COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CLASSICAL ACADEMY CHARTER SCHOOL
OF CLIFTON, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

CLASSICAL ACADEMY CHARTER SCHOOL
JUNE 30, 2013
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Classical Academy Charter School of Clifton
20 Valley Road, Clifton, New Jersey 07013 • Tel: (973) 278-7707 • Fax: (973) 278-7720

November 25, 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 Classical Academy 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:** Classical Academy 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.

Now in its 15th year of existence, the Classical Academy Charter School of Clifton, Passaic County's first public charter school, continues to reach new milestones. Each year the school realizes its mission and attains, indeed, surpasses by large margins, many of its goals and objectives for collective and individual high student learning outcomes, and for achieving overall institutional success, objectively measured and acclaimed.

For a more detailed account of the Classical Academy's school and academic program, and the school's many accomplishments, interested parties are urged to call the school (973-278-7707) and request a copy of the 'Academic and School Program,' or consult the state's online 'Report Card' (the narrative portion) or the Classical Academy's own website: (www.classicalacademy.org)

2) **ENROLLMENT OUTLOOK:** The Classical Academy's success and growing reputation is shown, by one important measure, in the strong demand for Classical Academy admissions as demonstrated when Clifton parents have the opportunity to exercise parental choice in public middle-school education. Although the school reaches out to the community by advertisements, articles about the school in local newspapers, and other means, most admission applicants, having heard about the school's highly-deserved reputation for excellence, are referred to the school by neighbors, relatives, friends, from those who have had their own children attend the Classical Academy. The Classical Academy receives approximately two applications for every 6th grade admissions vacancy. Mirroring exactly the demographics of Clifton, NJ public schools, 85% of the Classical Academy's typical school enrollment are students whose parents or they themselves were born outside the U.S.; 65% of the school's student population is of Hispanic heritage. The school's 'poverty rate' based on students qualifying for 'Free or Reduced Lunch Program' averages 40% each year. In the future, the school intends to add the 4th and 5th grades.

3) **MAJOR ACCOMPLISHMENTS** – The Classical Academy's three-year academic program in grades 6, 7, and 8, and its practices and policies continue to prove highly effective in producing high student learning outcomes at lost costs - about 60%-70% of the prevailing north Jersey 'per pupil cost.' For the fifth consecutive year, 100% of 8th grade students passed all three tested subjects (language arts, mathematics, and science) on the 8th grade state-mandated 'ASK-8' test.

That the Classical Academy produces outstanding results, consistently and at the highest levels, is not a subjective appraisal. In 2008 the Federal Dept. of Education honored the school with a 'National Blue Ribbon School of Excellence' award (only the 2nd New Jersey public charter school in 16 years to be so honored); in 2012 the New Jersey Dept. of Education designated the Classical Academy a 'REWARD' school, its designation for high-achieving public schools, charter and traditional; and in 2013, the 'New Jersey Campaign for Achievement Now' (NJCAN), a citizens education action group, recognized the Classical Academy with its 'TOP TEN' awards: one award for being a top ten NJ school for educating 'Low Income Students' and another 'Top Ten' award for educating to high levels 'Latino Students,' and one for overall excellence in middle-school education.

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 Board of Trustees 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 Sources	$915,775	74%
State Sources	294,170	24%
Other Sources	3,126	0%
Federal Source	23,746	2%
	$1,236,817	100%

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

Expenditures	Amount	Percent of Total
Current Expense	$952,767	97%
Capital Outlay	8,397	1%
Special Revenue	23,746	2%
	$ 984,910	100%

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, fire and theft insurance on property and contents. The School also has student insurance coverage.

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,

Vincent DeRosa
School Head/Lead Teacher

CLASSICAL ACADEMY CHARTER SCHOOL

ROSTER OF TRUSTEES AND OFFICERS
JUNE 30, 2013

BOARD OF TRUSTEES	TERM EXPIRES
Rosa Richards, President	2013
John DeVita, Board member	2015
Joan Rios	2013
Punita Meghani	2015
James Masker	2013
Angel Robinson	2014
Vincent De Rosa, Founder, School Head/Lead Teacher, and Recording Board Secretary [Non Voting]	
Magda De Rosa, Administrative Assistant and Assistant SBA [Non Voting]	
Richard Raschdorf, School Business Administrator [Non Voting]	

CONSULTANTS AND ADVISORS

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

ATTORNEYS
Deborah J. Massaro, Esq.
1 Marilyn Place
Clifton, NJ 07011

OFFICIAL DEPOSITORY
TD Bank North
Clifton, NJ

FINANCIAL SECTION

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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
Classical Academy Charter School
County of Passaic
Clifton, 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 Classical Academy Charter School, County of Passaic, 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 Classical Academy 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 Classical Academy 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 Classical Academy 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 are 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 25, 2013 on my consideration of the Classical Academy 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 Classical Academy Charter School's internal control over financial reporting and compliance.

