

***ACADEMY FOR URBAN LEADERSHIP
CHARTER HIGH SCHOOL***

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2013

**ACADEMY FOR URBAN LEADERSHIP
CHARTER HIGH SCHOOL**

***Academy for Urban Leadership Charter High School
Board of Trustees
Perth Amboy, New Jersey***

***Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013***

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Prepared By

***Academy for Urban Leadership Charter High School
Finance Department***

And

Barre & Company, CPA's

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INTRODUCTORY SECTION

***Academy for Urban Leadership Charter High School
612 Amboy Avenue
Perth Amboy, New Jersey 08861
848-203-3742***

November 8, 2013

Honorable President and
Members of the Board of Trustees
Academy for Urban Leadership Charter High School
Perth Amboy, New Jersey

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Academy for Urban Leadership Charter High School (Charter School) for the fiscal year ended June 30, 2013. This CAFR includes the Charter School's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34.

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

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

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

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the Charter School;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the Charter School's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the Charter School, generally presented on a multi-year basis;

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

Charter School Organization

The Board of Trustees is comprised of eleven members: seven are voting members and are elected to oversee that the charter school operates in compliance with statute and administrative code. Voting members of the Board serve as the official governing body of the school charged with policy making, fiscal oversight, and accountability for student academic achievement results of the charter school. Voting members adopt the annual budget and directly approve all expenditures which serve as the basis for control for the authorization of all expenditures of charter school tax money which in turn support the school’s business to promote academic achievement. Non-voting members include the school’s Principal and Vice-Principal, School Business Administrator/Board Secretary, and Board Attorney.

The Principal of the charter school and is responsible to the board for the implementation and administration of all educational and support operations. The School Business Administrator/Board Secretary is the chief financial officer of the charter school and is 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 Academy for Urban Leadership Charter High School is an independent reporting entity within the criteria adopted by the Government Auditing Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the Charter School are included in this report. The Charter School’s Board of Trustees, constitutes the Charter School’s reporting entity.

The Academy for Urban Leadership (AUL) provides a full range of educational services appropriate to Grades 9, 10, and 11. These services include regular, as well as special education and basic skills instruction. The Charter School completed the 2012-2013 school year with an enrollment of 296 students. The school will be adding 100 students and will have 400 students in Grades 9, 10, 11, and 12 for the start of the 2013-2014 school year. Next year we will reach our maximum capacity. By every indicator, AUL is a successful young charter school with great promise for the future. With a focus on leadership, civics, community service and academics, The Academy maintains a large waiting list for entrance and is armed with a strong Board, experienced staff, significant seed funding, a well-developed mission and accompanying core values.

2. MAJOR INITIATIVES: Major initiatives for the 2012-2013 school year centered on activities associated with the continued implementation of the charter school's program and the challenges of the school's growth expansion for year three of operation. Specifically, the following were areas of focus for operational activity:

- fiscal controls/compliance and financial stability
- increasing student enrollment
- expanding staff to accommodate program growth and student needs
- building competency in staff to perform required deliverables
- providing systemic professional development for staff for the Common Core
- facility and infrastructure enhancements
- institutionalizing the school's discipline and academic culture
- promoting student achievement outcomes/improving program design.
- preparing for our first graduating class and college preparation

3. 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; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

4. 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, 2013.

5. **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.

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

7. **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.

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

Respectfully submitted,


Dr. Deborah Egan
Lead Executive Officer

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2013**

MEMBERS OF THE BOARD OF TRUSTEES

TERM

Luis Vargas, President	6/30/2013
Robert Fink, Vice President	6/30/2013
Lisette Bayas, Secretary	6/30/2015
Jorge Cruz, Member	6/30/2015
Eloisa Hernandez, Member	6/30/2015
Shirley Smoyak, Member	6/30/2013
Hector Bonilla, Member	6/30/2013

OTHER OFFICIALS

Dr. Deborah Egan, Principal
Christine Lopac, Vice Principal
Paul Velelis, Board Secretary/Business Administrator
Patricia Bombelyn, Esq., Board Attorney

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

Barre & Company
Certified Public Accountants
2204 Morris Avenue, Suite 206
Union, New Jersey 07083

Attorney

Perez & Bombelyn, P.C.
Attorneys at Law
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New Brunswick, New Jersey 08901

Official Depository

Investors Bank
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Short Hills, New Jersey 07078

FINANCIAL SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206
Union, New Jersey 07083
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Independent Auditor's Report

Honorable President
Members of the Board of Trustees
Academy for Urban Leadership Charter High School
County of Middlesex
Perth Amboy, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Academy for Urban Leadership Charter High School (Charter School), in the County of Middlesex, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Charter School's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of

the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Academy for Urban Leadership Charter High School, in the County of Middlesex, State of New Jersey, as of June 30, 2013, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information starting on pages 13 and 59, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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 supplementary information such as the combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance, 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 the other information, such as the introductory and statistical sections 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 and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records use to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2013 on our consideration of the Academy for Urban Leadership Charter High 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School’s internal control over financial reporting and compliance.



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

November 8, 2013

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

The discussion and analysis of Academy for Urban Leadership Charter High School's financial performance provides an overall review of the Charter School's financial activities for the fiscal year ended June 30, 2013. 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 (2012-2013) and the prior year (2011-2012) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2013 are as follows:

- ❖ General revenues accounted for \$4,343,391 or 97% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$130,374 or 3% of total revenues of \$4,473,765.
- ❖ The Charter School had \$3,732,763 in expenses; only \$130,374 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$4,343,391 were adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$4,230,445 in revenues and \$3,824,249 in expenditures. The General Fund's fund balance increased by \$406,196 over 2012. This increase was anticipated by the Board of Trustees.

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 Academy for Urban Leadership Charter High School as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(CONTINUED)**

Using this Comprehensive Annual Financial Report (CAFR) (CONTINUED)

The *Statement of Net Position* 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 Academy for Urban Leadership Charter High School, the General Fund is by far the most significant fund.

Reporting the Charter School as a Whole

Statement of Net Position 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 2013?" The *Statement of Net Position* 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 position and changes in that position. This change in net position 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.

In the *Statement of Net Position* 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.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(CONTINUED)**

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

- ❖ 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 and Special Revenue 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 Position* 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 36 of this report.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(CONTINUED)**

The Charter School as a Whole

Recall that the *Statement of Net Position* provides the perspective of the Charter School as a whole. Net position 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 position were \$1,466,304 on June 30, 2013 and \$725,302 for 2012.

Governmental Activities

The Charter School's total revenues were \$4,366,513 for the year ended June 30, 2013 and \$3,211,223 for 2012. Federal, state, and local grants and state aid accounted for another 87% for 2013 and 88% for 2012 of revenues which includes \$131,123 for 2013 and \$81,922 for 2012 of state reimbursed TPAF pension and social security contributions.

The total cost of all program and services were \$3,630,842 for 2013 and \$2,620,644 for 2012. Instruction comprises 61% for 2013 and 45% for 2012 of the Charter School's expenses.

