

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
HOBOKEN DUAL LANGUAGE CHARTER  
SCHOOL, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**JUNE 30, 2013**  
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November 18, 2013

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

Dear Commissioner:

The Comprehensive Annual Financial Report of the Hoboken Dual Language Charter School for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the school. To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the school. All disclosures necessary to enable the reader to gain an understanding of the school's financial activities have been included.

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

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

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

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

The Hoboken Dual Language Charter School (HoLa) is an exciting new dual language charter school that opened its doors to students in grades K-2 in September 2010 (a grade will be added each year until the school reaches K-6). HoLa offers a traditional core curriculum through instruction in both Spanish and English to children of all language backgrounds. The program utilizes the well-established immersion approach to dual language education with a range of opportunities for creative expression and experiential learning. Students become bilingual and biliterate in a culturally diverse and nurturing environment.

HoLa's curriculum meets the New Jersey Core Curriculum Standards, incorporating best practices of successful dual language schools and decades of research in immersion education. Each classroom has two certified full-time teachers, who are supplemented by art, gym, music, and other weekly specials.

Tutoring is available every day after school, free of charge, for those students who demonstrate academic need, and the school provides optional, fee-based Aftercare and Enrichment programs, based on parent demand. Scholarships are available to students who cannot afford to participate in Aftercare, Enrichment or field trips, through funds raised by the Parent-Teacher Organization and enterprise programs.

- 2) **ENROLLMENT OUTLOOK:** Average Daily Enrollment of 208 or 100% and Average Daily Attendance of 201 or 97%. As of November 6, 2013, there were 271 on the waiting list.
- 3) **MAJOR ACCOMPLISHMENTS** – In the school's third year of operation these were the key financial highlights for the 2012-13 fiscal year:
  - **The school raised over \$235,000 in donations from parents, the community and PTO-sponsored events, as well as grants.** Funds raised supported the launch of a new Science, Technology, Engineering and Math (STEM) initiative, including new classroom hardware, as well as an artist-in-residence program, student field trips and scholarships, science kits, music and art supplies and facilities development. This year, we also worked with the non-profit group Partners in Philanthropy to advise us on our efforts, and we initiated use of Tapestry to manage the process.

- **The school’s enterprise programs (Aftercare, Enrichment and Camp) brought in an additional \$4,007 in profit to support programming, while providing valuable services to our student body.**
  - a) Active, engaged Parent Teacher Organization (PTO) raised over \$121,000 through community events, such as Sabor de Hola (fundraising dinner/auction), Día de los Muertos block party, Talent Show, Field Day, Book Fair, Movie Night and Swing for the Schools golf outing.
  - b) Annual Appeal raised \$99,766 in donations from parents and community members, with significant participation by parents and faculty alike.
  - c) Approximately \$15,000 in grant funding was raised to renovate the school post-Sandy and support the school garden.
  - d) Daily fee-based after-school enrichment programs led by teachers, parents and third-party vendors—including photography, aviation, swimming, cooking, Legos, mad science, hip hop, Latin dance, chess, musical theater, yoga, drawing and multi-media art—raised \$74,850 in revenues.
  - e) Daily fee-based Aftercare program raised \$109,248 in revenues.
  - f) Fee-based summer camp, established based on demand, raised \$18,947 in revenues.
  - g) Installed two modular classrooms to accommodate our growing student population.
  - h) Good partnership with Boys & Girls Club (landlord) and the City of Hoboken (landowner).
  - i) Active Board of trustees with deep expertise in and experience in fields including education, accounting, finance, law and construction.
  - j) The school re-built and rebounded from Hurricane Sandy, which devastated our facility, with a minimum of expense and disruption to our students, thanks to the commitment of our families and other volunteers, and donors from Hoboken and beyond.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2013.

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

- 7) **FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of report, the school continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund and special revenue fund for the fiscal year ended June 30, 2013.

Revenue	Amount	Percent of Total
Local	\$1,977,856	72%
State	314,240	12%
Special Revenue	43,025	1%
Misc.	103,083	4%
Enterprise Fund	<u>291,390</u>	<u>11%</u>
Total	<u>\$2,729,594</u>	<u>100%</u>

The following schedule presents a summary of the general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2013.

<b>Expenditures</b>	<b>Amount</b>	<b>Percent of Total</b>
Current - General Fund	\$2,325,942	87%
Special Revenue	43,045	2%
Enterprise Fund	<u>290,558</u>	<u>11%</u>
Total	<u>\$2,659,545</u>	<u>100%</u>

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

10) **OTHER INFORMATION:**

**Independent Audit** – State statutes require an annual audit by an independent Certified Public Accountant or Registered Municipal Accountant. The Accounting firm of Scott J. Loeffler, CPA was selected by the Charter School. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor’s report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors’ reports related specifically to the single audit are included in the single audit section of this report.

Respectfully submitted,



Barbara Martinez  
Board President

# **HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**

## **ROSTER OF TRUSTEES AND OFFICERS JUNE 30, 2013**

<b><u>BOARD OF TRUSTEES</u></b>	<b><u>TERM EXPIRES</u></b>
Barbara Martinez	3/16
Frank Raia	3/15
George Duke	3/14
Jennifer Austin	3/15
Susan Costomiris	3/14
Anthony Petrosino	3/14
(One seat open as of 4/13)	

## **CONSULTANTS AND ADVISORS**

### **AUDIT FIRM**

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

### **ATTORNEYS**

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

### **OFFICIAL DEPOSITORY**

BCB Community Bank  
401 Washington Street  
Hoboken, NJ 07030

## **FINANCIAL SECTION**

SCOTT J. LOEFFLER  
CERTIFIED PUBLIC ACCOUNTANT  
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**UNMODIFIED OPINION ON BASIC FINANCIAL  
STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION  
AND SUPPLEMENTARY SCHEDULE OF  
FEDERAL AND STATE AWARDS AND OTHER SUPPLEMENTARY INFORMATION -  
GOVERNMENT ENTITY**

**Independent Auditor's Report**

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

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees of the Hoboken Dual Language Charter School, County of Hudson, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Hoboken Dual Language Charter School's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hoboken Dual Language Charter School as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **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* as listed in the table of contents 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hoboken Dual Language Charter School's basic financial statements. The accompanying supplementary information, which consists of the introductory section, combining and individual fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used 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 my opinion, the information is fairly presented, in all material respects, in relation to the basis financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated November 18, 2013 on my consideration of the Hoboken Dual Language Charter School's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hoboken Dual Language Charter School's internal control over financial reporting and compliance.

Licensed Public School Accountant No. 870

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

Scott J. Loeffler, CPA  
November 18, 2013

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

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2013**  
**(Unaudited)**

This section of Hoboken Dual Language Charter School annual financial report presents its discussion and analysis of the Board's financial performance during the fiscal year that ended on June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the Board's financial statements, which immediately follows this section.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2012-13 fiscal year include the following:

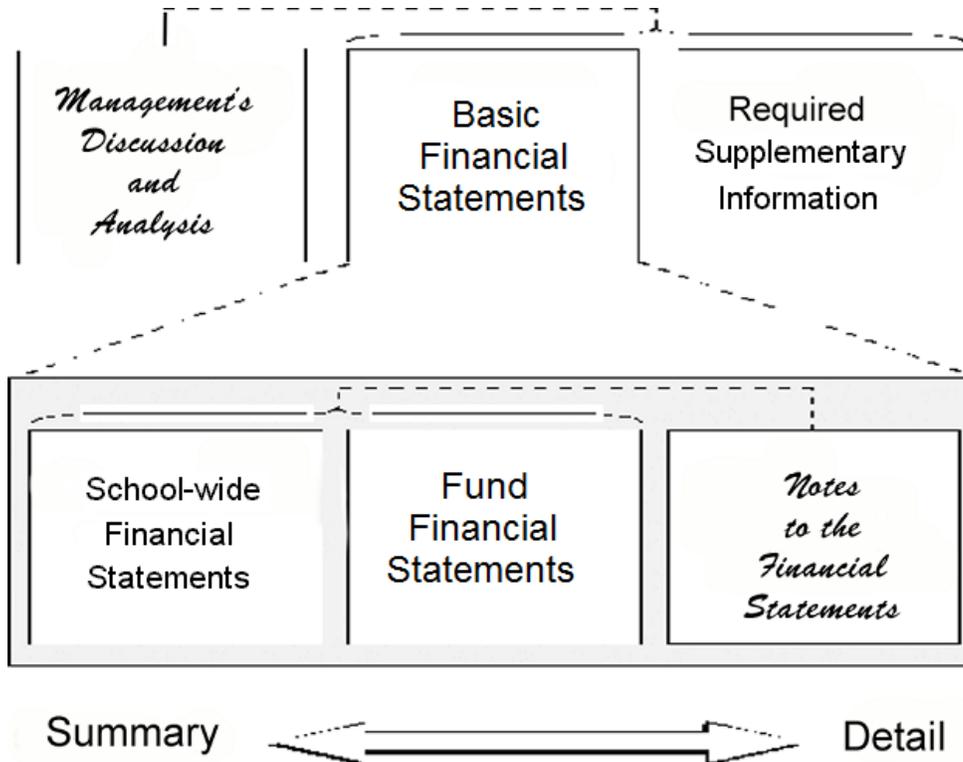
- Total Net Position was \$233,912.
- The unrestricted General Fund balance at June 30, 2013 is \$112,934.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2013**  
**(Unaudited)**

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



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

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2013**  
**(Unaudited)**

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

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

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

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2013**  
**(Unaudited)**

**School-wide Statements**

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

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

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

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

**Fund Financial Statements**

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

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

- Some funds are required by State law.