Licensed Public School Accountant No. 870

Scott J. Loeffler, CPA
November 25, 2013

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Management's Discussion and Analysis
Year Ended June 30, 2013
(Unaudited)

This section of Classical Academy 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

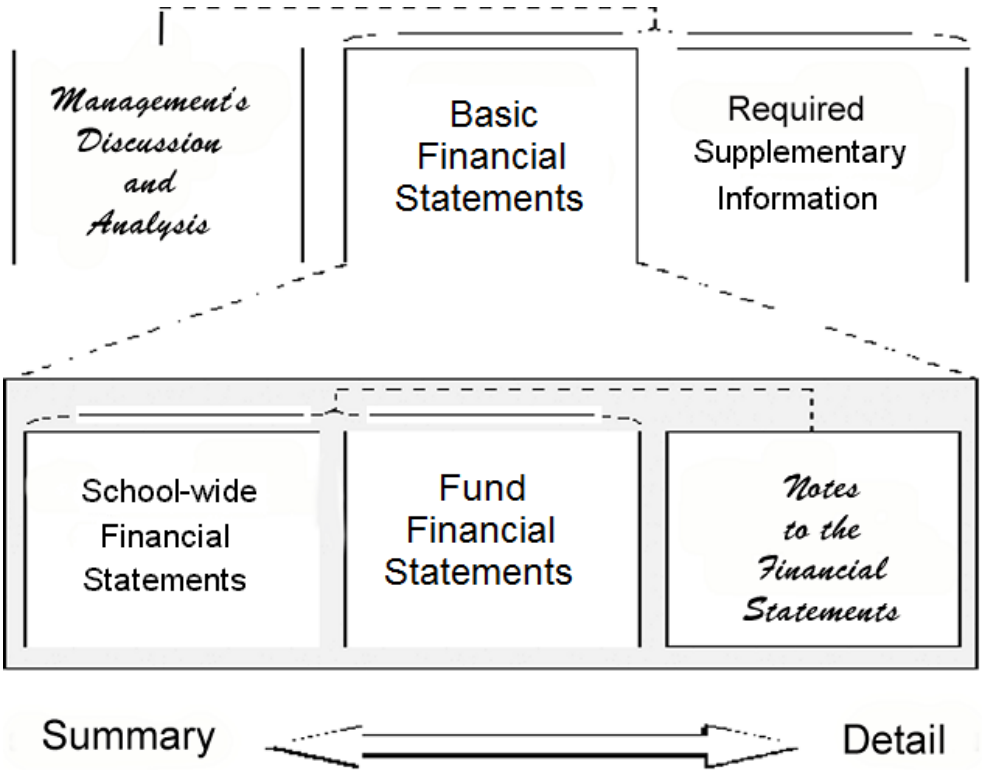
Key financial highlights for the 2012-13 fiscal year include the following:

- Total Net Position was $2,294,141.
- Total Net Position increased by $226,603 from July 1, 2012 to June 30, 2013.
- The General Fund balance at June 30, 2013 is $1,677,609 of which $600,000 is reserved for capital reserve, an increase of $251,907 when compared with the beginning balance at July 1, 2012.

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 Classical Academy Charter School.

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 Classical Academy Charter School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Classical Academy Charter School, reporting the Classical Academy 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 Classical Academy Charter School operates like businesses.

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 Classical Academy Charter School's financial statements, including the portion of the Classical Academy 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

	School-wide Statements	Fund Financial Statements	
		Governmental Funds	**Proprietary Funds**
Scope	Entire school (except fiduciary funds)	The activities of the Classical Academy 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 Classical Academy Charter School operates similar to private businesses: Internal service fund
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenue expenditures and changes in fund balances	Statement of net position Statement of revenue, expenses, and changes in fund net position Statement of cash flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; 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/out flow 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

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Management's Discussion and Analysis
Year Ended June 30, 2013
(Unaudited)

School-wide Statements

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

In the school-wide financial statements, the Classical Academy Charter School's activities are shown in two categories:

- *Governmental activities*- Most of the Classical Academy 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 Classical Academy Charter School does not utilize the enterprise fund.

Fund Financial Statements

The fund financial statements provide more detailed information about the Classical Academy Charter School's funds – focusing on its most significant or "major" funds – not the Classical Academy Charter School as a whole.

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

Some funds are required by State law and by bond covenants.

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Management's Discussion and Analysis
Year Ended June 30, 2013
(Unaudited)

The Classical Academy 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 Classical Academy Charter School has three kinds of funds:

- **Governmental funds**- Most of the Classical Academy 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 Classical Academy 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 Classical Academy 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 Classical Academy 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 Classical Academy Charter School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Classical Academy 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 Classical Academy Charter School's government-wide financial statements because the Classical Academy Charter School cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CLASSICAL ACADEMY PUBLIC SCHOOLS AS A WHOLE

Net position. The Classical Academy Charter School's net position was $2,294,141 on June 30, 2013. (See Table A-1).

Governmental	$ 2,294,141
Business Activities Food Service	-
Total	$ 2,294,141

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Management's Discussion and Analysis
Year Ended June 30, 2013
(Unaudited)

The Classical Academy Charter School's financial position is the product of these factors:

- General fund revenues during the 2012-13 school year were $1,236,817.
- Expenditures were $984,910.

Table A-1
CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Statement of Net Position
As of June 30, 2013

		Total
Current and Other Assets		$1,737,132
Capital Assets (Including Business Activities)		616,532
	Total Assets	**$2,353,664**
Long-Term Liabilities		-
Other Liabilities		59,513
	Total Liabilities	**59,513**
Net Assets:		
	Invested In Capital Assets, Net of Related Debt	616,532
	Restricted	600,000
	Unrestricted	1,077,609
	Total Net Position	**$2,294,141**

Total Governmental and Business Activities revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net position of $2,294,141 on June 30, 2013.