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 instructional and/or non-instructional equipment purchased and is capitalized when such equipment is over the \$2,000 threshold.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(CONTINUED)**

The Charter School as a Whole (Continued)

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 revenues exceeded expenses by \$5,331 for 2013 and \$6,130 for 2012.
- ❖ Charges for services represent \$29,610 for 2013 and \$27,319 for 2012 of revenue. This represents amounts paid by patrons for daily food service.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches, were \$74,089 for 2013 and \$49,932 for 2012.

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$4,366,513 for 2013 and \$3,211,223 for 2012 and expenditures were \$3,960,317 for 2013 and \$2,657,381 for 2012. The net change in fund balance for the year was an increase of \$406,196 for 2013 and an increase of \$553,842 for 2012. The positive change is most significant in the General Fund.

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, 2013, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2012	Percent of Increase/ (Decrease)
Local Sources	\$ 554,913	12.71%	\$ 177,089	46.87%
State Sources	3,675,532	84.17%	1,114,022	43.49%
Federal Sources	<u>136,068</u>	<u>3.12%</u>	<u>(135,821)</u>	-49.95%
Total	<u>\$ 4,366,513</u>	<u>100.00%</u>	<u>\$ 1,155,290</u>	

Local, State and Federal Sources increased due to additional aid and grants funding.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(CONTINUED)**

The Charter School's Funds (Continued)

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2013, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2012</u>	<u>Percent of Increase/ (Decrease)</u>
Instruction	\$ 1,870,764	47.24%	\$ 817,565	77.63%
Administration	1,454,469	36.72%	621,227	74.56%
Support Services	255,023	6.44%	(136,278)	-34.83%
Capital Outlay	<u>380,061</u>	<u>9.60%</u>	<u>422</u>	0.11%
Total	<u>\$ 3,960,317</u>	<u>100.00%</u>	<u>\$ 1,302,936</u>	

Changes in expenditures were the results of varying factors.

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 (Net of Depreciation)

At the end of fiscal year 2013, the Charter School had \$366,212 of capital assets invested in machinery and equipment and construction in progress.

**ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
PERTH AMBOY, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(CONTINUED)**

For the Future

The Academy for Urban Leadership Charter High School 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, Academy for Urban Leadership Charter High School 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 the business office at Academy for Urban Leadership Charter High School, 612 Amboy Avenue, Perth Amboy, New Jersey 08861

BASIC FINANCIAL STATEMENTS

SECTION A – CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

The statement of net position 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.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,006,425	\$ 12,474	\$ 1,018,899
Interfund Receivables	184,595		184,595
Other Receivables	190,523	14,283	204,806
Security Deposit	28,114		28,114
Capital Assets, Net	366,212	3,501	369,713
Total Assets	1,775,869	30,258	1,806,127
LIABILITIES:			
Interfund Payable	181,483		181,483
Payable to State Government	59,990		59,990
Accounts Payable	79,553	18,797	98,350
Total Liabilities	321,026	18,797	339,823
NET POSITION:			
Net Investment in Capital Assets	366,212		366,212
Unrestricted	1,088,631	11,461	1,100,092
Total Net Position	\$ 1,454,843	\$ 11,461	\$ 1,466,304

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Statement of Activities

For The Fiscal Year Ended June 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes In Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 1,882,840	\$ 320,906	\$ -	\$ 26,675	\$ -	\$ (2,177,071)	\$ -	\$ (2,177,071)
Administration	1,002,717	130,846				(1,133,563)		(1,133,563)
Support Services	256,707					(256,707)		(256,707)
Capital Outlay	36,826					(36,826)		(36,826)
Total Governmental Activities	<u>3,179,090</u>	<u>\$ 451,752</u>	<u>-</u>	<u>26,675</u>	<u>-</u>	<u>(3,604,167)</u>	<u>-</u>	<u>(3,604,167)</u>
BUSINESS-TYPE ACTIVITIES:								
Food Service	101,921		29,610	74,089			1,778	1,778
Total Business-Type Activities	<u>101,921</u>		<u>29,610</u>	<u>74,089</u>	<u>-</u>	<u>-</u>	<u>1,778</u>	<u>1,778</u>
Total Primary Government	<u>\$ 3,281,011</u>		<u>\$ 29,610</u>	<u>\$ 100,764</u>	<u>\$ -</u>	<u>\$ (3,604,167)</u>	<u>\$ 1,778</u>	<u>\$ (3,602,389)</u>
GENERAL REVENUES								
General Purposes						\$ 535,045	\$ -	\$ 535,045
Federal and State Aid Not Restricted						3,784,925		3,784,925
Investment Earnings							13	13
Miscellaneous Income						19,868	3,540	23,408
Total General Revenues						<u>4,339,838</u>	<u>3,553</u>	<u>4,343,391</u>
Change in Net Position						735,671	5,331	741,002
Net Position - Beginning						719,172	6,130	725,302
Net Position - Ending						<u>\$ 1,454,843</u>	<u>\$ 11,461</u>	<u>\$ 1,466,304</u>

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Governmental Funds
 Balance Sheet
 June 30, 2013

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash and Cash Equivalents:	\$ 961,010	\$ 45,415	\$ 1,006,425
Interfund Receivables	184,595		184,595
Receivables From Other Governments	54,455	136,068	190,523
Other Current Assets	28,114		28,114
Total Assets	\$ 1,228,174	\$ 181,483	\$ 1,409,657
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfund Payables	\$ -	\$ 181,483	\$ 181,483
Payable to State Government	59,990		59,990
Accounts Payable	79,553		79,553
Total Liabilities	139,543	181,483	321,026
Fund Balances:			
Unreserved:			
General Fund	1,088,631		1,088,631
Total Fund Balances	1,088,631	-	1,088,631
Total Liabilities and Fund Balances	\$ 1,228,174	\$ 181,483	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$384,054 and the accumulated depreciation is \$17,842.

	366,212
Net Position of Governmental Activities	\$ 1,454,843

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 535,045	\$ -	\$ 535,045
Miscellaneous	19,868		19,868
Total Local Sources	554,913	-	554,913
State Sources	3,675,532		3,675,532
Federal Sources		136,068	136,068
Total Revenues	4,230,445	136,068	4,366,513
EXPENDITURES:			
Instruction	1,757,164	113,600	1,870,764
Administration	1,454,469		1,454,469
Support Services	232,555	22,468	255,023
Capital Outlay	380,061		380,061
Total Expenditures	3,824,249	136,068	3,960,317
NET CHANGE IN FUND BALANCES	406,196	-	406,196
FUND BALANCES, JULY 1	682,435	-	682,435
FUND BALANCES, JUNE 30	<u>\$ 1,088,631</u>	<u>\$ -</u>	<u>\$ 1,088,631</u>

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2013

Total net change in fund balances - governmental funds (B-2)	\$ 406,196
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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 in the current fiscal year.