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2013**  
**(Unaudited)**

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

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

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

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

**Net position.** The Hoboken Dual Language Charter School's net position is \$233,912 on June 30, 2013. (See Table A-1).

Governmental	\$233,912
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The Statement of Net Position of \$112,197 reflects total capital assets at net of assumed depreciation from inception.

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2013**  
**(Unaudited)**

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

- Special Revenues for Governmental Activities were \$43,025.
- General Fund Revenues were \$2,394,559.
- General Fund Expenditures were \$2,325,942.

**Table A-1**  
**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Statement of Net Position**  
**As of June 30, 2013**

	<u><b>Total</b></u>
Current and Other Assets	\$203,591
Capital Assets (Including Business Activities)	112,197
<b>Total Assets</b>	<u><b>\$315,788</b></u>
Long-Term Liabilities	
Other Liabilities	81,876
<b>Total Liabilities</b>	<u><b>\$81,876</b></u>
Net Assets:	
Invested In Capital Assets, Net of Related Debt	112,197
Restricted	0
Unrestricted	121,715
<b>Total Net Position</b>	<u><u><b>\$233,912</b></u></u>

Total Governmental and Business Activities revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net position of \$233,912 on June 30, 2013.

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2013**  
**(Unaudited)**

Table A-2  
**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Changes in Net Position - School Wide**  
**For the Year Ended June 30, 2013**

<b>Revenues</b>	<b>Total</b>
Program revenues	
Charges for services	\$ 257,003
Operating grants and contributions	
General revenues	
Local Share	1,977,856
Federal and State Aid-Unrestricted	315,032
Federal Aid-Restricted	48,454
Other	112,082
Enterprise Fund	19,167
Decrease in Capital Outlay	(17,823)
<b>Total revenues</b>	<b><u>\$ 2,711,771</u></b>
<b>Expenses</b>	
Regular Instruction	1,136,268
General Administrative	688,090
School Administrative	497,280
On-behalf TPAF Social Security	47,329
Capital Outlay	--
Enterprise Fund	290,558
<b>Total expenses</b>	<b><u>\$ 2,659,525</u></b>
(Increase) in net position	52,246
Net Position, Beginning July 1	181,666
Net Position, End of Year June 30	<b><u>\$ 233,912</u></b>

**Changes in Net Position.** The Hoboken Dual Language Charter School's total revenues were \$2,729,594. Local shares of \$1,977,856 represented 72% of revenues. The state aid and federal aid of \$363,486 represented 14% of revenues, enterprise revenue \$276,170 represented 10% of revenue.

The smallest component of revenues is "Other Revenue." The largest source of "Other Revenue" is private contributions of \$112,082 (4%).

The Hoboken Dual Language Charter School's expenditures of \$2,659,525 are predominantly related to instruction and support services and enterprise funds revenues. Instruction expenditures totaled \$1,136,268 (43%) of total expenditures. Support services and capital outlay, \$1,232,699 (46%) of total expenditures) and enterprise activities \$290,558 (11%) of expenditures. (See Figure A-2)

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2013**  
**(Unaudited)**

Table A-3 (See Exhibit A-2)  
**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Changes in Net Position - School Wide**  
**For the Year Ended June 30, 2013**

<u>Functions/Programs</u>	<u>Source</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
<b>Governmental Activities</b>			
Instruction			
Regular	B-2	\$ 1,136,268	\$ 1,136,268
<b>Support Services</b>			
General Administrative Services	B-2	688,090	688,090
School Administrative Services	B-2	497,280	497,280
On-behalf TPAF Social Security	B-2	47,329	47,329
Capital Outlay	B-2	-	-
Enterprise Fund	G-2	290,558	290,558
<b>Total Governmental Activities</b>		<u>\$ 2,659,525</u>	<u>\$ 2,659,525</u>

**FINANCIAL ANALYSIS OF THE HOBOKEN DUAL LANGUAGE CHARTER SCHOOL FUNDS**

The financial performance of the Hoboken Dual Language Charter School as a whole is reflected in its governmental activities Exhibit A-2. As the Hoboken Dual Language Charter School completed the year, its general funds reported a combined fund balance of \$112,934.

Revenues for the Hoboken Dual Language Charter School's governmental funds were \$2,729,594 while total expenses were \$2,659,525. (Table A-4) (Exhibit B-2)

**GENERAL FUND**

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

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2013**  
**(Unaudited)**

The following schedule presents a summary of Government Revenues.

**Table A-4 (See Exhibit B-2)**  
**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Changes in Net Position - School Wide**  
**For the Years Ended June 30, 2013 and 2012**

<b>General Fund Revenues</b>	<b>Year Ended June 30, 2013</b>	<b>Year Ended June 30, 2012</b>	<b>Amount of Increase (Decrease)</b>
<b>Local Sources:</b>			
Local Share	\$ 1,977,856	\$ 1,575,106	\$ 402,750
Other Local Revenue	387,752	332,865	54,887
<b>Total Local Sources</b>	<b>\$ 2,365,608</b>	<b>\$ 1,907,971</b>	<b>\$ 457,637</b>
<b>Intergovernmental</b>			
State Sources	315,032	301,650	13,382
Federal Sources	48,954	50,678	(1,724)
<b>Total Intergovernmental Sources</b>	<b>\$ 363,986</b>	<b>\$ 352,328</b>	<b>\$ 11,658</b>
<b>Total Revenue</b>	<b>\$ 2,729,594</b>	<b>\$ 2,260,299</b>	<b>\$ 469,295</b>

The following schedule presents a summary of Governmental expenditures.

**Table A-5 (See Exhibit B-2)**  
**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Changes in Net Position - School Wide**  
**For the Years Ended June 30, 2013 and 2012**

<b>General Fund Expenditures</b>	<b>Year Ended June 30, 2013</b>	<b>Year Ended June 30, 2012</b>	<b>Increase (Decrease)</b>
<b>Current:</b>			
Regular Instruction	\$ 1,136,268	\$ 916,824	\$ 219,444
General Administrative Services	688,090	654,552	33,538
School Administration	497,280	381,492	115,788
On-behalf TPAF Social Security	47,329	72,851	(25,522)
Capital outlay	-	-	-
Food Service	290,558	223,425	67,133
<b>Total Expenditures</b>	<b>\$ 2,659,525</b>	<b>\$ 2,249,144</b>	<b>\$ 410,381</b>

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2013**  
**(Unaudited)**

**UNRESERVED-UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES**

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

**Table A-6**  
**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Changes in Net Position - School Wide**  
**For the Year Ended June 30, 2013**

<b>General Fund</b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Unreserved-Undesignated			
Fund Balance	121,715	51,646	40,491
Expenditures	2,659,525	2,025,719	1,668,419
Percentages	5%	2%	2%

The Hoboken Dual Language Charter School values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during school year. The amount of fund balance designated to support the subsequent years budgets \$112,394 for the 2013-14 school year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2013, in the General Fund, the Hoboken Dual Language Charter School had invested \$137,568 in a broad range of capital assets, including building improvements, computer and audio-visual equipment, and administrative offices, etc. (More detailed information about capital assets can be found in Note 4 to the financial statements) and Total General Fund depreciation expense for the year was \$7,548.

**Table A-7**  
**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Changes in Net Position - School Wide**  
**For the Year Ended June 30, 2013**

Facilities Improvement	\$105,035
Equipment	32,533
<b>Total - General Fund</b>	<b><u>\$137,568</u></b>
Less: Accumulated Depreciation	(25,371)
<b>Total - Net Capital Assets General Fund</b>	<b><u><u>\$112,197</u></u></b>

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2013**  
**(Unaudited)**

**FACTORS BEARING ON THE SCHOOL'S FUTURE**

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

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

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

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

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements provide a financial overview of the Hoboken Dual Language Charter School's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2013.