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Management's Discussion and Analysis
Year Ended June 30, 2013
(Unaudited)

Table A-2
CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2013

Revenues		**Total**
Program revenues		
Charges for services		
Operating grants and contributions		
General revenues		
Local Share	$	915,775
State Aid-Unrestricted		294,170
Federal Aid-Restricted		23,746
Other		3,126
Decrease in Net Assets		(25,304)
Total revenues	**$**	**1,211,513**
Expenses		
Regular Instruction		520,890
General Administrative		281,914
School Administrative		131,841
On-behalf TPAF Social Security		41,868
Capital Outlay		8,397
Food Service		---
Total expenses	**$**	**984,910**
Increase in net position		226,603
Net Position, Beginning July 1		2,067,538
Net Position, End of Year June 30	**$**	**2,294,141**

Changes in Net Position. The Classical Academy Charter School's total revenues were $1,236,817. Local shares of $915,775 represented 74% of revenues. The state aid of $294,170 represented 24% of revenues, federal aid $23,746 represented 1% of revenues and other revenues of $3,126 represented 1% of revenues.

The Classical Academy Charter School's expenditures of $984,910 are predominantly related to instruction and support services. Instruction expenditures totaled $520,890 (53%) of total expenditures. Support services and capital outlay, $464,020 (47%) of total expenditures). (See Figure A-2)

Table A-3 (See Exhibit A-2)
CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2013

Functions/Programs	Source	Total Cost of Services	Net Cost of Services
Governmental Activities			
Instruction			
Regular	B-2	$ 520,890	$ 520,890
Support Services			
General Administrative Services	B-2	281,914	281,914
School Administrative Services	B-2	131,841	131,841
On-behalf TPAF Social Security	B-2	41,868	41,868
Capital Outlay	B-2	8,397	8,397
Total Governmental Activities		$ 984,910	$ 984,910

FINANCIAL ANALYSIS OF THE CLASSICAL ACADEMY CHARTER SCHOOL AS A WHOLE

The financial performance of the Classical Academy Charter School as a whole is reflected in its governmental activities Exhibit A-2. As the Classical Academy Charter School completed the year, its general funds reported a combined fund balance of $1,677,609.

Revenues for the Classical Academy Charter School's governmental funds were $1,236,817 while total expenditures were $984,910. (Table A-2) (Exhibit A-2)

GENERAL FUND

The General Fund includes the primary operations of the Classical Academy Charter School in providing educational services to students from grade 5 through grade 8.

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Management's Discussion and Analysis
Year Ended June 30, 2013
(Unaudited)

The following schedule presents a summary of General Fund Revenues. The summary reflects the dollar increases (decreases) from the prior year.

Table A-4 (See Exhibit B-2)
CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Changes in Net Position - School Wide
For the Years Ended June 30, 2013 and 2012

General Fund Revenues	Year Ended 06/30/2013	Year Ended 06/30/2012	Amount of Increase (Decrease)
Local Sources:			
Local Share	$915,775	$854,582	$61,193
Other Local Revenue	3,126	4,701	(1,575)
Total Local Sources	$918,901	$859,283	$59,618
Intergovernmental			
State Sources	$294,170	$345,017	($50,847)
Other Sources	0	0	0
Federal Sources	23,746	0	23,746
Total Intergovernmental Sources	$317,916	$345,017	($27,101)
Total Revenue	$1,236,817	$1,204,300	$32,517

The following schedule presents a summary of General Fund expenditures. The summary reflects the dollar increases (decreases) from the prior year.

Table A-5 (See Exhibit B-2)
CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Changes in Net Position - School Wide
For the Years Ended June 30, 2013 and 2012

General Fund Expenditures	Year Ended 06/30/2013	Year Ended 06/30/2012	Amount of Increase (Decrease)
Current:			
Regular Instruction	$ 520,890	$ 492,455	$ 28,435
General Administrative Services	281,914	263,412	18,502
School Administration	131,841	129,593	2,248
On-behalf TPAF Social Security	41,868	36,609	5,259
Capital outlay	8,397	-	8,397
Total Expenditures	$ 984,910	$ 922,069	$ 62,841

Total General Fund expenditures increased by $62,841 over June 30, 2012.

UNRESERVED-UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES

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

Table A-6
CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2013

General Fund	2013	2012	2011	2010	2009	2008
Unreserved-Undesignated Fund Balance	1,077,609	825,702	1,143,471	834,503	537,152	368,476
Expenditures	984,829	922,069	892,981	883,743	956,487	1,149,382
%	109%	90%	102%	90%	58%	32%

The Classical Academy 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 $1,077,609 and $600,000 in capital reserve.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2013, in the General Fund, the district had invested $934,403 in a broad range of capital assets, including a school building, computer and audio-visual equipment. (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total General Fund depreciation expense for the year was $33,701.

Table A-7
CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Changes in Net Position - School Wide
For the Fiscal Year Ended June 30, 2013

Building and building equipment	$768,742
Equipment	165,661
Total - General Fund	**$934,403**
Less: Accumulated Depreciation	(317,871)
Total - Net Capital Assets General Fund	**$616,532**

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
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 Classical Academy 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 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 District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Business Office, Classical Academy Charter School, 20 Valley Road, Clifton, New Jersey 07103.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the Classical Academy 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

Exhibit A-1

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-type Activities N/A	Total
ASSETS			
Cash and cash equivalents	$ 1,702,810		$ 1,702,810
Investments			
Receivables, net	34,212		34,212
Inventory			
Capital assets, net (Note 2):	616,532		616,532
Total Assets	2,353,554	-	2,353,554
LIABILITIES			
Cash Overdraft			
Accounts payable	46,470		46,470
Deposits payable			
Due to Sending Districts	12,351		12,351
Payable to state government	592		592
Due to Federal Government	-		-
Deferred revenue			-
Noncurrent liabilities			
Due within one year			-
Due beyond one year			-
Total liabilities	59,413		59,413
NET POSITION			
Invested in capital assets, net of related debt	616,532		616,532
Capital Reserve Account	600,000		600,000
Unrestricted	1,077,609		1,077,609
Total net position	$ 2,294,141	$ -	$ 2,294,141