Depreciation Expense	\$ (13,760)	
Capital Outlay	<u>343,235</u>	<u>329,475</u>

Change in net position of governmental activities	\$ <u>735,671</u>
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The accompanying Notes to Basic Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Proprietary Fund
 Statement of Net Position
 June 30, 2013

Business-Type Activities - Enterprise Funds	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 12,474
Intergovernmental Accounts Receivable:	
Federal	14,044
State	<u>239</u>
Total Current Assets	<u>26,757</u>
Noncurrent Assets:	
Machinery and Equipment	3,540
Less Accumulated Depreciation	<u>(39)</u>
Total Noncurrent Assets	<u>3,501</u>
Total Assets	<u><u>\$ 30,258</u></u>
LIABILITIES AND NET POSITION:	
Liabilities:	
Accounts Payable	<u>\$ 18,797</u>
Total Liabilities	<u>18,797</u>
Net Position:	
Unrestricted	<u>11,461</u>
Total Net Position	<u>11,461</u>
Total Liabilities and Net Position	<u><u>\$ 30,258</u></u>

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Proprietary Fund
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Fiscal Year Ended June 30, 2013

Business-Type Activities - Enterprise Funds	Food Service
OPERATING REVENUES:	
Charges for Services:	
Daily Sales Reimbursable Program	\$ 29,610
Total Operating Revenues	29,610
OPERATING EXPENSES:	
Salaries	35,327
Management Fees	7,175
Other Purchased Services	275
Depreciation Expense	39
Cost of Sales	56,233
Miscellaneous Expenses	2,872
Total Operating Expenses	101,921
OPERATING LOSS	(72,311)
NONOPERATING REVENUES:	
Interest Earned	13
State Source:	
State School Lunch Program	1,307
Federal Source:	
National School Breakfast and Lunch Programs	72,782
Total Nonoperating Revenues	74,102
CHANGE IN NET POSITION BEFORE OTHER FINANCING SOURCES	1,791
OTHER FINANCING SOURCES:	
Board Contributions	3,540
Total Other Financing Sources	3,540
CHANGE IN NET POSITION	5,331
TOTAL NET POSITION, JULY 1	6,130
TOTAL NET POSITION, JUNE 30	\$ 11,461

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Proprietary Fund
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2013

Business-Type Activities - Enterprise Funds	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 18,221
Cash Payments to Suppliers and Employees	<u>(86,283)</u>
Net Cash Used In Operating Activities	<u>(68,062)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash Received From State And Federal Reimbursements	74,089
Board Contributions	<u>3,540</u>
Net Cash Provided By Noncapital Financing Activities	<u>77,629</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Deposits and Investments	<u>13</u>
Net Cash Provided By Investing Activities	<u>13</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition Of Capital Assets	<u>(3,540)</u>
Net Cash Used For Capital And Related Financing Activities	<u>(3,540)</u>
Net Increase In Cash And Cash Equivalents	6,040
Cash And Cash Equivalents, Beginning Of Year	<u>6,434</u>
Cash And Cash Equivalents, End Of Year	<u><u>\$ 12,474</u></u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
Operating Loss	\$ (72,311)
Depreciation	39
Change In Assets And Liabilities:	
Increase In Receivables From Other Governments	(11,389)
Increase In Accounts Payable	<u>15,599</u>
Net Cash Used In Operating Activities	<u><u>\$ (68,062)</u></u>

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

FIDUCIARY FUNDS

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2013

	Unemployment Compensation Insurance	Agency Funds
	<u> </u>	<u> </u>
ASSETS:		
Cash and Cash Equivalents	\$ 7,429	\$ 54,174
	<u> </u>	<u> </u>
Total Assets	7,429	\$ 54,174
	<u> </u>	<u> </u>
LIABILITIES:		
Interfund Accounts Payable		\$ 3,112
Payroll Deductions and Withholdings		15,164
Due to Student Groups		8,893
Other Current Liabilities		27,005
	<u> </u>	<u> </u>
Total Liabilities	-	\$ 54,174
	<u> </u>	<u> </u>
NET POSITION:		
Reserved for Unemployment Compensation Claims	7,429	
	<u> </u>	
Total Net Position	\$ 7,429	
	<u> </u>	

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2013

	Unemployment Compensation Insurance
ADDITIONS:	
Contributions:	
Employee	\$ 4,500
Total Additions	4,500
DEDUCTIONS:	
Payment of Claims	-
Total Deductions	-
CHANGE IN NET POSITION	4,500
NET POSITION, JULY 1	2,929
NET POSITION, JUNE 30	\$ 7,429

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

NOTES TO THE FINANCIAL STATEMENTS

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Notes to the Financial Statements

June 30, 2013

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Trustees (Board) of Academy for Urban Leadership Charter High School (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.

Starting on fiscal year ended June 30, 2013, the Charter School implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Charter School's June 30, 2013 fiscal year financial statements; however, there was no effect on beginning net position/fund balance.

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.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

Charter School-wide Statements: The statement of net position 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 position 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.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

Separate statements for each fund category — *governmental, proprietary, and fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting models.

The Charter School reports the following governmental funds:

General Fund: The general fund is the general operating fund of the Charter School and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay subfund. As required by the New Jersey State Department of Education, the Charter School includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, 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.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Notes to the Financial Statements

June 30, 2013

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, SUI 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.

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting (Continued)

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.

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.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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)	\$ 136,068
Adjustments:	
Less Encumbrances at June 30, 2013	-
Plus Encumbrances at June 30, 2012	-
Total Revenues and Expenditures (GAAP Basis)	\$ 136,068

D. Encumbrances Accounting

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

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

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Notes to the Financial Statements

June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, and Equity

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

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-way convention over the following estimated useful lives:

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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.

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.

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 Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 position 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 position is available.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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.

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.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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.

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.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Notes to the Financial Statements

June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Accrued Salaries and Wages:

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

NOTE 2: CASH AND CASH EQUIVALENTS 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.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Notes to the Financial Statements

June 30, 2013

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits (Continued)

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

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

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

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

Investments

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

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

As of June 30, 2013, cash and cash equivalents and investments of the Charter School consisted of the following:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Proprietary Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Operating Account	<u>\$ 961,010</u>	<u>\$ 45,415</u>	<u>\$ 12,474</u>	<u>\$ 61,603</u>	<u>\$ 1,080,502</u>

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Notes to the Financial Statements
June 30, 2013

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

Investments (Continued)

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, 2013 was \$1,080,502 and the bank balance was \$1,330,183 . All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Risk Category

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

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

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

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

As of June 30, 2013, 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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Notes to the Financial Statements

June 30, 2013

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

further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2013, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

NOTE 3: RECEIVABLES

Receivables at June 30, 2013, consisted of accounts, intergovernmental, grants, and miscellaneous.