**SCHOOL-WIDE FINANCIAL STATEMENTS**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Statement of Net Position**  
**June 30, 2013**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 84,977	\$ 43,058	\$ 128,035
Investments			
Receivables, net	74,116	1,440	75,556
Security Deposit	-		-
Restricted assets:			
Cash and cash equivalents			
Capital reserve account - cash			
Capital assets, net (Note 2):	112,197	-	112,197
Total Assets	<u>271,290</u>	<u>44,498</u>	<u>315,788</u>
<b>LIABILITIES</b>			
Cash Overdraft			
Accounts payable	26,528	-	26,528
Deposits payable	-		-
Payable to school districts	-		-
Payable to federal government	166		166
Payable to state government			
Deferred revenue	19,465	35,717	55,182
Noncurrent liabilities:			
Due within one year			
Due beyond one year			
Total liabilities	<u>46,159</u>	<u>35,717</u>	<u>81,876</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	112,197	-	112,197
Restricted for:			
Debt service			
Capital reserve	-		-
Permanent endowment - nonexpendable			
Reserve for NCLB repayment	-		-
Unrestricted	112,934	8,781	121,715
Total net position	<u>\$ 225,131</u>	<u>\$ 8,781</u>	<u>\$ 233,912</u>

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

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Statement of Activities**  
**For the Year Ended June 30, 2013**

**Exhibit A-2**

<b>Functions/Programs</b>	<b>Program Revenues</b>			<b>Changes in Net Position</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Governmental activities:							
Instruction:							
Regular	\$ (1,136,268)		\$ (43,025)		\$ (1,093,243)		\$ (1,093,243)
Support services:							
General administration	(688,090)		-		\$ (688,090)		\$ (688,090)
School administrative services/ operations plant serv.	(497,280)				(497,280)		(497,280)
On - behalf TPAF Social Security	(47,329)				(47,329)		(47,329)
Capital Outlay	-				-		-
Total governmental activities	(2,368,967)		(43,025)		(2,325,942)		(2,325,942)
Business-type activities:							
Food Service and After School Program		(290,558)				(290,558)	(290,558)
Total business-type activities		(290,558)				(290,558)	(290,558)
Total primary government	(\$2,368,967)	\$ (290,558)	\$ (43,025)		\$ (2,325,942)	\$ (290,558)	\$ (2,616,500)
General revenues:							
Local Share					1,977,856		1,977,856
State Share					219,302		219,302
State and Federal Aid					94,938	15,220	110,158
Board Contribution						19,167	19,167
Miscellaneous Income					103,083	257,003	360,086
Decrease in net Capital Outlay					(17,823)		(17,823)
Total general revenues, special items, extraordinary					2,377,356	291,390	2,668,746
Change in Net Position					51,414	832	52,246
Net Position - beginning					173,717	7,949	181,666
Net Position - ending					\$ 225,131	\$ 8,781	\$ 233,912

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

## **FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

## HOBOKEN DUAL LANGUAGE CHARTER SCHOOL

Balance Sheet  
Governmental Funds  
June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 76,382	\$ 8,595	\$ -		\$ 84,977
Investments					
Receivables, net	60,662	13,454	-		74,116
Security Deposit	-				-
Restricted cash and cash equivalents					
Total assets	<u>\$ 137,044</u>	<u>\$ 22,049</u>	<u>\$ -</u>		<u>\$ 159,093</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Cash Overdraft					
Accounts payable	24,110	2,418	-		26,528
Payable to federal government		166			166
Payable to School Districts	-				0
Payable to state government	-				0
Deferred revenue		19,465			19,465
Total liabilities	<u>24,110</u>	<u>22,049</u>	<u>-</u>		<u>46,159</u>
Fund Balances:					
Reserved for:					
Encumbrances					
Legally restricted -- unexpended additional spending proposal					
Legally restricted -- designated for subsequent year's expenditures					
Capital reserve	-				
Excess surplus	-				
Excess surplus -- designated for Subsequent year's expenditures					
Reserve for NCLB Repayment	-				0
Unreserved, reported in:					
General fund	112,934		-		112,934
Capital projects fund					
Permanent fund					
Total Fund balances	<u>112,934</u>		<u>-</u>		<u>112,934</u>
Total liabilities and fund balances	<u>\$ 137,044</u>		<u>\$ -</u>		<u>\$ 159,093</u>

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 funds. The cost of the assets is	137,568	
and the accumulated depreciation	<u>(25,371)</u>	
		112,197
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2)		
Net position of governmental activities		<u>\$ 225,131</u>

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

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local sources:					
Local share	\$ 1,977,856				\$ 1,977,856
State Share	219,302				219,302
Other Restricted Miscellaneous Revenues					
Miscellaneous	103,083	8,999			112,082
Total - Local Sources	<u>2,300,241</u>	<u>8,999</u>			<u>2,309,240</u>
State sources	94,938	-			94,938
Federal sources		34,026			34,026
Total revenues	<u>2,395,179</u>	<u>43,025</u>			<u>2,438,204</u>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	\$ 1,093,243	\$ 43,025			\$ 1,136,268
Support services- General Administrative	688,090	-			688,090
Support Services- School Admin/ operations plant se	497,280				497,280
On-behalf TPAF Social Security	47,329				47,329
Capital outlay	-				-
Total expenditures	<u>2,325,942</u>	<u>43,025</u>			<u>2,368,967</u>
Excess (Deficiency) of revenues over expenditures	<u>69,237</u>				<u>69,237</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-				-
Transfers out	-				-
Total other financing sources and uses	<u>* -</u>				<u>-</u>
Net change in fund balances	69,237				69,237
Fund balance—July 1	43,697				43,697
Fund balance—June 30	<u>\$ 112,934</u>				<u>\$ 112,934</u>

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

**Exhibit B-3**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2013**

	<b>General Fund</b>	<b>Enterprise Fund</b>	<b>Total</b>
<b>Total net change in fund balances - governmental funds (from B-2)</b>	\$ 69,237	\$ 832	\$ 70,069

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, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	\$ (17,823)	
Capital outlays	<u>-</u>	
	\$ (17,823)	\$ - \$ (4,925)

<b>Change in net position of governmental activities</b>	<u>\$ 51,414</u>	<u>\$ 832</u>	<u>\$ 65,144</u>
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**The accompanying Notes to the Basic Financial Statements are an integral part of this statement.**

## **PROPRIETARY FUNDS**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2013**

		<b>Business-type                      Activities                      Enterprise funds                      After School Program                      and Food Service</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$	43,058
Investments		
Accounts receivable		1,361
Other receivables		79
Inventories		
Total current assets		44,498
Noncurrent assets:		
Restricted cash and cash equivalents		
Furniture, machinery & equipment		
Less accumulated depreciation		
Total noncurrent assets		
Total assets		
<b>LIABILITIES</b>		
Current liabilities:		
Deferred Revenue		35,717
Accounts payable		-
Total current liabilities		35,717
Total liabilities		35,717
<b>NET ASSETS</b>		
Invested in capital assets net of related debt		
Restricted for:		
Capital projects		
Unrestricted		8,781
Total net position	\$	8,781

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

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

	<b>Business-type Activities Enterprise Fund Food Service and After School Program</b>
Operating revenues:	
Charges for services:	
Daily sales - Reimbursable programs and Special Lunch Program	\$ 57,133
After School Revenue	199,870
Total operating revenues	257,003
Operating expenses:	
Cost of sales	
Salaries and Benefits	161,709
Supplies, Materials and Other Expenses	128,849
Total Operating Expenses	290,558
Operating income (loss)	(33,555)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	792
Federal sources:	
National school breakfast program	0
National school lunch program	14,428
Board Subsidy	19,167
Total nonoperating revenues (expenses)	34,387
Income (loss) before contributions & transfers	832
Capital contributions	-
Transfers in (out)	
Change in net position	832
Total net position - beginning	7,949
Total net position - ending	\$ 8,781

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

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

**Exhibit B-6**

**Business-type**  
**Activities**  
**Enterprise Funds**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Participants	\$ 284,605
Payments to employees and benefits	(161,709)
Payments to suppliers	(128,849)
Net cash provided by (used for) operating activities	(5,953)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State and Federal Sources	16,509
Operating subsidies and transfers to other funds	19,167
Net cash provided by (used for) non-capital financing activities	35,676

**CASH FLOWS FROM INVESTING ACTIVITIES**

Increase In Fixed Assets	
Proceeds from sale/maturities of investments	
Net cash provided by (used for) investing activities	
Net increase (decrease) in cash and cash equivalents	29,723
Cash Balances—beginning of year	13,335
Cash Balances—end of year	\$ 43,058

**Reconciliation of operating income (loss) to net cash provided**

<b>(used) by operating activities:</b>	
Operating income (loss)	832
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation and net amortization	0
(Increase) decrease in accounts receivable, net	1,289
(Increase) decrease in inventories	
(Increase) decrease in USDA Communities	
Increase (decrease) in Deferred Revenue	27,602
Increase (decrease) in accrued compensated absences	
Total adjustments	28,891
Net cash provided by (used for) operating activities	\$ 29,723

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

## **FIDUCIARY FUNDS**

**Exhibit B-7**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2013**

**NOT APPLICABLE**

**Exhibit B-8**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2013**

**NOT APPLICABLE**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**1. DESCRIPTION OF THE CHARTER SCHOOL DISTRICT AND REPORTING ENTITY**

Hoboken Dual Language Charter School (the “Charter School”) was incorporated in the State of New Jersey in 2002 as a non-for-profit corporation for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. It is an instrumentality of the State of New Jersey, established to function as an education institution. The Charter School’s Board of Trustees (the Board) is responsible for the fiscal control of the Charter School. A Chief Executive Officer (CEO) is appointed by Board and is responsible for the administrative control of the Charter School. Under the existing the statutes, the Charter School’s duties and powers include, but not limited to the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Charter School are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Charter School. For the Charter School, this includes general operations, food service and student related activities 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 Charter School. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. Based on the aforementioned criteria, the Charter School has no component units to be included in the reporting entity. Further, the Charter School is not includable in any other reporting entity on the basis of such criteria.