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

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON **Exhibit A-2**

Statement of Activities

For the Year Ended June 30, 2013

		Program Revenues			Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business Type Activities**	**Total**
Governmental activities:							
Instruction:							
Regular	$ 520,890		$ (23,746)		$ (497,144)		$ (497,144)
Support services:							
General administatrion	281,914				(281,914)		$ (281,914)
School administrative services/ operations plant serv.	131,841				(131,841)		$ (131,841)
On - behalf TPAF Social Security and pension	41,868				(41,868)		$ (41,868)
Capital Outlay	8,397				(8,397)		(8,397)
Total governmental activities	984,910		(23,746)		(961,164)		(961,164)
Business-type activities:							
Food Service	-					-	
Total business-type activities							
Total primary government	$984,910		$ (23,746)		$ (961,164)		$ (961,164)
	General revenues:						
		Local Share			915,775		915,775
		State Share			192,860		192,860
		State Aid			101,310		101,310
		Miscellanous Income			3,126		3,126
		Decrease in net assets			(25,304)		(25,304)
	Total general revenues, special items,				1,187,767		1,187,767
	Change in Net Position				226,603		226,603
	Net Position - beginning				2,067,538		2,067,538
	Net Position - ending				$ 2,294,141	$ -	$ 2,294,141

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

Exhibit B-1

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,702,810	$ -			$ 1,702,810
Investments					
Receivables, net	10,466	23,746			34,212
Restricted cash and cash equivalents	23,746	(23,746)			--
Total assets	$ 1,737,022	$ -			$ 1,737,022
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash Overdraft					
Accounts payable	46,470				46,470
Due to State of NJ	592				592
Payable to federal government					0
Payable to School District	12,351				12,351
Deferred revenue	-				0
Total liabilities	59,413	-			59,413
Fund Balances:					
Reserved for:					
Encumbrances					
Legally restricted -- unexpended additional spending proposal					
Legally restricted -- designated for subsequent year's expenditures					
Capital reserve account	600,000				600,000
Excess surplus					
Excess surplus -- designated for Subsequent year's expenditures					
Other purposes					
Unreserved, reported in:					
General fund	1,077,609				1,077,609
Capital projects fund					
Permanent fund					
Total Fund balances	1,677,609				1,677,609
Total liabilities and fund balances	$ 1,737,022				

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 rescources and therefore are not reported in the funds. The cost of the assets is	934,403
and the accumulated depreciation is	(317,871)
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)	0
Net position of governmental activities	$ 2,294,141

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

Exhibit B-2

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local Share	915,775				915,775
State Share	192,860				192,860
Other Restricted Miscellaneous Revenues	-				
Miscellaneous	3,126				3,126
Total - Local Sources	1,111,761				1,111,761
State sources	101,310	-			101,310
Other sources					-
Federal sources		23,746			23,746
Total revenues	1,213,071	23,746			1,236,817
EXPENDITURES					
Current:					
Regular instruction	$ 497,144	$ 23,746			$ 520,890
Support services- General Administrative	281,914	-			281,914
Support Services- School Admin/ operations plant se	131,841				131,841
On-behalf TPAF Social Security	41,868				41,868
Capital outlay	8,397				8,397
Total expenditures	961,164	23,746			984,910
Excess (Deficiency) of revenues over expenditures	251,907	-			251,907
OTHER FINANCING SOURCES (USES)					
Transfers in	-				-
Transfers out	-				-
Total other financing sources and uses	-				
Net change in fund balances	251,907				251,907
Fund balance—July 1	1,425,702				1,425,702
Fund balance—June 30	$ 1,677,609				$ 1,677,609

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

Exhibit B-3

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
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

Total net change in fund balances - governmental funds (from B-2)			251,907
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	(33,701)	
	Capital outlays	8,397	
			(25,304)
Repayment of mortgage principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.			-
Change in net position of governmental activities			226,603

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

PROPRIETARY FUNDS

Exhibit B-4

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Statement of Net Position
Proprietary Funds
June 30, 2013

NOT APPLICABLE

Exhibit B-5

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

NOT APPLICABLE

Exhibit B-6

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

NOT APPLICABLE

FIDUCIARY FUNDS

Exhibit B-7

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

NOT APPLICABLE

Exhibit B-8

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2013

NOT APPLICABLE

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. DESCRIPTION OF THE CHARTER SCHOOL DISTRICT AND REPORTING ENTITY

Classical Academy 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 head of school 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 Classical Academy 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 Classical Academy Charter School is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Classical Academy 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 Classical Academy 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.

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

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.

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 (P*ayroll, 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.

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 adjectives 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.

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. U.S. 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.

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 building and building improvements, equipment and furniture 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:

Description of Capital Cost	Estimated Lives (Years)
Building and building improvements	25
Equipment	10

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 winch 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.

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 or special revenue funds.

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. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L Fund Balance and Equity (continued)

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.

O Net Position

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3 DEPOSITS AND INVESTMENTS (continued)

As of June 30, 2013, the Charter School's carrying amount of deposits and investments are as follows:

	General Fund	Special Revenue	Enterprise Funds	Agency Funds	Total
Operating A/C	$1,702,810	$0	$0	$0	$1,702,810

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 $1,702,810.

Of the bank balance, $250,000 of the Charter School's cash deposits on June 30, 2013 were secured by federal deposit insurance and $1,702,810 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.