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

	<u>Governmental Fund Financial Statements</u>	<u>Governmental Wide Financial Statements</u>
State Aid	\$ 49,621	\$ 49,860
Federal Aid	136,068	150,112
Other	<u>4,834</u>	<u>4,834</u>
Gross Receivables	190,523	204,806
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, Net	<u><u>\$ 190,523</u></u>	<u><u>\$ 204,806</u></u>

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, 2013:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 184,595	\$ -
Special Revenue Fund		181,483
Fiduciary Funds		<u>3,112</u>
Total	<u><u>\$ 184,595</u></u>	<u><u>\$ 184,595</u></u>

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 5: CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Construction in Progress	\$ -	\$ 287,271	\$ -	\$ 287,271
Total Capital Assets Not Being Depreciated	-	287,271	-	287,271
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	40,819	55,964	-	96,783
Totals at Historical Cost	40,819	55,964	-	96,783
Less Accumulated Depreciation For:				
Machinery and Equipment	4,082	13,760	-	17,842
Total Accumulated Depreciation	4,082	13,760	-	17,842
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	36,737	42,204	-	78,941
Government Activity Capital Assets, Net	<u>\$ 36,737</u>	<u>\$ 329,475</u>	<u>\$ -</u>	<u>\$ 366,212</u>
Business-Type Activities:				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ -	\$ 3,540	\$ -	\$ 3,540
Less Accumulated Depreciation	-	(39)	-	(39)
Enterprise Fund Capital Assets, Net	<u>\$ -</u>	<u>\$ 3,501</u>	<u>\$ -</u>	<u>\$ 3,501</u>

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:

Instruction	\$ 12,076
Support	1,684
Total	<u>\$ 13,760</u>

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Notes to the Financial Statements

June 30, 2013

NOTE 6: RENTAL LEASE

The school is currently leasing its facilities at 612 Amboy Avenue, Perth Amboy, New Jersey for a period of four (4) years from St. Michael's Byzantine Catholic Church commencing July 1, 2010 and expiring on June 30, 2014. On June 5, 2013, the fourth year (July 1, 2013 to June 30, 2014) lease was amended to an annual rent of \$173,556 payable at \$14,463 per month. The lease can be extended for five (5) periods of five (5) years each. On August 14, 2013, the school rented additional space from the Simpson United Methodist Church for the period September 1, 2013 and expiring at June 30, 2014 at a monthly rental of \$5,000 per month. Rent for the year ended June 30, 2013 amounted to \$120,975.

NOTE 7: OBLIGATIONS UNDER EQUIPMENT LEASE

The school is currently leasing three (3) copiers for a period of 48 months commencing July 1, 2012 at a monthly rate of \$870 per month. Future minimum lease rental payments are as follows:

<u>School Year</u>	<u>Amount</u>
2013-2014	\$ 10,440
2014-2015	10,440
2015-2016	10,440

NOTE 8: 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.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Notes to the Financial Statements

June 30, 2013

NOTE 8: PENSION PLANS (CONTINUED)

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.

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 8: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions (Continued)

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. From fiscal year 1997 to fiscal year 2003, State and local government employers were not required to make contributions to the pension funds. The use of surplus pension assets replaced the annual payments that would otherwise have been made by employers. Subsequent law, P.L.2003, c.108, led to the resumption of contributions, on a phased-in approach. In 2009, employer contributions to PERS were further amended by P.L.2009, c.19.

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 6.64% 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.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 8: PENSION PLANS (CONTINUED)

Contribution Requirements (Continued)

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/13	\$1,681	100%	\$1,681
06/30/12	None	100%	None
06/30/11	None	100%	None

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/13	\$41,443	100%	\$41,443
06/30/12	None	100%	None
06/30/11	None	100%	None

During the year ended June 30, 2013, the State of New Jersey contributed \$41,443 to the TPAF for normal cost pension contributions and post-retirement medical benefits on behalf of the Charter School. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Charter School \$131,123 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the basic financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB No. 24.

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Notes to the Financial Statements

June 30, 2013

NOTE 9: POST-RETIREMENT BENEFITS (CONTINUED)

for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2012 there were 97,661 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 pre-funding 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 \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

NOTE 10: RISK MANAGEMENT

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

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

The charter school has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the charter school is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The charter school is billed quarterly for amounts due to the State. The table is summary of charter school contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the charter school's expendable trust fund for the current year and last two years:

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Notes to the Financial Statements
June 30, 2013

NOTE 10: RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance (Continued)

<u>Fiscal Year</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$ -	\$ 4,500	\$ -	\$ 7,429
2011-2012	-	2,929	-	2,929
2010-2011	-	-	-	-

NOTE 11: FUND BALANCE APPROPRIATED

General Fund

The General Fund's fund balance at June 30, 2013 was \$1,088,631 and is unreserved and undesignated.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C – BUDGETARY COMPARISON SCHEDULE

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Levy Budget:					
"Local Levy" Local Share-Charter School Aid	\$ 539,253	\$ (4,208)	\$ 535,045	\$ 535,045	\$ -
Total Local Levy Budget	539,253	(4,208)	535,045	535,045	-
Categorical Aid:					
"Local Levy" State Share-Charter School Aid	3,502,214	(110,830)	3,391,384	3,391,384	-
Special Education	74,995	(48,320)	26,675	26,675	-
Security Aid	114,394	(29,487)	84,907	84,907	-
Total Categorical Aid	3,691,603	(188,637)	3,502,966	3,502,966	-
Revenues From Other Sources:					
Miscellaneous Revenue				19,868	19,868
On-Behalf TPAF Pension Contributions (Non-Budgeted)				41,443	41,443
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				131,123	131,123
Total Revenues From Other Sources	-	-	-	192,434	192,434
Total Revenues	4,230,856	(192,845)	4,038,011	4,230,445	192,434
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,313,244	76,974	1,390,218	1,390,218	-
Other Salaries for Instruction	184,445	(89,180)	95,265	55,550	39,715
Purchased Prof/Tech Services	40,986	7,014	48,000	45,515	2,485
Other Purchased Services	35,000	5,000	40,000	31,802	8,198
General Supplies	110,697	9,303	120,000	113,068	6,932
Textbooks	119,702	299	120,001	112,018	7,983
Miscellaneous	9,447	2,553	12,000	8,993	3,007
Total Instruction	1,813,521	11,963	1,825,484	1,757,164	68,320
Administration:					
Salaries - General Administration	239,237	35,933	275,170	275,170	-
Salaries of Secretarial/Clerical Assistants	352,137	(23,727)	328,410	314,327	14,083
Total Benefits Cost	280,000		280,000	279,186	814
Purchases Prof/Tech Services	350,000	41,000	391,000	307,305	83,695
Other Purchased Services	65,000	2,000	67,000	60,406	6,594
Communications/Telephone	15,000		15,000	7,287	7,713
Supplies and Materials	29,931	(1,166)	28,765	27,295	1,470
Miscellaneous Expenses	39,322	(15,051)	24,271	10,927	13,344
Total Administration	1,370,627	38,989	1,409,616	1,281,903	127,713