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

Its mission is to establish a charter school to serve as a neighborhood resource and as a model for other similar schools. The Hoboken Dual Language Charter School is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students.

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

**A. Basis of Presentation**

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

**Charter School Government-wide Financial 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 Charter School, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental and business-type activities of the Charter School at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and 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 are presented as general revenues of the Charter School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Charter School.

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The governmental activities generally are financed through federal and state awards, taxes and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**Fund Financial Statements**

Fund financial statements of the Charter School are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Charter School. The New Jersey Department of Education (NJDOE) requires that all funds be reported as major, as it is considered important for public interest and to promote consistency among Charter Schools financial reporting in the State of New Jersey.

**B Fund Accounting**

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

**Governmental Funds**

Governmental funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter Schools' major governmental funds:

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

As required by the New Jersey Department of Education, the Charter School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of ground, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

***Special Revenue Fund*** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major Capital Projects, Debt Service or the Enterprise Funds) and local appropriations that legally restricted to expenditures for specified purposes.

***Capital Projects Fund*** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2013 there was no Capital Projects Fund.

**Proprietary Funds**

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

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

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Fiduciary Funds**

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

***Trust Funds*** - Expendable Trust Funds (unemployment compensation) are accounted for in essentially the same manner as the governmental funds. The unemployment compensation trust fund is used to account for contributions from employees and the employer (the Charter School) and interest earned on the balance as well as payments to the State for reimbursements of unemployment claims.

***Agency Funds*** – Agency funds (*Payroll, Health Benefits and Student Activity Fund*) are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involved measurement of results of operations.

**C Measurement Focus and Basis of Accounting**

***Measurement focus*** is a term used to describe “which” transactions are recorded within the various financial statements. ***Basis of accounting*** refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide statements of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e. Expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Basis of Accounting**

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

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

**D Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue fund. The budgets are submitted to the County Office and the Education Commissioner for approval. Budgets except for the special revenue fund which is prepared using a non-GAAP budgetary basis, are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by Charter School Board resolution at any time during the fiscal year subject to the limitation of P.L. 2004 c73 (S1701). The Board of Trustees did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below.

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental funds types. Unencumbered appropriations lapse at fiscal year end.

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

**E Cash, Cash Equivalent and Investments**

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

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

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

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

**F Short-Term Interfund Receivables/Payables**

On the fund financial statement, receivable and payables resulting from short-term (due within one year) interfund loans are classified as interfund Receivable/Payable. interfund balances within governmental activities and within business-type activities are eliminated on the Government Wide Statements of Net Position.

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase. Inventories in the proprietary funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

**H Capital Assets**

Capital assets, which include leasehold improvements, equipment, furniture & fixtures and vehicles are reported in the applicable governmental or business-type activities columns of the Government-wide financial statements. Capital assets are defined by the Charter School as assets with initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company.

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized. Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method. The following estimated useful lives are used to compute depreciation:

<u>Description of Capital Cost</u>	<u>Estimated Lives (Years)</u>
Leasehold improvements	15
Equipment	7

**I Compensated Absences**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The entire sick leave and vacation leave liabilities are reported on the school-wide financial statements.

The Charter School had no compensated absences as of June 30, 2013.

**J Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the government-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. However, the non-current portion of compensated absences and mortgage payable (if any) that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

**K Deferred Revenue**

Deferred Revenue represents funds which have been received but not yet earned.

There is no deferred revenue in the general fund.

Special Revenue – deferred revenue to be utilized in 2013-2014.

Promotion Activation	\$3,500
Seeds of Change	7,880
Provident Grant	2,000
Rotary Grant	4,151
Raia’s Tech Plan	2,000
Washington School	100
Total:	\$19,631

**L Fund Balance and Equity**

In February 2009, the GASB issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (“GASB 54”). GASB 54 is effective for periods beginning after June 15, 2010 and establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of resources reported in governmental funds.

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L Fund Balance and Equity (continued)**

Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1. Nonspendable – includes amounts that cannot be spent because they either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority.
4. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – includes all spendable amounts not contained in the other classifications.

When both restricted and unrestricted resources are available for use, it is the Charter School’s policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the Charter School first spends committed funds, then assigned funds, and finally, unassigned funds.

**M Management Estimates**

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

**N On-Behalf Payments**

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

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**O Net Position**

The Hoboken Dual Language Charter School implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, during the current fiscal year. This statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

A deferred outflow of resources is a consumption of net position by the Hoboken Dual Language Charter School that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the Hoboken Dual Language Charter School that is applicable to a future reporting period. The Hoboken Dual Language Charter School did not have any deferred inflows or outflows of resources at June 30, 2013.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**3 DEPOSITS AND INVESTMENTS**

New Jersey statutes require that Charter Schools deposit public funds in public depositories located in New Jersey that 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 (NJCMF), the New Jersey Arbitrage Rebate Management Fund (NJARM) and the M.B.I.A Class.

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**3 DEPOSITS AND INVESTMENTS (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 5% of the average daily balance of collected 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.

The Charter School's cash and cash equivalents are classified below to inform financial statement users about the extent to which the Charter School's deposits and investments are exposed to custodial credit risk. As of June 30, 2013, the Charter School's carrying amount of deposits and investments are as follows:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Enterprise Funds</u>	<u>Agency Funds</u>	<u>Total</u>
Operating A/C	\$76,382	\$8,595	\$43,058	\$56,356	\$184,391

Operating cash accounts are held in the Charter School's name by one banking institution. At June 30, 2013, the Charter School's bank balance was \$187,048.

Of the bank balance, \$250,000 of the Charter School's cash deposits on June 30, 2013 were secured by federal deposit insurance and \$187,048 was covered by a collateral pool maintained by the bank as required by New Jersey statutes in accordance with the New Jersey Governmental Unit Deposit protection Act ("GUDPA").

GASB Statement No. 40 requires that the Charter School disclose whether its deposits are exposed to custodial risk (risk that in the event of failure of the counterparty, the Charter School would not be able to recover the value of its deposit or investment). In general deposits are considered to be exposed to custodial risk by three categories described below:

***Category 1***

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

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**3 DEPOSITS AND INVESTMENTS (continued)**

*Category 2*

Collateralized with securities held by the pledging public depository's trust department or agent in the Charter School's name.

*Category 3*

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

The Charter School does not have a policy for the management of the custodial risk, other than depositing all of its funds in banks covered by GUDPA.

**Investments**

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

1. Bonds or other obligations of the United States or obligations guaranteed by the United States.
2. 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.
3. Bonds or other obligations of the Charter School.
4. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA CLASS.

As of June 30, 2013, the Charter School did not hold any investments.

**4 CAPITAL ASSETS**

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2013:

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**4 CAPITAL ASSETS (continued)**

	<b>Beginning Balance</b>	<b>Net Additions (Deletions)</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>			
<b>Capital assets, being depreciated:</b>			
Leasehold improvements	\$105,035	---	\$105,035
Equipment	32,533	---	32,533
Total capital assets being depreciated	\$137,568	---	\$137,568
Less accumulated depreciation for:			
Leasehold improvements	\$6,726	\$ 6,726	\$13,452
Equipment	822	11,097	11,919
Total accumulated depreciation	\$7,548	\$17,823	\$25,371
Total capital assets net	\$130,020	(\$17,823)	\$112,197

**5. LONG-TERM LEASES**

The school leases its premises under the terms of a non-cancelable lease. Rent expense for the year ended June 30, 2013 amounted to \$111,895. Future obligations over the primary terms of the long-term lease are as follows:

2014	\$120,000
2015	\$140,000
2016	\$160,000
2017	\$180,000
2018	\$180,000

**6 PENSION PLANS**

**Description of Plans**

Substantially all of the employees of the Charter School are covered by either the Public Employee's Retirement System or the Teacher's Pension and Annuity Fund (both of which are contributory defined benefits plans).

Both were established by state statute and are administered by the New Jersey Division of Pension and Benefit (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate.

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**6 PENSION PLANS (continued)**

The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirements System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

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

**Public Employees' Retirement System (PERS)**

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

**Defined Contribution Retirement Program (DCRP)**

The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

**Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A 43:15a and 4303B and N.J.S.A. 18A: for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirements benefits for age and service are available at age 55 and are generally determine to be 1/55 of the final average salary for each year of service credit as defined.

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**6 PENSION PLANS (continued)**

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 member who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

**Significant Legislation**

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

**Pension Plan Design Changes**

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

**Funding Changes**

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PERS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

**COLA Suspension**

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**6 PENSION PLANS (continued)**

**Contribution Requirements**

The contribution policy is set by N.J.S.A. 43:15A 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.

Effective June 28, 2011, P.L. 2001, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

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, non contributory death benefits, and post-retirement medical premiums. Under current statute the Hoboken Dual Language Charter School is a non-contributing employer of TPAF (i.e., the State of New Jersey makes the employer contribution on behalf of public school districts.)