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.

3 DEPOSITS AND INVESTMENTS (continued)

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:

	Beginning Balance	Net Additions (Deletions)	Ending Balance
Governmental Activities			
Capital assets, being depreciated:			
Building and building improvements	$ 768,742	$-0-	$768,742
Equipment	157,264	8,397	165,661
Total capital assets being depreciated	$926,006	$8,397	$934,403
Less accumulated depreciation for:			
Building and building improvements	$154,912	$ 16,019	$170,931
Equipment	129,258	17,682	146,940
Total accumulated depreciation	$284,170	$33,701	$317,871
Total capital assets net	$641,836	($25,304)	$616,532

5 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).

5 PENSION PLANS (continued)

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. 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.

5 PENSION PLANS (continued)

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.

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.

5 PENSION PLANS (continued)

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.

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 Classical Academy 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.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School $41,868 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.

6 POST RETIREMENT BENEFITS

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

As of June 30, 2012, 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.

7 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-.

8 ECONOMIC DEPENDENCY

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

9 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.

10 RISK MANAGEMENT

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

Property and Liability Insurance - The Charter School maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (UNAUDITED) of this Comprehensive Annual Financial Report.

11 RECEIVABLES

Receivables as of June 30, 2013 consisted of accounts, intergovernmental, grants and miscellaneous. All receivables are considered collectible in full.

11 RECEIVABLES (continued)

A summary of the principal items of intergovernmental receivables are as follows:

	General	Special Revenue	Total
Receivables:			
Accounts	$10,466	$23,746	$34,212
Gross Receivables	$10,466	$23,746	$34,212

12. SUBSEQUENT EVENTS

The school has evaluated subsequent events occurring after the balance sheet through the date of November 25, 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

Exhibit C-1

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2013
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Share	$889,867	$0	$889,867	$915,775	($25,908)
State Share	196,054		196,054	192,860	($181,087)
Other Restricted Miscellaneous Revenues					
Miscellaneous	0		0	3,126	(3,126)
Total - Local Sources	1,085,921	0	1,085,921	1,111,761	(210,121)
Categorical Aid					
Special Education	19,640		19,640	6,343	($15,516)
Security Aid	95,469		95,469	53,099	$42,370
Adjustment Aid			0	0	
Non-Public Aid			0	0	$0
TPAF Pension (On-Behalf - Non-Budgeted)			0	0	$0
TPAF Social Security (Reimbursed - Non-Budgeted)			0	41,868	(41,868)
Total State Sources	115,109	0	115,109	101,310	(15,014)
Total Revenues	1,201,030	0	1,201,030	1,213,071	(225,135)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Teachers Salary	464,524	0	464,524	458,457	6,067
Other Salaries	0	0	0	0	0
Prof/Tech Services	16,921	0	16,921	16,921	0
Other Purchased Services (400-500 series)	690	0	690	690	0
General Supplies	12,750	0	12,750	6,887	5,863
Textbooks	2,827	0	2,827	2,827	0
Other Objects	11,362	0	11,362	11,362	0
TOTAL REGULAR PROGRAMS - INSTRUCTION	509,074	0	509,074	497,144	11,930

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2013
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administrative					
Salaries of Administative Salaries	$147,294	$0	$147,294	$120,409	$26,885
Salaries of Secretarial and Clerical Assistants	38,774	0	38,774	26,003	12,771
Cost of Benefits	105,055	0	105,055	63,187	41,868
Prof/Tech Services	26,864	0	26,864	26,208	656
Other Purchased Services (400-500 series)	8,683	0	8,683	8,683	0
Communications/Telephone	10,080	0	10,080	10,080	0
Supplies and Materials	10,137	0	10,137	10,137	0
Miscellaneous	17,207	0	17,207	17,207	0
	364,094	0	364,094	281,914	82,180
Support Services - School Admin/Operation Plant Services					
Salaries	73,747	-	$73,747	58,508	$15,239
Purchased Professional and Technical Services	15,545	0	15,545	15,545	0
Other Purchased Services	18,979	0	18,979	18,979	0
Insurance	14,997	0	14,997	14,997	0
General Supplies	4,066	0	4,066	4,066	0
Transportation- Trips	0	0	0	0	0
Energy (Energy and Electricity)	18,226	0	18,226	18,226	0
Miscellaneous	1,520	0	1,520	1,520	0
Total Undist. Expend. - Other Oper. & Maint. Of Plant	147,080	0	147,080	131,841	15,239
Food Service					
Other Purchsed Saevices	0	0			
Total Food Services	0	0	0	0	0
On-behalf TPAF pension Contributions (non-budgeted)				0	0
Reimbursed TPAF Social Security Contributions (non-budgeted)			0	41,868	(41,868)
TOTAL ON-BEHALF CONTRIBUTIONS			0	41,868	(41,868)
TOTAL UNDISTRIBUTED EXPENDITURES					
	511,174	-	511,174	455,623	55,551
TOTAL GENERAL CURRENT EXPENSE	1,020,248	0	1,020,248	952,767	67,481

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2013
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Instructional Equipment	5,000	0	5,000	2,305	2,695
Noninstructional Equipment	7,000	0	7,000	6,092	908
Purchase of Improvements	1,218,000	0	1,218,000	0	1,218,000
Total Equipment	1,230,000	0	1,230,000	8,397	1,221,603
TOTAL EXPENDITURES- GENERAL FUND	2,250,248	0	2,250,248	961,164	1,289,084
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,049,218	0	1,049,218	251,907	(1,514,219)
Other Financing Sources:					
Operating Transfer In:	(1,049,218)	0	(1,049,218)	0	0
Total Other Financing Sources:	(1,049,218)	0	(1,049,218)	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	0	0	0	251,907	(1,514,219)
Fund Balance, July 1	0	0		0	
			1,425,702	1,425,702	
Fund Balance, June 30	$0	$0	$1,425,702	$1,677,609	($1,514,219)