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
General Fund
Budgetary Comparison Schedule
For The Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Support Services:					
Rental of Land and Buildings	\$ 144,000	\$ (3,000)	\$ 141,000	\$ 120,975	\$ 20,025
Transportation-Other Than To/From School	25,000	7,031	32,031	32,031	-
Insurance for Property, Liability and Fidelity	70,000	(18,000)	52,000	51,826	174
Energy Costs (Heat and Electricity)	40,000	(12,067)	27,933	27,723	210
Total Support Services	<u>279,000</u>	<u>(26,036)</u>	<u>252,964</u>	<u>232,555</u>	<u>20,409</u>
Capital Outlay:					
Instructional Equipment	63,197	1,803	65,000	35,248	29,752
Non-Instructional Equipment	16,289	108,711	125,000	57,542	67,458
Purchased of Land/Improvements	983,000	(43,000)	940,000	287,271	652,729
Total Capital Outlay	<u>1,062,486</u>	<u>67,514</u>	<u>1,130,000</u>	<u>380,061</u>	<u>749,939</u>
On-Behalf TPAF Pension Contributions (Non-Budgeted)				41,443	(41,443)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				131,123	(131,123)
Total Expenditures	<u>4,525,634</u>	<u>92,430</u>	<u>4,618,064</u>	<u>3,824,249</u>	<u>793,815</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(294,778)	(285,275)	(580,053)	406,196	986,249
FUND BALANCE, JULY 1	<u>682,435</u>	<u>-</u>	<u>682,435</u>	<u>682,435</u>	<u>-</u>
FUND BALANCE, JUNE 30	<u>\$ 387,657</u>	<u>\$ (285,275)</u>	<u>\$ 102,382</u>	<u>\$ 1,088,631</u>	<u>\$ 986,249</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures Budgeted Fund Balance	<u>\$ 387,657</u>	<u>\$ (285,275)</u>	<u>\$ 102,382</u>	<u>\$ 1,088,631</u>	<u>\$ 986,249</u>
Total	<u>\$ 387,657</u>	<u>\$ (285,275)</u>	<u>\$ 102,382</u>	<u>\$ 1,088,631</u>	<u>\$ 986,249</u>

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Federal	\$ 145,188	\$ -	\$ 145,188	\$ 136,068	\$ (9,120)
Total Revenues	145,188	-	145,188	136,068	(9,120)
EXPENDITURES:					
Instruction:					
Salaries	112,340		112,340	112,340	-
Purchased Prof/Tech Services	1,260		1,260	1,260	-
Other Purchased Services	9,120		9,120		9,120
Total Instruction	122,720	-	122,720	113,600	9,120
Support Services:					
Personal Services - Employee Benefits	22,468		22,468	22,468	-
Total Support Services	22,468	-	22,468	22,468	-
Total Expenditures	145,188	-	145,188	136,068	9,120
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 Fiscal Year Ended June 30, 2013

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

		General Fund		Special Revenue Fund
Sources/Inflows of Resources				
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1]	\$ 4,230,445	[C-2]	\$ 136,068
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]	\$ 4,230,445	[B-2]	\$ 136,068
Uses/Outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 3,824,249	[C-2]	\$ 136,068
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]	\$ 3,824,249	[B-2]	\$ 136,068

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.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2013

	NCLB Title I	I.D.E.A. Part B	NCLB Title II Part A	Grand Total
REVENUE SOURCES:				
Federal	\$ 98,400	\$ 36,408	\$ 1,260	\$ 136,068
Total Revenues	98,400	36,408	1,260	136,068
EXPENDITURES:				
Instruction:				
Salaries	82,000	30,340		112,340
Purchased Prof/Tech Services			1,260	1,260
Total Instruction	82,000	30,340	1,260	113,600
Support Services:				
Personal Services - Employee Benefits	16,400	6,068		22,468
Total Support Services	16,400	6,068	-	22,468
Total Expenditures	98,400	36,408	1,260	136,068
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -

**SECTION G – PROPRIETARY FUNDS
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 school for a specific purpose.

Unemployment Insurance Compensation Trust Fund – This expendable trust fund is used to account for deductions from employee’s salaries which are utilized to pay unemployment compensation claims as they arise.

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

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Trust and Agency Funds
Combining Statement of Fiduciary Net Position
June 30, 2013

	Trust	Agency				Total Agency Funds
	Unemployment Compensation Insurance	Payroll Agency	Net Payroll	Health Reimbursement Account (Initial Year)	Student Activities	
ASSETS:						
Cash and Cash Equivalents	\$ 7,429	\$ 18,276	\$ -	\$ 27,005	\$ 8,893	\$ 54,174
Total Assets	<u>7,429</u>	<u>\$ 18,276</u>	<u>\$ -</u>	<u>\$ 27,005</u>	<u>\$ 8,893</u>	<u>\$ 54,174</u>
LIABILITIES:						
Interfund Accounts Payable		\$ 3,112	\$ -	\$ -	\$ -	\$ 3,112
Accrued Salaries and Benefits			-			-
Payroll Deductions and Withholdings		15,164				15,164
Due to Student Groups					8,893	8,893
Other Current Liabilities				27,005		27,005
Total Liabilities	<u>-</u>	<u>\$ 18,276</u>	<u>\$ -</u>	<u>\$ 27,005</u>	<u>\$ 8,893</u>	<u>\$ 54,174</u>
NET POSITION:						
Reserved for Unemployment Compensation Claims	<u>7,429</u>					
Total Net Position	<u>\$ 7,429</u>					

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 Trust Funds
 For the Fiscal Year Ended June 30, 2013

	<u>Unemployment Compensation Insurance</u>
ADDITIONS:	
Contributions:	
Employee	<u>\$ 4,500</u>
Total Additions	<u>4,500</u>
DEDUCTIONS:	
Payment of Claims	<u>-</u>
Total Deductions	<u>-</u>
CHANGE IN NET POSITION	4,500
NET POSITION, JULY 1	<u>2,929</u>
NET POSITION, JUNE 30	<u><u>\$ 7,429</u></u>

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Fiduciary Funds

Student Activity Agency Fund

Schedule of Receipts and Disbursements

For the Fiscal Year Ended June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
Student Activities	<u>\$ 4,841</u>	<u>\$ 13,521</u>	<u>\$ 9,469</u>	<u>\$ 8,893</u>
Total	<u><u>\$ 4,841</u></u>	<u><u>\$ 13,521</u></u>	<u><u>\$ 9,469</u></u>	<u><u>\$ 8,893</u></u>

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Fiduciary Funds
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
ASSETS:				
Cash and Cash Equivalents	\$ 11,446	\$ 711,195	\$ 704,365	\$ 18,276
Interfund Accounts Receivable	3,869	29,930	33,799	-
Total Assets	\$ 15,315	\$ 741,125	\$ 738,164	\$ 18,276
LIABILITIES:				
Interfund Accounts Payable	\$ -	\$ 3,112	\$ -	\$ 3,112
Payroll Deductions and Withholdings	15,315	738,013	738,164	15,164
Total Liabilities	\$ 15,315	\$ 741,125	\$ 738,164	\$ 18,276

**STATISTICAL SECTION
(UNAUDITED)**

Academy for Urban Leadership Charter High School has been in operation for three (3) years. GASB requires that ten years of statistical data be presented. State law usually grants charters for less than ten years. Therefore, only statistical data for three (3) years are available and has been presented. Each year thereafter, an additional year's data will be included until ten years.