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the school.

PERS employer contributions are made annually by the school to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

The Charter School's contribution to PERS for the year ended June 30, 2013 was \$2,802.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School \$72,851 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. This amount has been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**7 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.

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**7 POST RETIREMENT BENEFITS (continued)**

P.L. 2007, c 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees.

As of June 30, 2013, there were 97,661 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contribution by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126 which provides free health benefits to members of PERS, and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in fiscal year 2012.

**8 COMPENSATED ABSENCES**

The Charter School accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Charter School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. The Charter School's policy permits employees to accumulate unused sick and personal days and carry forward the full amount to subsequent years.

Upon termination or upon retirement, employees are currently not paid for accrued vacation or unused sick and personal days. The Board of the Charter School is currently reviewing the exiting compensated absences policies with the intent of addressing the issues of accumulation and payments upon termination.

As of June 30, 2013, Charter School-wide compensated absences amounted to \$-0-.

**9 DEFERRED COMPENSATION**

The Charter School offers its employees a deferred compensation plan created in accordance with the IRS code 403(b). The plan permits participants to defer a portion of their salaries until future years.

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**10 ECONOMIC DEPENDENCY**

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

**11 CONTINGENT LIABILITIES**

The Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government.

If expenditures are disallowed due to noncompliance with grant program regulations, the Charter School may be required to reimburse the grantor government. As of June 30, 2013, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Charter School.

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

**12 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 and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (UNAUDITED) of this Comprehensive Annual Financial Report.

**13 RECEIVABLES**

Receivables as of 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 are as follows:

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2013**

**13**    **RECEIVABLES (continued)**

	<b><u>General</u></b>	<b><u>Special Revenue</u></b>	<b><u>Food Service</u></b>	<b><u>Total</u></b>
Receivables:				
Accounts	<u>\$60,662</u>	<u>\$13,454</u>	<u>\$1,440</u>	<u>\$75,556</u>
Gross Receivables	<u>\$60,662</u>	<u>\$13,454</u>	<u>\$1,440</u>	<u>\$75,556</u>

**14.**    **SUBSEQUENT EVENTS**

The school has evaluated subsequent events occurring after the balance sheet through the date of November 18, 2013, which is the date the financial statements were available to be issued. Based on this evaluation, the school has determined no subsequent events require disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For The Year Ended June 30, 2013**  
**(Unaudited)**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Share	\$ 2,299,579	\$ -	\$ 2,299,579	\$ 1,977,856	\$ 321,723
State Share	-	0	0	219,302	(219,302)
Other Restricted Miscellaneous Revenues			0		
Miscellaneous	-	-	0	103,083	(103,083)
Total - Local Sources	<u>2,299,579</u>	<u>-</u>	<u>2,299,579</u>	<u>2,300,241</u>	<u>(662)</u>
Nonpublic Aid	-	-	-	-	-
Special Education	21,513	-	21,513	11,612	9,901
Non-Public Aid	-	-	-	10,400	(10,400)
Security Aid	33,858	-	33,858	25,597	8,261
Bilingual Education	-	-	-	-	-
Demonstrably Effective	-	-	-	-	-
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	-	-
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	47,329	(47,329)
Total State Sources	<u>55,371</u>	<u>-</u>	<u>55,371</u>	<u>94,938</u>	<u>(39,567)</u>
<b>Total Revenues</b>	<u>2,354,950</u>	<u>-</u>	<u>2,354,950</u>	<u>2,395,179</u>	<u>(40,229)</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Teachers Salary	587,954	(82,932)	505,022	501,814	\$ 3,208
Other Salaries	208,432	120,749	329,181	329,180	1
Prof/Tech Services	20,000	20,186	40,186	40,186	-
Other Purchased Services (400-500 series)	3,600	5,751	9,351	9,229	122
General Supplies	80,000	87,767	167,767	163,203	4,564
Textbooks	90,000	(48,380)	41,620	40,761	859
Other Objects	10,000	3,935	13,935	8,870	5,065
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>999,986</u>	<u>107,076</u>	<u>1,107,062</u>	<u>1,093,243</u>	<u>13,819</u>

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For The Year Ended June 30, 2013**  
**(Unaudited)**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
<b>Support Services - General Administrative</b>					
Salaries of Administrative Salaries	118,000	66,119	184,119	182,094	2,025
Salaries of Secretarial and Clerical Assistants	-	131,663	131,663	119,109	12,554
Cost of Benefits	427,500	(104,281)	323,219	312,615	10,604
Consultants	298,000	(256,809)	41,191	37,440	3,751
Other Purchased Services (400-500 series)	22,850	(13,105)	9,745	9,743	2
Communications/Telephone	11,000	(2,548)	8,452	6,273	2,179
Supplies and Materials	6,100	3,790	9,890	9,890	-
Other Objects	6,000	5,999	11,999	10,926	1,073
	<u>889,450</u>	<u>(169,172)</u>	<u>720,278</u>	<u>688,090</u>	<u>32,188</u>
<b>Support Services - School Admin/Operation Plant Services</b>					
Salaries	98,564	(11,639)	86,925	74,855	12,070
Purchased Professional and Technical Services	34,500	158,426	192,926	191,387	1,539
Other Purchased Services	11,770	15,994	27,764	23,342	4,422
Rental of Land and Building- other than Lease Purchase Agreements	255,180	(134,556)	120,624	111,895	8,729
Insurance	34,500	17,885	52,385	51,872	513
General Supplies	7,000	9,529	16,529	15,654	875
Transportation- Trips	4,000	(2,312)	1,688	948	740
Energy (Energy and Electricity)	20,000	(20,000)	-	-	-
Other Objects	-	9,602	9,602	8,160	1,442
<b>Total Undist. Expend. - Other Oper. &amp; Maint. Of Plant</b>	<u>465,514</u>	<u>42,929</u>	<u>508,443</u>	<u>478,113</u>	<u>30,330</u>
<b>Food Service and After Care Program</b>					
Other Purchased Services	-	19,167	19,167	19,167	-
<b>Total Food Services</b>	<u>-</u>	<u>19,167</u>	<u>19,167</u>	<u>19,167</u>	<u>-</u>
On-behalf TPAF pension Contributions (non-budgeted)	-	-	-	-	-
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	47,329	(47,329)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,329</u>	<u>-</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>					
	<u>1,354,964</u>	<u>(107,076)</u>	<u>1,247,888</u>	<u>1,232,699</u>	<u>62,519</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>2,354,950</u>	<u>-</u>	<u>2,354,950</u>	<u>2,325,942</u>	<u>29,008</u>

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
 Budgetary Comparison Schedule  
 General Fund  
 For The Year Ended June 30, 2013  
 (Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Regular Programs - Instruction:</b>					
Instructional Equipment	-	-	-	-	-
Non-Instructional Equipment	-	-	-	-	-
Building Improvements	-	-	-	-	-
<b>Total Equipment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES- GENERAL FUND</b>	2,354,950	-	2,354,950	2,325,942	76,338
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>--</u>	<u>--</u>	<u>69,237</u>	<u>(67,961)</u>
<b>Other Financing Sources:</b>					
<b>Operating Transfer In:</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources:</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,237</u>	<u>(67,961)</u>
<b>Fund Balance, July 1</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,697</u>	
<b>Fund Balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,934</u>	<u>\$ (67,961)</u>

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(Unaudited)**

**Exhibit C-2**  
**Page 1**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources	\$ 8,999		\$ 8,999	\$ 8,999	
State Sources	-		-	-	
Federal Sources	34,026		34,026	34,026	
<b>Total Revenues</b>	<u>43,025</u>		<u>43,025</u>	<u>43,025</u>	
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	31,608		31,608	31,608	
Other Salaries for Instruction					
Purchased Professional -Educational Services					
Purchased Professional and Technical Services	8,999		8,999	8,999	
Transportation	-		-	-	
Other Purchased Services (400-500 series)	-		-	-	
Travel	-		-	-	
General Supplies	2,418		2,418	2,418	
Personal Services- Employee Benefits					
Field Trip Transportation					
Class Room Construction					
Other Objects	-		-	-	
<b>Total Instruction</b>	<u>43,025</u>		<u>43,025</u>	<u>43,025</u>	
<b>Support Services</b>					
Salaries of Supervisor of Instruction	-		-	-	
Salaries of Program Directors					
Salaries of Other Professional Staff	-		-	-	
Salaries of Secretaries & Clerical Assistants					
Other Salaries					
Personal Services - Employee Benefits	-		-	-	
Purchased Professional - Educational Services	-		-	-	
Other Purchased Professional Services					
Supplies					
Field Trips					
Scholarships					
Tuition					
Travel					
Other purchased Services (400-500 series)	-		-	-	
Building Improvements					
<b>Total Support Services</b>	<u>-</u>		<u>-</u>	<u>-</u>	

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(Unaudited)**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Buildings Improvements					
Instructional Equipment					
Noninstructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Transfer to Charter School</b>					
Total Expenditures	43,025		43,025	43,025	
<b>Other Financing Sources (Uses)</b>					
<b>Transfer in from General Fund</b>					
<b>Transfer Out to Whole School Reform (General Fund)</b>					
<b>Total Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>					
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures and Other Financing Sources (Uses)</b>					