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2013
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources			$ -	$ -	
State Sources	-		-	-	
Federal Sources	23,746		23,746	23,746	
Total Revenues	23,746		23,746	23,746	
EXPENDITURES:					
Instruction					
Salaries of Teachers	23,746		23,746	23,746	
Other Salaries for Instruction				-	
Purchased Professional -Educational Services				-	
Purchased Professional and Technical Services	-			-	
Transportation				-	
Other Purchased Services (400-500 series)	-			-	
General Supplies	-			-	
Personal Services- Employee Benefits	-			-	
Textbooks	-			-	
Other Objects	-			0	
Total Instruction	23,746		23,746	23,746	
Support Services					
Salaries of Supervisor of Instruction					
Salaries of Program Directors					
Salaries of Other Professional Staff					
Salaries of Secretaries & Clerical Assistants					
Other Salaries					
Personal Services - Employee Benefits					
Purchased Professional - Educational Services					
Other Purchased Professional Services					
Purchased Technical Services					
Field Trips					
Scholarships					
Tuition					
Travel	-			-	

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2013
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other purchased Services (400-500 series)					
Supplies & Materials					
Total Support Services	-		-	-	
Buildings Improvements					
Instructional Equipment					
Noninstructional Equipment					
Total Facilities Acquisition and Construction Services					
Transfer to Charter School					
Total Expenditures	23,746		23,746	23,746	
Other Financing Sources (Uses)					
Transfer in from General Fund					
Transfer Out to Whole School Reform (General Fund)					
Total Other Financing Sources (Uses)					
Total Outflows					
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	$	$	$	$	$

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3
GASB G-3

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
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.

Exhibit E-1

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Special Revenue Fund
Combining Schedule of Revenues and Expenditures- Budgetary Basis
For the Year Ended June 30, 2013

	TOTAL	NCLB TITLE I PART A
REVENUES		
Intergovernmental		
State		
Federal	23,746	23,746
Other Sources		
Miscellaneous		
Total Revenues	23,746	10,206
EXPENDITURES		
Instruction		
Salaries	23,746	23,746
Other Purchased Services		
Purchased Prof. and Tech.and Edu Services		
General Supplies		
Personal Services - Employee Benefits		
Field trip transportation		
Other Objects		
Class room construction		
Total Instruction	23,746	23,746
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	0	
TOTAL EXPENDITURES	23,746	23,746

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

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Statement of Net Position
JUNE 30, 2013

NOT APPLICABLE

Exhibit G-2

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2013

NOT APPLICABLE

Exhibit G-3

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2013

NOT APPLICABLE

FIDUCIARY FUNDS

Exhibit H-1

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Combining Statement of Agency Fund Net Position
Fiduciary Funds
As of June 30, 2013

	Payroll Agency	TOTAL
ASSETS		
Cash	$0	$0
Total Assets	0	0
LIABILITIES AND FUND BALANCES		
Liabilities		
Intergovernmental Payble - State		
Payroll Deductions and Withholdings	0	0
Accrued Salaries and Wages		
Due to Student Groups		
Total Liabilities	0	0
Net Position		
Reserve For Unemploy. Trust Fund		
Total Net Position		
Total Liabilities and Net Position	$0	$0

Exhibit H-2

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Nonexpendable Trust Fund
Combining Statement of Agency Fund Net Position
Fiduciary Funds
As of June 30, 2013

NOT APPLICABLE

Exhibit H-3

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Year Ended June 30, 2013

NOT APPLICABLE

Exhibit H-4

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
ASSETS				
Cash and Cash Equivalents	$0	$669,012	$669,012	$0
Total Assets		669,012	669,012	
LIABILITIES				
Payroll Deductions and Withholdings		183,474	183,474	
Accrued Salaries and Wages		485,538	485,538	
Total Liabilities	$0	$669,012	$669,012	$0

Exhibit H-5

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Unemployment Compensation Insurance Trust Fund
Statement of Receipts and Disbursements
Fiduciary Funds
For the Year Ended June 30, 2013

NOT APPLICABLE

FINANCIAL TRENDS

Exhibit J-1

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
NET POSITION BY COMPONENT
FOR THE FISCAL YEARS ENDED JUNE 30
(Unaudited)

	2013	2012	2011	2010	2009	2008
Governmental activities						
Invested in capital assets, net of related debt	$ 616,532	$ 641,836	$ 1,143,471	$ 834,503	$ 557,152	$ 557,560
Restricted	600,000	600,000				
Unrestricted	1,077,609	825,702	673,979	683,355	699,849	368,476
Total governmental activities net position/assets	$ 2,294,141	$ 2,067,538	$ 1,817,450	$ 1,517,858	$ 1,257,001	$ 926,036
Business-type activities						
Invested in capital assets, net of related debt						
Restricted						-
Unrestricted						$ -
Total business-type activities net position						
School-wide						
Invested in capital assets, net of related debt	616,532	641,836	673,979	683,355	699,849	557,560
Restricted	600,000	600,000				
Unrestricted	1,077,609	825,702	1,143,471	834,503	557,152	368,476
Total school net position/assets	$ 2,294,141	$ 2,067,538	$ 1,817,450	$ 1,517,858	$ 1,257,001	$ 926,036