Contents

Financial Trends

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

Revenue Capacity (Not Applicable To Charter School)

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The charter school implemented GASB Statement 34 in the fiscal year ending June 30, 2011; schedules presenting charter school-wide information include information beginning in that year.*

FINANCIAL TRENDS

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Net Assets/Position by Component

Last Three Fiscal Years

(accrual basis of accounting)

	Fiscal Year Ending June 30,		
	2013	2012	2011
Governmental Activities			
Net Investment in Capital Assets/			
Invested in capital assets, net of related debt	\$ 366,212	\$ 36,737	\$ -
Restricted	-	300,000	-
Unrestricted	1,088,631	382,435	128,593
Total Governmental Activities Net Assets/Position	<u>\$ 1,454,843</u>	<u>\$ 719,172</u>	<u>\$ 128,593</u>
Business-Type Activities			
Net Investment in Capital Assets/			
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -
Restricted	-	-	-
Unrestricted	11,461	6,130	-
Total Business-Type Activities Net Assets/Position	<u>\$ 11,461</u>	<u>\$ 6,130</u>	<u>\$ -</u>
Charter School-Wide			
Net Investment in Capital Assets/			
Invested in capital assets, net of related debt	\$ 366,212	\$ 36,737	\$ -
Restricted	-	300,000	-
Unrestricted	\$ 1,100,092	388,565	128,593
Total Charter School-wide Net Assets/Position	<u>\$ 1,466,304</u>	<u>\$ 725,302</u>	<u>\$ 128,593</u>

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Changes in Net Position
Last Three Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,		
	2013	2012	2011
Expenses			
Governmental Activities:			
Instruction	\$ 2,203,746	\$ 1,167,939	\$ 502,726
Administration	1,133,563	721,742	522,563
Support Services	256,707	392,143	384,634
Capital Outlay	36,826	338,820	5,000
Total Governmental Activities Expenses	<u>3,630,842</u>	<u>2,620,644</u>	<u>1,414,923</u>
Business-Type Activities:			
Food Service	101,921	71,130	44,446
Total Business-Type Activities Expenses	<u>101,921</u>	<u>71,130</u>	<u>44,446</u>
Total Charter School Expenses	<u>\$ 3,732,763</u>	<u>\$ 2,691,774</u>	<u>\$ 1,459,369</u>
Program Revenues			
Governmental Activities:			
Charges for Services	\$ -	\$ -	\$ -
Operating Grants and Contributions	26,675	29,884	11,445
Capital Grants and Contributions	-	-	-
Total Governmental Activities Revenues	<u>26,675</u>	<u>29,884</u>	<u>11,445</u>
Business-Type Activities:			
Charges for Services	\$ 29,610	\$ 27,319	-
Operating Grants and Contributions	74,089	49,932	3,355
Capital Grants and Contributions	-	-	-
Total Business-Type Activities Revenues	<u>103,699</u>	<u>77,251</u>	<u>3,355</u>
Total Charter School-Wide Program Revenues	<u>\$ 130,374</u>	<u>\$ 107,135</u>	<u>\$ 14,800</u>
Net (Expense)/Revenue			
Governmental Activities	\$ (3,604,167)	\$ (2,590,760)	\$ (1,403,478)
Business-Type Activities	1,778	6,121	(41,091)
Total Charter School-Wide Net Expense	<u>\$ (3,602,389)</u>	<u>\$ (2,584,639)</u>	<u>\$ (1,444,569)</u>
General Revenues and Other Changes in Net Assets/Position			
Governmental Activities:			
General Purposes	\$ 535,045	\$ 356,492	\$ 167,711
Federal and State Aid Not Restricted	3,784,925	2,803,515	1,347,960
Miscellaneous Income	19,868	21,332	16,400
Total Governmental Activities	<u>4,339,838</u>	<u>3,181,339</u>	<u>1,532,071</u>
Business-Type Activities:			
Investment Earnings	13	9	-
Miscellaneous Income	3,540	-	41,091
Total Business-Type Activities	<u>3,553</u>	<u>9</u>	<u>41,091</u>
Total Charter School-wide	<u>\$ 4,343,391</u>	<u>\$ 3,181,348</u>	<u>\$ 1,573,162</u>
Change in Net Assets/Position			
Governmental Activities	\$ 735,671	\$ 590,579	\$ 128,593
Business-Type Activities	5,331	6,130	-
Total Charter School	<u>\$ 741,002</u>	<u>\$ 596,709</u>	<u>\$ 128,593</u>

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

Fund Balances - Governmental Funds

Last Three Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund			
Reserved	\$ -	\$ 300,000	\$ -
Unreserved	<u>1,088,631</u>	<u>382,435</u>	<u>128,593</u>
Total General Fund	<u>\$ 1,088,631</u>	<u>\$ 682,435</u>	<u>\$ 128,593</u>

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Changes in Fund Balances - Governmental Funds
 Last Three Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	2013	2012	2011
Revenues:			
Local Sources:			
Local Tax Levy	\$ 535,045	\$ 356,492	\$ 167,711
Miscellaneous	19,868	21,332	16,400
State Sources	3,675,532	2,561,510	1,132,073
Federal Sources	136,068	271,889	227,332
Total Revenues	<u>4,366,513</u>	<u>3,211,223</u>	<u>1,543,516</u>
Expenditures:			
Instruction	1,870,764	1,053,199	445,137
Administration	1,454,469	833,242	580,152
Support Services	255,023	391,301	384,634
Capital Outlay	380,061	379,639	5,000
Total Expenditures	<u>3,960,317</u>	<u>2,657,381</u>	<u>1,414,923</u>
Net Change in Fund Balance	<u>\$ 406,196</u>	<u>\$ 553,842</u>	<u>\$ 128,593</u>

Source: Charter School records

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 General Fund - Other Local Revenue by Source
 Last Three Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Donations	Miscellaneous Revenue	Annual Total
2013	\$ -	\$ 19,868	\$ 19,868
2012	-	21,332	21,332
2011	-	6,400	6,400

Source: Charter School records

OPERATING INFORMATION

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Full-Time Equivalent Charter School Employees by Function
 Last Three Fiscal Years

Function	2013	2012	2011
Instruction	32	17	9
Administrative	3	4	4
Support Services	6	5	2
Total	<u>41</u>	<u>26</u>	<u>15</u>

Source: Charter School Personnel Records

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Operating Statistics
 Last Three Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	Percent Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2013	297	\$ 3,580,256	\$ 12,055	5.32%	32	N/A	N/A	11:1	297	257	33.00%	86.53%
2012	199	2,277,742	11,446	-18.82%	9	N/A	N/A	11:1	199	170	49.75%	85.43%
2011	100	1,409,923	14,099	0.00%	9	N/A	N/A	11:1	100	100	0.00%	100.00%

Sources: Charter School records

Note: Enrollment based on annual final Charter School count.

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

b Teaching staff includes only full-time equivalents of certified staff.