**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to RSI**  
**For the Fiscal Year Ended June 30, 2013**  
**(Unaudited)**

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

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

## **SPECIAL REVENUE FUND**

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

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures- Budgetary Basis**  
**For the Year Ended June 30, 2013**

	TOTAL	IDEA PART B-Basic TITLE VI	NCLB TITLE I	Seeds of Change	Rotary Grant	Arter Charter
<b>REVENUES</b>						
Intergovernmental						
State						
Federal	34,026	23,820	10,206			
Other Sources						
Miscellaneous	8,999			2,120	4,254	2,625
Total Revenues	<u>43,025</u>	<u>23,820</u>	<u>10,206</u>	<u>2,120</u>	<u>4,254</u>	<u>2,625</u>
<b>EXPENDITURES</b>						
Instruction						
Salaries	31,608	22,127	9,481			
Other Purchased Services	0					
Purchased Prof. and Tech.and Edu Services	8,999			2,120	4,254	2,625
General Supplies	0					
Personal Services - Employee Benefits	2,418	1,693	725			
Field trip transportation	0					
Other Objects						
Class room construction	0					
Total Instruction	<u>43,025</u>	<u>23,820</u>	<u>10,206</u>	<u>2,120</u>	<u>4,254</u>	<u>2,625</u>
Support Services						
Salaries of Supervisors of Instruction						
Salaries of Program Directors						
Salaries of Other Prof. Staff						
Salaries of Secretarial and Clerical Ass't						
Personal Services - Employee Benefits						
Supplies and Materials						
Other Purchased Services						
Purchased Professional/Educational Services						
Class- room Improvements						
Building Improvements						
Non instructional Equipment						
Total Support Services	<u>0</u>			<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u>43,025</u>	<u>23,820</u>	<u>10,206</u>	<u>2,120</u>	<u>4,254</u>	<u>2,625</u>

## **PROPRIETARY FUNDS**

## **ENTERPRISE FUND**

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

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

Exhibit G-1

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Statement of Net Position**  
**June 30, 2013**

	<b>Business-Type                      Activities</b>
	<b>Enterprise Fund                      Food Services and                      After School                      Program</b>
<b>ASSETS</b>	
Current Assets	
Cash	\$43,058
Intergovernmental Receivable	
Federal	1,361
State	79
Accounts Receivable	0
Total Current Assets	44,498
Total Assets	44,498
<b>LIABILITIES</b>	
Cash Overdraft	
Deferred Revenue	35,717
Accounts Payable	
Total Current Liabilities	35,717
Net Position	
Unrestricted	8,781
Invested in capital assets net of related debt	
Total Net Position	8,781

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**Year Ended June 30, 2013**

	<u>Business-Type Activities</u> Enterprise Fund Summer Camp	<u>Business-Type Activities</u> Enterprise Fund Enrichment Program	<u>Business-Type Activities</u> Enterprise Fund After School Program	Enterprise Fund Food Services	Total Enterprise Fund
<b>OPERATING REVENUES</b>					
Local Sources					
Daily Sales - Reimbursable Programs					
After School Revenue	\$18,947	\$74,850	\$106,073		\$199,870
Self Pay Revenue				57,133	57,133
Total Operating Revenues	18,947	74,850	106,073	57,133	257,003
<b>OPERATING EXPENSES</b>					
Salaries, wages and employee benefits	9,870	18,496	95,393	37,950	161,709
Supplies, Materials & Other	1,335	20,150	994	53,570	76,049
Professional Services	5,095	44,153	3,552		52,800
Total Operating Expenses	16,300	82,799	99,939	91,520	290,558
Income (Loss) From Operations	2,647	(7,949)	6,134	(34,387)	(33,555)
Nonoperating Revenues					
State Sources					
State Sources				792	792
Federal Sources					
School Breakfast Program					
National School Lunch Program				14,428	14,428
Board Subsidy	0	0	0	19,167	19,167
Total Nonoperating Revenues	0	0	0	34,387	34,387
Net Income (Loss)	2,647	(7,949)	6,134	(0)	832
Total Net Position - Beginning of Year		7,949		0	7,949
Total Net Position - End of Year	\$2,647	\$0	\$6,134	(\$0)	\$8,781

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Statements of Cash Flows**  
**For the Year Ended June 30, 2013**

	<u><b>2013</b></u>
Cash flows from operating activities	
Cash Received from Customers	284,605
Cash Payments to Employee's Salaries and Benefits	(161,709)
Cash Payments to Suppliers for Goods and Services	(128,849)
Net Cash (Used) by Operating Activities	<u>(5,953)</u>
 Cash Flows from Noncapital Financing Activities	
Cash Received from General Fund Transfer (Contribution)	19,167
Cash Received from State and Federal Subsidy Reimbursements	16,509
Net Cash Provided by Noncapital Financing Activities	<u>35,676</u>
 Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	<u>          </u>
Net Increase in Cash and Cash Equivalents	29,723
Cash and Cash Equivalents, Beginning of Year	13,335
Cash and Cash Equivalents, End of Year	<u><u>\$43,058</u></u>
 Reconciliation of Operating (Loss) to Net Cash	
Used by Operating Activities	
Operating (Loss)	<u>\$832</u>
Adjustments to Reconcile Operating (Loss) to	
Net Cash Used by Operating Activities	
Depreciation	
Increase in Accounts Receivable	1,289
USDA Commodities	
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	0
Increase/(Decrease) in Deferred Revenue	27,602
Increase/(Decrease) in Compensated Absences	
Increase/(Decrease) in Inventory	
Total Adjustment	<u>28,891</u>
 Net Cash Used by Operating Activities	<u><u>\$29,723</u></u>

## **FIDUCIARY FUNDS**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Combining Statement of Agency Fund Net Position**  
**Fiduciary Funds**  
**As of June 30, 2013**

	<u>Payroll</u> <u>Agency</u>	<u>Unemployment</u> <u>Account</u>	<u>Summer</u> <u>Savings</u>	<u>TOTAL</u>
<b>ASSETS</b>				
Cash	\$24,970	\$100	\$30,880	\$55,950
Total Assets	<u>\$24,970</u>	<u>\$100</u>	<u>\$30,880</u>	<u>\$55,950</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Intergovernmental Payble - State				
Payroll Deductions and Withholdings	24,970	100	30,880	55,950
Accrued Salaries and Wages				
Due to Student Groups				
Total Liabilities	<u>24,970</u>	<u>100</u>	<u>30,880</u>	<u>55,950</u>
Net Position				
Reserve For Unemploy. Trust Fund				
Total Net Position				
Total Liabilities and Net Position	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Exhibit H-2**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
Nonexpendable Trust Fund  
Combining Statement of Agency Fund Net Position  
Fiduciary Funds  
As of June 30, 2013**

**NOT APPLICABLE**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**Fiduciary Funds**  
**For the 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 ACTIVITY	\$0	\$502	\$0	\$502
Total	\$0	\$502	\$0	\$502

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2013**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	_____	\$1,052,999	\$1,052,999	_____
Total Liabilities	=====	1,052,999	1,052,999	=====
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	_____	442,076	442,076	_____
Accrued Salaries and Wages	_____	610,923	610,923	_____
Total Liabilities	=====	\$1,052,999	\$1,052,999	=====

Exhibit H-5

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Unemployment Compensation Insurance Trust Fund**  
**Statement of Receipts and Disbursements**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2013**

**NOT APPLICABLE**

## **FINANCIAL TRENDS**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**NET POSITION BY COMPONENT**  
**FOR THE YEARS ENDED JUNE 30**  
**(Unaudited)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities			
Invested in capital assets, net of related debt	\$ 112,197	\$ 130,020	\$ 126,645
Restricted			
Unrestricted	112,934	43,697	37,337
Total governmental activities net position	<u>\$ 225,131</u>	<u>\$ 173,717</u>	<u>\$ 163,982</u>
Business-type activities			
Invested in capital assets, net of related debt			
Restricted	8,581	7,949	3,154
Unrestricted	<u>\$ 8,581</u>	<u>\$ 7,949</u>	<u>\$ 3,154</u>
Total business-type activities net position			
School-wide			
Invested in capital assets, net of related debt	112,197	130,020	126,645
Restricted	-	-	-
Unrestricted	121,515	51,646	40,491
Total school net position	<u>\$ 233,712</u>	<u>\$ 181,666</u>	<u>\$ 167,136</u>

