/1/11	6/30/12				691	(723)		(32)				723
National School Lunch Program Carryover	11-100-010-3350-023	862	7/1/10	6/30/11	(112)			112							
Total Enterprise Fund					(143)			834	(723)		(32)				723
Total State Financial Assistance					$ (2,272)	$ -	$ -	$ 1,263,164	$ (1,260,924)	$ -	$ (32)	$ -	$ -	$ -	$ 1,260,924

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

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Notes to the Schedules of Awards and Financial Assistance
June 30, 2012

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Notes to the Schedules of Awards and Financial Assistance
June 30, 2012

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

	Federal	State	Total
General Fund	$ -	1,260,201	$ 1,260,201
Special Revenue Fund	132,195	-	132,195
Food Service Fund	43,355	723	44,078
Total Awards & Financial Assistance	$ 175,550	$ 1,260,924	$ 1,436,474

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOAN OUTSTANDING

International Charter School of Trenton has no loan balances outstanding at June 30, 2012.

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued		Unqualified
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ Yes	__X__ No
2) Significant deficiencies identified?	_____ Yes	None __X__ Reported
Noncompliance material to basic financial statements noted?	_____ Yes	__X__ No

State Awards

Dollar threshold used to distinguish between Type A and Type B programs:		$300,000
Auditee qualified as low-risk auditee?	__X__ Yes	_____ No
Internal control over major programs:		
1) Material weakness(es) identified?	_____ Yes	__X__ No
2) Significant deficiencies that are not considered to be material weaknesses?	_____ Yes	None __X__ Reported
Type of auditors' report issued on compliance for major programs		Unqualified
Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04?	_____ Yes	__X__ No

Identification of major state programs:

GMIS Number(s)	Name of State Program
12-495-034-5120-071	Local Levy – State Share

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing* Standards requires reporting in a Circular A-133 audit. See paragraphs 13.15 and 13.35.

Finding Related to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

Item 2012-1:

Condition:

Costs were being charged to federal grants that could not be substantiated.

Effect:

Over billing federal grants for costs not incurred.

Cause:

The primary cause of this condition is poorly designed procedures. The Head of School and the Business Office need to coordinate charging costs to federal grants.

Contact Person Responsible for Corrective Action:

Peter Lanzi

Anticipated Completion Date:

Immediately

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section III – State Financial Assistance
Findings and Questioned Costs

This section identifies audit findings required to be reported by NJOMB Circular Letter 04-04.

STATE AWARDS

Findings

There were no matters reported.

INTERNATIONAL CHARTER SCHOOL OF TRENTON
Summary 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

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Charter 6.12 of *Government Auditing Standards,* USOMB Circular A-133 (.315(a)(b)) and NJOMB's Circular 04-04.

Findings

There were no matters reported.