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

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL

School Building Information

Last Three Fiscal Years

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Charter School Building</u>			
612 Amboy Avenue			
Square Feet	25,000	25,000	23,500
Capacity (students)	N/A	N/A	N/A
Enrollment	297	199	100

Number of Schools at June 30, 2013

 High School = 1

Source: Charter School Facilities Office

Note: Increases in square footage and capacity are the result of additions.

 Enrollment is based on the annual June 30 Charter School count.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Insurance Schedule
 June 30, 2013

<u>COVERAGE</u>	<u>LIMITS</u>	<u>SUMMARY</u>
Package		
Stonington Insurance Co		
CHP-30035831		
07/15/12-13		
\$11,915		
<u>Property</u>	\$250,000	Business Personal Property - All Risk w/ \$1,000 Deductible
	\$50,000	EDP-Computers w/ \$1,000 Deductible
<u>General Liability</u>	\$3,000,000	Aggregate
	\$1,000,000	Each Occurrence
	\$3,000,000	Products/Completed Operations Aggregate
	\$1,000,000	Sexual Abuse per Occurrence
	\$2,000,000	Sexual Abuse Aggregate
	\$1,000,000	Personal Injury/Advertising Injury
	\$5,000	Premise Medical Payments (Any One Person)
	\$100,000	Fire Legal Liability (Any One Fire)
<u>Educators Legal Liability</u>	\$1,000,000	Each Wrongful Act w/ \$5,000 Deductible
	\$2,000,000	Aggregate
<u>Crime</u>	\$129,000	Each Employee Theft
<u>Automobile Liability</u>	\$1,000,000	Hired and Non Owned-Occurrence
\$214		
<u>Student Accident</u>	\$25,000	Medical Benefit
The Hartford		
20SR139230		
07/21/12-13		
\$1,624		
<u>Workers' Compensation</u>	\$1,000,000	Each Accident
CastlePoint Insurance Company	\$1,000,000	Each Employee
WCC 0015150	\$1,000,000	Policy Limit
08/01/12-13		
\$20,502		
Based on school professional		
\$1,144,000		
Non school professional		
\$28,080		
<u>D&O/EPLI</u>	\$1,000,000	D&O Aggregate
Philadelphia Insurance Company	\$1,000,000	D&O Each Occurrence
PHSD604530	\$5,000	D&O Deductible
03/04/12-13		
\$1,903	\$1,000,000	EPLI Aggregate
	\$1,000,000	EPLI Each Occurrence
	\$5,000	EPLI Deductible

Source: Charter School's Records

CHARTER SCHOOL PERFORMANCE FRAMEWORK FINANCIAL INDICATORS

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Charter School Performance Framework Financial Indicators
 Near Term Indicators
 Last Three Fiscal Years

	2011		2012		2013		Source
	Audit		Audit		Audit		
Cash	29,234	\$	611,456	\$	1,018,899		Audit: Exhibit A-1
Current Assets	157,284		725,527		1,436,414		Audit: Exhibit A-1
Total Assets	157,284		762,264		1,806,127		Audit: Exhibit A-1
Current Liabilities	28,691		36,962		339,823		Audit: Exhibit A-1
Total Liabilities	28,691		36,962		339,823		Audit: Exhibit A-1
Net Assets	128,593		725,302		1,466,304		Audit: Exhibit A-1
Total Revenue	1,587,962		3,288,483		4,473,765		Audit: Exhibit A-2
Total Expenses	1,459,369		2,691,774		3,732,763		Audit: Exhibit A-2
Change in Net Assets	128,593		596,709		741,002		Audit: Exhibit A-2
Depreciation Expense	-		4,082		13,760		Financial Statements/Audit Workpapers
Interest Expense	-		-		-		Financial Statements/Audit Workpapers
Principal Payments	-		-		-		Financial Statements/Audit Workpapers
Interest Payments	-		-		-		Financial Statements/Audit Workpapers
Final Average Daily Enrollment	100.00		199.00		297.00		DOE Enrollment Reports
March 30th Budgeted Enrollment	99.00		197.00		300.00		Charter School Budget

Near Term Indicators	RATIOS ANALYSIS...			3 YR CUM	Source:
	2011	2012	2013		
1a. Current Ratio	5.48	19.63	4.23		Current Assets/Current Liabilities
1b. Unrestricted Days Cash	7.31	82.91	99.63		Cash/(Total Expenses/365)
1c. Enrollment Variance	101%	101%	99%		Average Daily Enrollment/Budgeted Enrollment
1d.* Default	N/A	N/A	N/A		Audit

* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
 Charter School Performance Framework Financial Indicators
 Sustainability Indicators
 Last Three Fiscal Years

	2011		2012		2013		Source
	Audit		Audit		Audit		
Cash	\$ 29,234	\$ 611,456	\$ 1,018,899				Audit: Exhibit A-1
Current Assets	157,284	725,527	1,436,414				Audit: Exhibit A-1
Total Assets	157,284	762,264	1,806,127				Audit: Exhibit A-1
Current Liabilities	28,691	36,962	339,823				Audit: Exhibit A-1
Total Liabilities	28,691	36,962	339,823				Audit: Exhibit A-1
Net Assets	128,593	725,302	1,466,304				Audit: Exhibit A-1
Total Revenue	1,587,962	3,288,483	4,473,765				Audit: Exhibit A-2
Total Expenses	1,459,369	2,691,774	3,732,763				Audit: Exhibit A-2
Change in Net Assets	128,593	596,709	741,002				Audit: Exhibit A-2
Depreciation Expense	-	4,082	13,760				Financial Statements/Audit Workpapers
Interest Expense	-	-	-				Financial Statements/Audit Workpapers
Principal Payments	-	-	-				Financial Statements/Audit Workpapers
Interest Payments	-	-	-				Financial Statements/Audit Workpapers
Final Average Daily Enrollment	100.00	199.00	297.00				DOE Enrollment Reports
March 30th Budgeted Enrollment	99.00	197.00	300.00				Charter School Budget

RATIOS ANALYSIS...					
Sustainability Indicators	2011	2012	2013	3 YR CUM	
2a. Total Margin	8%	18%	17%	16%	
2b. Debt to Asset	0.18	0.05	0.19	Total Liabilities/Total Assets	
2c. ** Cash Flow	\$ 29,234	\$ 582,222	\$ 407,443	Net change in cash flow from prior years	
2d. Debt Service Coverage Ratio	N/A	N/A	N/A	(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)	

** 2013 = 2013 Cash - 2012 Cash; 2012 = 2012 Cash - 2011 Cash; 2011 = 2011 Cash - 2010 Cash

Refer questions to charterfinance@doe.state.nj.us

SINGLE AUDIT SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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Independent Auditor's Report

Honorable President and
Members of the Board of Trustees
Academy for Urban Leadership Charter High School
County of Middlesex
Perth Amboy, New Jersey

We have audited, in accordance with the 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 Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Academy for Urban Leadership Charter High School (Charter School), in the County of Middlesex, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated November 8, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

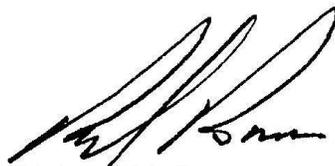
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weakness may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free from 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 matter that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Restriction on Use

This report is intended solely for the information and use of management, the audit committee, Academy for Urban Leadership Charter High School Board of Trustees, others within the entity, and the New Jersey 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 those specified parties.