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30**  
**(Unaudited)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Expenses</b>			
Governmental activities			
Instruction			
Regular	1,136,268	916,824	634,903
Support Services:			
General administration	688,090	654,552	414,013
School Administrative Services	497,280	381,492	272,980
On-behalf TPAF Social Security	47,329	72,851	30,031
Capital outlay	0	0	129,268
Unallocated depreciation	17,823	4,925	2,623
Total governmental activities expenses	<u>2,386,790</u>	<u>2,030,644</u>	<u>1,483,818</u>
Business-type activities:			
Food service	91,520	169,364	58,702
Child Care	199,038	54,061	128,522
Total business-type activities expense	<u>290,558</u>	<u>223,425</u>	<u>187,224</u>
Total school expenses	<u>2,677,348</u>	<u>2,254,069</u>	<u>1,671,042</u>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
National Lunch Program		5,977	10,839
Pupil transportation			
Central and other support services			
Special revenue grants	43,025	50,278	118,304
Operating grants and contributions			30,032
Capital grants and contributions			
Total governmental activities program revenues	<u>43,025</u>	<u>56,255</u>	<u>159,175</u>
Business-type activities:			
Charges for services			
Food service	91,520	48,084	48,661
Child care	199,870	174,159	100,846
Operating grants and contributions			
Capital grants and contributions			
Total business type activities program revenues	<u>291,390</u>	<u>222,243</u>	<u>149,507</u>
Total school program revenues	<u>334,415</u>	<u>278,498</u>	<u>308,682</u>
<b>Net (Expense)/Revenue</b>			
Governmental activities	(\$2,343,765)	(\$1,980,366)	(\$1,365,514)
Business-type activities	\$832	\$4,795	\$3,154
Total school-wide net expense	<u>(\$2,342,933)</u>	<u>(\$1,975,571)</u>	<u>(\$1,362,360)</u>

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30**  
**(Unaudited)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities:			
Local share	1,977,856	1,575,106	685,134
State Share	219,302	197,464	507,841
State and Federal Aid aid	94,938	98,609	132,227
Miscellaneous income	103,083	110,622	75,026
Increase in Net Capital Outlay		8,300	129,268
Transfers			
Total governmental activities	<u>2,395,179</u>	<u>1,990,101</u>	<u>1,529,496</u>
Business-type activities:			
Investment earnings			
Transfers	<u>0</u>	<u>0</u>	<u>0</u>
Total business-type activities	<u>0</u>	<u>0</u>	<u>0</u>
Total school-wide	<u>2,395,179</u>	<u>1,990,101</u>	<u>1,529,496</u>
<b>Change in Net Position</b>			
Governmental activities	\$51,414	\$9,735	\$163,982
Business-type activities	\$832	\$4,795	\$3,154
Total school	<u>\$52,246</u>	<u>\$14,530</u>	<u>\$167,136</u>

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund			
Reserved			\$ -
Unreserved	112,934	46,697	37,337
Total general fund	<u>\$ 112,934</u>	<u>\$ 46,697</u>	<u>\$ 37,337</u>
All Other Governmental Funds			
Reserved			
Unreserved, reported in:			
Special revenue fund			
Capital projects fund			
Debt service fund			
Permanent fund			
Total all other governmental funds	<u>_____</u>	<u>_____</u>	<u>_____</u>

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Revenues</b>			
Local tax Levy	\$1,977,856	\$1,575,106	\$685,134
Other local revenue	219,302	110,622	75,026
Miscellaneous Income	112,082		
State sources	47,609	296,073	640,068
Federal sources	34,026	50,278	118,304
Total revenue	<u>2,390,875</u>	<u>2,032,079</u>	<u>1,518,532</u>
<b>Expenditures</b>			
Instruction	1,093,243	846,246	516,599
Regular Instruction			
Support Services:			
General administration	688,090	654,552	414,013
School administrative services/Plant	478,113	381,492	270,048
TPAF Social Security	0	72,851	32,963
Food Service	19,167		
Capital outlay	0	0	129,268
Debt service:			
Principal			
Interest and other charges			
Special Revenue	43,025	70,578	118,304
Total expenditures	<u>2,321,638</u>	<u>2,025,719</u>	<u>1,481,195</u>
Excess (Deficiency) of revenues over (under) expenditures			
<b>Other Financing sources (uses)</b>			
Proceeds from borrowing			
Capital leases (non-budgeted)			
Proceeds from refunding			
Payments to escrow agent			
Transfers in			
Transfers out			
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	<u>\$ 69,237</u>	<u>\$ 6,360</u>	<u>\$ 37,337</u>

## **REVENUE CAPACITY**

Exhibit J-5

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

	<u>Philanthropic Support</u>	<u>Other Local</u>	<u>Annual Totals</u>
2011	71,518	3,508	75,026
2012	90,322		90,322
2013	98,033	4,430	102,463

**Source: School records**

**Exhibit J-6**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
Assessed Value and Actual Value of Taxable Property  
For the Year Ended June 30, 2013  
(Unaudited)**

**NOT APPLICABLE**

**Exhibit J-7**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
Direct and Overlapping Property Tax Rates  
For the Year Ended June 30, 2013  
(Unaudited)**

**NOT APPLICABLE**

**Exhibit J-8**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
Principal Property Taxpayers  
For the Year Ended June 30, 2013  
(Unaudited)**

**NOT APPLICABLE**

## **DEBT CAPACITY**

**Exhibit J-9**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
Property Tax Levies and Collections  
For the Year Ended June 30, 2013  
(Unaudited)**

**NOT APPLICABLE**

**Exhibit J-10**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
Ratios of Outstanding Debt by Type  
For the Year Ended June 30, 2013  
(Unaudited)**

**NOT APPLICABLE**

**Exhibit J-11**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
Ratios of Net General Bonded Debt Outstanding  
For the Year Ended June 30, 2013  
(Unaudited)**

**NOT APPLICABLE**

**Exhibit J-12**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
Direct and Overlapping Governmental Activities Debt  
For the Year Ended June 30, 2013  
(Unaudited)**

**NOT APPLICABLE**

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**Exhibit J-13**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
Legal Debt Margin Information  
For the Year Ended June 30, 2013  
(Unaudited)**

**NOT APPLICABLE**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Demographic and Economic Statistics**  
**For the Year Ended June 30, 2013**  
**(Unaudited)**

**NOT APPLICABLE**

**OPERATING INFORMATION  
(UNAUDITED)**

**Exhibit J-15**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
Principal Employers  
For the Year Ended June 30, 2013  
(Unaudited)**

**NOT APPLICABLE**

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

<u>Function/Program</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Instruction			
Regular	15	12	11
Special education			0
Other special education			
Vocational			
Other instruction			
Nonpublic school programs			
Adult/continuing education programs			
Support Services:			
Student & instruction related services			0
General administration	1	1	1
School administrative services	2	2	3
Other administrative services			
Central services			
Administrative Information Technology			
Plant operations and maintenance	1		0
Pupil transportation			
Other support services			0
Special Schools			
Food Service	2	2	1
Child Care			0
Total	<u>21</u>	<u>17</u>	<u>16</u>

**Source:** School Personnel Records

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Operating Statistics**  
**For the Years Ended June 30**  
**(Unaudited)**

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary and Middle School	Senior High School				
2011	132	1,292,239	9,789	N/A	6	6	N/A	132	130	N/A	98.50%
2012	190	1,955,141	10,290	5.12%	8	8	N/A	174	169	31.82%	97.00%
2013	208	2,276,385	10,944	6.36%	13	13	N/A	207	201	18.97%	97.10%

Sources: School records

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**School Building Information**  
**For the Years Ended June 30**  
**(Unaudited)**

<u>School Building</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Main Campus			
Square Feet	15,000	15,000	15,000
Capacity (students)	220	220	220
Enrollment	132	132	132
Second Campus			
Square Feet			
Capacity (students)			
Enrollment			
Number of Schools at June 30			
Elementary and Middle School =	1	1	1

**Source:** School Office

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
General Fund - Schedule of Required Maintenance By School Facility  
For the Years Ended June 30  
(Unaudited)**

**NOT APPLICABLE**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**Insurance Schedule**  
**For the Year Ended June 30, 2013**  
**(Unaudited)**

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

Source: Charter School Records

**CHARTER SCHOOL PERFORMANCE  
FRAMEWORK FINANCIAL INDICATORS**

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**FINANCIAL PERFORMANCE - FINANCIAL RATIOS**  
**JUNE 30, 2013**  
**Unaudited**

**Charter School Performance Framework Financial Indicators**  
**Sustainability Indicators**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	
Cash	11,965	18,089	128,035	
<b>CURRENT ASSETS</b>	<u>104,000</u>	<u>108,668</u>	<u>203,591</u>	
Capital Assets-Net	126,645	130,020	112,197	
<b>Total Assets</b>	<u>230,645</u>	<u>238,688</u>	<u>315,788</u>	
Current Liabilities	63,509	57,022	81,876	
Long Term Liabilities	0	0	0	
<b>Total Liabilities</b>	<u>63,509</u>	<u>57,022</u>	<u>81,876</u>	
<b>Net Position</b>	<u>167,136</u>	<u>181,666</u>	<u>233,912</u>	
Total Revenue	1,708,910	2,260,299	2,729,594	
Total Expenses	<u>(1,668,419)</u>	<u>(2,249,144)</u>	<u>(2,659,525)</u>	
<b>Change in Net Position</b>	<u>40,491</u>	<u>11,155</u>	<u>70,069</u>	
Depreciation	2,623	4,925	17,823	
Principal Payments	0	0	0	
Interest payments	0	0	0	
Final average daily enrollment	130	190	201	
March 30th budgeted Enrollment	130	190	200	
<b>Near term indicators</b>	<u><b>2011</b></u>	<u><b>2012</b></u>	<u><b>2013</b></u>	<u><b>Three Year Accumulative</b></u>
<b>CURRENT RATIO</b>	1.64	1.91	2.49	6.04
Unrestricted days cash	2.62	2.94	17.57	23.13
Enrollment variance	100%	100%	100%	100%
Default	N/A	N/A	N/A	N/A