Exhibit J-2

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30
(Unaudited)

	2013	2012	2011	2010	2009	2008
Expenses						
Governmental activities						
Instruction						
Regular	520,890	492,455	464,100	483,743	421,460	324,877
Support Services:						
General administration	281,914	263,412	214,127	222,566	202,317	235,631
School Administrative Services	131,841	129,593	97,252	117,254	118,092	119,153
On-behalf TPAF Social Securituy	41,868	36,609	93,050	37,829	33,830	33,509
Capital outlay	8,397		24,452	22,351	180,788	360,550
Unallocated depreciation	33,701	32,143	32,143	32,408	30,101	30,101
Total governmental activities expenses	1,018,611	954,212	925,124	916,151	986,588	1,103,821
Business-type activities:						
Food service						
Child Care						
Total business-type activities expense						
Total school expenses	1,018,611	954,212	925,124	916,151	986,588	1,103,821
Program Revenues						
Governmental activities:						
Charges for services:						
Daily Sales - National Lunch Program						
Pupil transportation						
Central and other support services						
Operating grants and contributions	23,746	0	31,727	35,178	12,562	75,622
Capital grants and contributions						
Total governmental activities program revenues	23,746	0	31,727	35,178	12,562	75,622
Business-type activities:						
Charges for services						
Food service						
Child care						
Operating grants and contributions						
Capital grants and contributions						
Total business type activities program revenues						
Total school program revenues						75,622
Net (Expense)/Revenue						
Governmental activities	(994,865)	(954,212)	(893,397)	(880,973)	(974,026)	(1,028,199)
Business-type activities						
Total school-wide net expense	(994,865)	(954,212)	(893,397)	(880,973)	(974,026)	(1,028,199)

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30
(Unaudited)

General Revenues and Other Changes in Net Assets	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Governmental activities:						
Local Share	915,511	854,582	1,074,880	865,781	808,042	898,050
State Share	294,434	345,017	0	201,517	117,977	131,399
State and Federal Aid			93,050	78,356	184,798	
Miscellaneous income	3,126	4,701	2,292	262	1,783	697
Increase in Net Capital Outlay	8,397	0	22,767	15,914	172,391	353,375
Transfers						
Total governmental activities	1,221,468	1,204,300	1,192,989	1,161,830	1,284,991	1,383,521
Business-type activities:						
Investment earnings						
Transfers						
Total business-type activities						---
Total school-wide	1,221,468	1,204,300	1,192,989	1,161,830	1,284,991	1,383,521
Change in Net Position/Assets						
Governmental activities	226,603	250,088	299,592	280,857	310,965	355,322
Business-type activities						
Total school	226,603	250,088	299,592	280,857	310,965	355,322

EXHIBIT J-3

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30
(Unaudited)

	2013	2012	2011	2010	2009	2008
General Fund						
Reserved	$600,000	$600,000				
Unreserved	1,077,609	825,702	$1,143,471	$834,503	$557,152	$368,476
Total general fund	$1,677,609	$1,425,702	$1,143,471	$834,503	$557,152	$368,476
All Other Governmental Funds						
Reserved						
Unreserved, reported in:						
Special revenue fund						
Capital projects fund						
Debt service fund						
Permanent fund						
Total all other governmental funds	$0	$0	$ -	$ -	$ -	$ -

Exhibit J-4

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30
(Unaudited)

	2013	2012	2011	2010	2009	2008
Revenues						
Local tax Levy	$915,511	$854,582	$1,074,880	$1,091,198	$808,042	$898,050
Other local revenue	3,126	4,701	2,292	262	1,783	59,526
State sources	294,434	345,017	93,050	54,456	302,775	131,399
Federal sources	23,746	0	31,727	35,178	12,562	16,833
Total revenue	1,236,817	1,204,300	1,201,949	1,181,094	1,125,162	1,105,808
Expenditures						
Instruction						
Regular Instruction	520,890	492,455	432,373	448,565	408,898	324,877
Support Services:						
General administration	281,914	263,412	214,127	222,566	202,317	235,631
School administrative services/Plant	131,841	129,593	97,252	117,254	118,092	119,153
TPAF Social Security	41,868	36,609	93,050	37,829	33,830	33,509
Food Service						
Capital outlay	8,397	0	24,452	22,351	180,788	360,550
Debt service:						
Principal						
Interest and other charges						
Special Revenue	0	0	31,727	35,178	12,562	75,662
Total expenditures	984,910	922,069	892,981	883,743	956,487	1,149,382
Excess (Deficiency) of revenues over (under) expenditures						
Other Financing sources (uses)						
Proceeds from borrowing						
Capital leases (non-budgeted)						
Proceeds from refunding						
Payments to escrow agent						
Transfers in						
Transfers out						
Total other financing sources (uses)						0
Net change in fund balances	$251,907	$282,231	$308,968	$297,351	$168,675	($43,574)

Source: School records

REVENUE CAPACITY

Exhibit J-5

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
General Fund - Other Local Revenue By Source
For the Years Ended June 30
(Unaudited)

	Sale of Capital Assets	Donations	Rentals	Prior Year Refunds	Sale and Leaseback of Textbooks	Other Local	Annual Totals
2010						262	262
2011						2262	2262
2012						4701	4701
2013						3126	3126

Source: School records

Exhibit J-6

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Assessed Value and Actual Value of Taxable Property
For the Year Ended June 30, 2013
(Unaudited)

NOT APPLICABLE

Exhibit J-7

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Direct and Overlapping Property Tax Rates
For the Year Ended June 30, 2013
(Unaudited)