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

November 8, 2013

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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Independent Auditor's Report

Honorable President and
Members of the Board of Trustees
Academy for Urban Leadership Charter High School
County of Middlesex
Perth Amboy, New Jersey

Report on Compliance for Each Major State Program

We have audited the compliance of the Academy for Urban Leadership Charter High School (Charter School), in the County of Middlesex, 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, 2013. 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.

Management's Responsibility

The Charter School's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School's major state programs based on our audit of the types of compliance requirements referred to above. 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 Office of School Finance, 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 on compliance for each major state program. However, our audit does not provide a legal determination of the Charter School's compliance.

Opinion on Each Major State Program

In our opinion, the Academy for Urban Leadership Charter High School, in the County of Middlesex, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

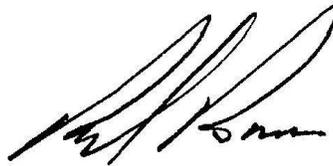
Management of Academy for Urban Leadership Charter High School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Restriction on Use

This report is intended solely for the information and use of management, the audit committee, Academy for Urban Leadership Charter High School Board of Trustees, others within the entity, and the New Jersey 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 those specified parties.

A handwritten signature in black ink, appearing to read 'Richard M. Barre', is positioned above the printed name and title.

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

November 8, 2013

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2013

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Balance at June 30, 2013	
				From	To						Accounts Receivable	Deferred Revenue
U.S. Department of Education												
Passed-through State Department of Education												
Special Revenue Fund:												
No Child Left Behind Cluster:												
Title I Part A	84.010A	NCLB - 6032 - 13	109,520	9/1/12	8/31/13	\$ -	\$ -	\$ (98,400)	\$ -	\$ -	\$ (98,400)	\$ -
Title I Part A Carryover	84.010A	NCLB - 6032 - 12	60,143	9/1/11	8/31/12	(13,518)	13,518	(1,260)	-	-	(1,260)	-
Title II Part A	84.367A	NCLB - 6032 - 13	1,260	9/1/12	8/31/13	(13,518)	13,518	(99,660)	-	-	(99,660)	-
Total No Child Left Behind Cluster												
I.D.E.A. Part B Basic	84.027	IDEA - 6032 - 13	36,408	9/1/12	8/31/13	-	-	(36,408)	-	-	(36,408)	-
Total Special Revenue Fund						(13,518)	13,518	(136,068)	-	-	(136,068)	-
U.S. Department of Agriculture												
Passed-through State Department of Agriculture												
Enterprise Fund:												
School Breakfast Program	10.553	N/A	6,871	7/1/12	6/30/13	-	5,216	(6,871)	-	-	(1,655)	-
National School Lunch Program	10.555	N/A	65,911	7/1/12	6/30/13	-	53,522	(65,911)	-	-	(12,389)	-
National School Lunch Program	10.555	N/A	48,840	7/1/11	6/30/12	(2,834)	2,834	-	-	-	-	-
Total Enterprise Fund						(2,834)	61,572	(72,782)	-	-	(14,044)	-
Sub-Total Federal Financial Awards						(16,352)	75,090	(208,850)	\$ -	\$ -	(150,112)	\$ -

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2013

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2012		Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Reversals of Prior Year's Balance	Balance at June 30, 2013		MEMO	
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor					Deferred Revenue/ Interfund Payable	Due to Grantor		(Accounts Receivable)
State Department of Education														
General Fund:														
"Local Levy" State Share - Charter School Aid	13-495-004-5120-071	\$ 3,391,384	7/1/12	6/30/13	\$ -	\$ -	\$ -	\$ 3,391,384	\$ (3,391,384)	\$ -	\$ -	\$ -	\$ -	\$ 3,391,384
Special Education Aid	13-495-004-5120-089	26,675	7/1/12	6/30/13			26,675	(26,675)						26,675
Security Aid	13-495-004-5120-084	84,907	7/1/12	6/30/13			84,907	(84,907)						84,907
TPAF - Post-Retirement/Medical Contributions	13-495-004-5095-001	21,993	7/1/12	6/30/13			21,993	(21,993)						21,993
On-Behalf Premium Contributions	13-495-004-5095-005	19,450	7/1/12	6/30/13			19,450	(19,450)						19,450
Reimbursed TPAF - Social Security	13-495-004-5095-002	13,120	7/1/12	6/30/13			11,605	(131,723)			(11,605)			131,723
Reimbursed TPAF - Social Security	12-495-004-5095-002	81,922	7/1/11	6/30/12			3,985							11,605
Total General Fund					(3,985)	(3,985)	3,667,892	(3,675,532)			(11,605)			3,675,532
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program (State Share)	13-100-010-3350-023	1,307	7/1/12	6/30/13		(60)	1,068	(1,307)			(239)			1,307
National School Lunch Program (State Share)	12-100-010-3350-023	1,082	7/1/11	6/30/12		(60)	60							239
Total Enterprise Fund					(60)	(60)	1,128	(1,307)			(239)			1,307
Total State Financial Assistance					(4,025)	(4,025)	3,669,020	(3,676,839)			(11,844)			3,676,839

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2013

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of U.S. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. This does not apply to charter schools as districts are not permitted to defer the June payments to charter schools.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2013

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. 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. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 3,675,532	\$ 3,675,532
Special Revenue Fund	136,068	-	136,068
Proprietary Fund	<u>72,782</u>	<u>1,307</u>	<u>74,089</u>
Total Awards & Financial Assistance	<u>\$ 208,850</u>	<u>\$ 3,676,839</u>	<u>\$ 3,885,689</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Academy for Urban Leadership Charter High School has no loan balances outstanding at June 30, 2013.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2013

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, 2013. 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, 2013.

NOTE 7. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in OMB Circular A-133; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the charter school.

Program	Total
Title I, Part A: <i>Grants to Local Education Agencies</i>	\$ 98,400
Title II, Part D: <i>Enhancing Education Through Technology</i>	<u>1,260</u>
Total	<u>\$ 99,660</u>

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified? _____ Yes X No
- 2) Significant deficiencies identified? _____ Yes X None 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 X None Reported

Type of auditor’s report issued on compliance for major programs Unmodified

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
<u>13-495-034-5120-071</u>	<u>Local Levy – State Share</u>
_____	_____
_____	_____
_____	_____

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

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

There were no matters reported.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

***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.

ACADEMY FOR URBAN LEADERSHIP CHARTER HIGH SCHOOL
Summary Schedule of Prior Year Audit Findings
And Questioned Costs As Prepared by Management
For the Fiscal Year Ended June 30, 2013

STATUS OF PRIOR-YEAR FINDINGS

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

Findings

There were no matters reported.