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL**  
**FINANCIAL PERFORMANCE - FINANCIAL RATIOS**  
**JUNE 30, 2013**  
**Unaudited**

**Charter School Performance Framework Financial Indicators**  
**Sustainability Indicators**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	
Cash	11,965	18,089	128,035	
CURRENT ASSETS	104,000	108,668	203,591	
Capital Assets-Net	126,645	130,020	112,197	
Total Assets	<u>230,645</u>	<u>238,688</u>	<u>315,788</u>	
Current Liabilities	63,509	57,022	81,876	
Long Term Liabilities	0	0	0	
Total Liabilities	<u>63,509</u>	<u>57,022</u>	<u>81,876</u>	
Net Position	<u>167,136</u>	<u>181,666</u>	<u>233,912</u>	
Total Revenue	1,708,910	2,260,299	2,729,594	
Total Expenses	<u>(1,668,419)</u>	<u>(2,249,144)</u>	<u>(2,659,525)</u>	
Change in Net Position	<u>40,491</u>	<u>11,155</u>	<u>70,069</u>	
Depreciation	2,623	4,925	17,823	
Principal Payments	0	0	0	
Interest payments	0	0	0	
Final average daily enrollment	130	190	201	
March 30th budgeted Enrollment	130	190	200	
Sustainability Indicators	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Three Year Indicators</u>
Total margin	2%	1%	3%	6%
Debt to Asset cash flow	N/A	N/A	N/A	N/A
	11,965	6,124	109,946	128,035
Debt Service Coverage ratio	N/A	N/A	N/A	N/A

**SINGLE AUDIT SECTION K**

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**EXHIBIT K-1**

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

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

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hoboken Dual Language Charter School ("the Charter School"), in the County of Hudson, State of New Jersey, as of and for the 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 my report thereon, dated November 18, 2013.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I 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 my 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, I 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 a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

My 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 weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any

deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses 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 of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*.

I also noted certain matters that I reported to management of the Hoboken Dual Language Charter School in a separate report entitled, "Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance" dated November 18, 2013.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Licensed Public School Accountant No. 870

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

Scott J Loeffler, CPA

November 18, 2013

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**EXHIBIT K-2**

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

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

**Compliance**

I have audited the Hoboken Dual Language Charter School, in the County of Hudson, State of New Jersey's ("the Charter School") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Charter School's major federal and state programs for the year ended June 30, 2013. The Charter School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditors' Responsibility**

My responsibility is to express an opinion on compliance for each of the Charter School's major federal and state programs based on my audit of the types of compliance requirements referred to above. I conducted my 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; *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*; *OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations*; and *State of New Jersey Department of Treasury Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

Those standards, OMB Circular A-133 and State of New Jersey Department of Treasury Circular 04-04-OMB require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal and state program. However, my audit does not provide a legal determination of the Charter School's compliance.

### **Opinion on Each Major Federal and State Program**

In my opinion, the Charter School 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 federal and state program for the year ended June 30, 2013.

### **Report on Internal Control over Compliance**

Management of the Charter 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 my audit of compliance, I 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 federal and 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 federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Department of Treasury Circular 04-04-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

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

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and State of New Jersey Department of Treasury Circular 04-04-OMB. Accordingly, this report is not suitable for any other purpose.

Licensed Public School Accountant No. 870

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

Scott J. Loeffler, CPA  
November 18, 2013

EXHIBIT A

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2013

<u>Federal/Grantor Program Title</u>	<u>CFDA/GRANT Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2012</u>	<u>Prior Carry-over</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Refund of Prior Years' Balances</u>	<u>Adjust</u>	<u>Deferred Revenue/ (Accounts Receivable) June 30, 2013</u>	<u>Due to Grantor at June 30, 2013</u>
<b>Food Subsidy</b>											
Federal School Lunch	10.555	07/02/12-06/30/13	19,167	(\$2,566)		\$15,633	\$14,428			(\$1,361)	
<b>Special Revenue</b>											
<b>NCLB</b>											
Title I NCLB	84.01	07/02/12-06/30/13	10,206	(7,798)		16,704	10,206			(1,300)	
Title VI- IDEA Basic	84.027	07/02/12-06/30/13	19,008	<u>(3,681)</u>		<u>17,872</u>	<u>23,820</u>			<u>(9,629)</u>	
Total Special Revenue			23,820	(11,479)		34,576	34,026			(10,929)	---
Total				<u>(\$14,045)</u>		<u>\$50,209</u>	<u>\$48,454</u>			<u>(\$12,290)</u>	

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

EXHIBIT - B

HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
 Schedule of Expenditures of State Awards  
 For the Year Ended June 30, 2013

<u>State Grantor/Program Title</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2012</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Refund of Prior Years' Balances</u>	<u>Adjust</u>	<u>Deferred Revenue/ (Accounts Receivable) June 30, 2012</u>	<u>Due to Grantor at June 30, 2013</u>
GENERAL FUND										
TPAF Social Security	13-495-034-5095-002	7/1/12-06/30/13	47,329		47,329	47,329				
On Behalf Pension	13-495-034-5095-001	7/1/12-06/30/13			0					
					0					
Equalization Aid	13-495-034-5120-078	7/1/12-06/30/13	1,977,856		1,977,856	1,977,856				
Equalization Aid	13-495-034-5120-078	7/1/12-06/30/13	219,302		219,302	219,302				
Special Education	13-495-034-5120-089	7/1/12-06/30/13	11,612		11,612	11,612				
Nonpublic Aid	13-495-034-5120-060	7/1/12-06/30/13	10,400		10,400	10,400				
Security Aid	13-495-034-5120-084	7/1/12-06/30/13	25,597		25,597	25,597				
Total General Fund					2,292,096	2,292,096				
SPECIAL REVENUE FUND										
Total Special Revenue Fund			-		-	-				
State School Lunch	13-100-034-5120-122	7/1/12-06/30/13	792	(163)	876	792				(79)
GRAND TOTAL				(163)	2,292,972	2,292,888			\$	(79)

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

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL  
AND STATE ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2013**

**NOTE 1. GENERAL**

The accompanying schedules present the activity of all federal and state assistance programs of the Board of Trustees of the Hoboken Dual Language Charter School. The Board of Trustees is defined in the Notes to the school's basic financial statements. All federal and state assistance 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 are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the school's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and NJOMB Circular 04-04. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant account budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's basic financial statements on a GAAP basis as follows:

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL  
AND STATE ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2013**

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

	<b>Federal</b>	<b>State</b>	<b>Total</b>
General Fund	\$ ---	\$2,292,096	\$2,292,096
Special Revenue Fund	34,026	-0-	34,026
Food Service Fund	<u>14,428</u>	<u>792</u>	<u>19,959</u>
Total Awards and Financial Assistance	<u>\$ 48,454</u>	<u>\$ 2,292,888</u>	<u>\$ 2,346,081</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2013. TPAF Social Security Contributions of \$47,329 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 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

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

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
COUNTY OF HUDSON, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013**

**PART 1 – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statement Section**

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

**Federal Awards**

Internal control over compliance:		
Material weakness(es) identified?		X
Significant deficiencies identified not considered to be material weakness(es)?		X

Type of auditor’s report on compliance for major programs:	Unmodified	None Reported
Any audit findings disclosed that are required to be Reported in accordance with Circular A-133 (section .510a)?		X

Identification of major programs:

<u><b>C DFA Number(s)</b></u>	<u><b>Name of Federal Program</b></u>	
None	None	
Dollar threshold used to distinguish between type A and type B programs (.520)		\$300,000
Auditee qualified as low risk auditee:		X

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
COUNTY OF HUDSON, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013**

**PART 1 – SUMMARY OF AUDITOR’S RESULTS (Continued)**

<b>State Awards</b>	<b><u>YES</u></b>	<b><u>NO</u></b>
Dollar threshold used to distinguish between type A and type B programs (.520)	\$300,000	
Auditee qualified as low risk auditee:	<b>X</b>	
Type of auditor’s report issued:	Unmodified	
Internal control over major programs:		
Material weakness(es) identified:		<b>X</b>
Significant deficiencies identified not considered to be material weakness(es)?		<b>X</b>
Type of auditor’s report on compliance for major programs:	Unmodified	None Reported
Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 04-04?		<b>X</b>
Identification of major programs:		
<u><b>C DFA Number(s)</b></u>		
<u><b>Name of State Program</b></u>		
13-495-034-5120-078		Equalization Aid - Cluster

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
COUNTY OF HUDSON, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013**

**PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS**

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

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
COUNTY OF HUDSON, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2013**

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

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

**HOBOKEN DUAL LANGUAGE CHARTER SCHOOL  
SUMMARY OF SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Status of Prior Year Findings**

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