NOT APPLICABLE

Exhibit J-8

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Principal Property Taxpayers
For the Year Ended June 30, 2013
(Unaudited)

NOT APPLICABLE

DEBT CAPACITY

Exhibit J-9

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Property Tax Levies and Collections
For the Year Ended June 30, 2013
(Unaudited)

NOT APPLICABLE

Exhibit J-10

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Ratios of Outstanding Debt by Type
For the Year Ended June 30, 2013
(Unaudited)

NOT APPLICABLE

Exhibit J-11

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Ratios of Net General Bonded Debt Outstanding
For the Year Ended June 30, 2013
(Unaudited)

NOT APPLICABLE

Exhibit J-12

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Direct and Overlapping Governmental Activities Debt
For the Year Ended June 30, 2013
(Unaudited)

NOT APPLICABLE

DEMOGRAPHIC AND ECONOMIC INFORMATION

Exhibit J-13

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Legal Debt Margin Information
For the Year Ended June 30, 2013
(Unaudited)

NOT APPLICABLE

Exhibit J-14

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Demographic and Economic Statistics
For the Years Ended June 30
(Unaudited)

Year	Population[a]	Personal Income[b]	County Per Capita Personal Income[c]	Unemployment Rate[d]
2009	145,834	$ 5,896,943,624	$ 40,436	16.30%
2010	146,199	5,911,702,764	40,436	16.30%
2011	146,199	5,911,702,764	40,436	16.30%
2012	146,199	5,911,702,764	40,436	16.30%
2013	146,199	5,911,702,764	40,436	16.30%

Source:
[a] Population information provided by the NJ Dept of Labor and Workforce Development
[b] Personal income has been estimated based upon the municipal population and per capita personal income presented
[c] Personal capital income by municipality estimated based upon the 2010 Cesus published by the US Bureau of Economic Analysis.
[d] Unemployment data provided by the NJ Dept of Labor and Workforce Development

OPERATING INFORMATION
(UNAUDITED)

Exhibit J-15

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Principal Employers
For the Year Ended June 30, 2013
(Unaudited)

NOT APPLICABLE

Exhibit J-16

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Full-time Equivalent School Employees by Function/Program
For the Years Ended June 30
(Unaudited)

Function/Program	2013	2012	2011	2010	2009	2008
Instruction						
Regular	10	10	10	9	9	9
Special education						
Other special education						
Vocational						
Other instruction						
Nonpublic school programs						
Adult/continuing education programs						
Support Services:						
Student & instruction related services						
General administration	1	1	1	1	1	1
School administrative services	2	2	2	1	1	1
Other administrative services						
Central services						
Administrative Information Technology						
Plant operations and maintenance	1	2				
Pupil transportation		1				
Other support services	2					
Special Schools						
Food Service						
Child Care						
Total	16	16	13	11	11	11

Source: School Personnel Records

Exhibit J-17

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Operating Statistics
For the Years Ended June 30
(Unaudited)

Fiscal Year	Enroll	Operating Expend.	Cost Per Pupil	Percent Change	Teaching Staff	Pupil/Teacher Ratio: Elementary	Pupil/Teacher Ratio: Middle School	Pupil/Teacher Ratio: Senior High School	Average Daily Enroll	Average Daily Attend	% Change in ADE	Student Attend Percent
2010	115	883,743	9,529	9.49%	14.00	N/A	14	N/A	115	96.03%	0.00%	96.00%
2011	118	861,254	7,800	1.20%	10.00	N/A	14	N/A	118	96.02%	-0.01%	97.00%
2012	116	922,069	8,409	7.20%	10.00	N/A	16	N/A	116	96.10%	0.08%	97.00%
2013	117	984,829	8,275	6.80%	10.00	N/A	12	N/A	117	98.15%	2.05%	97.20%

Sources: School records

Exhibit J-18

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
School Building Information
For the Years Ended June 30
(Unaudited)

School Building	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Building						
Square Feet	7,000	7,000	7,000	7000	7,000	7,000
Capacity (students)	120	120	120	120	120	125
Enrollment	118	116	107	107	108	104
Number of Schools at June 30						
Elementary = 0	0	0	0	0	0	0
Middle School = 1	1	1	1	1	1	1
Senior High School =	0	0	0	0	0	0

Source: School Office

Exhibit J-19

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
General Fund - Schedule of Required Maintenance
For the Years Ended June 30
(Unaudited)

NOT APPLICABLE

Exhibit J-20

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Insurance Schedule
For the Year Ended June 30, 2013
(Unaudited)

	Coverage	Deductible
School Package Policy		
Commercial Property	$ 1,327,500	$ 1,000
Blanket Extra Expense	25,000,000	--
Blanket Valuable Papers and Records	10,000,000	--
Boiler and Machinery	100,000,000	5,000
General Liability	16,000,000	
Business Auto	16,000,000	1,000
School Board Legal Liability	11,000,000	5,000
Umbrella	11,000,000	--
Workers' Compensation	2,000,000	--
EDP	650,000	--
Surety Bonds		
School Board Legal Liability	1,000,000	N/A
Public Official Bonds	105,000	N/A

Source: Charter School Records

CHARTER SCHOOL PERFORMANCE FRAMEWORK FINANCIAL INDICATORS

Exhibit J-21

CLASSICAL ACADEMY CHARTER SCHOOL
FINANCIAL PERFORMANCE - FINANCIAL RATIOS
JUNE 30, 2013
Unaudited

Charter School Performance Framework Financial Indicators
Sustainability Indicators

	2011	2012	2013
Cash	1,100,602	1,413,237	1,702,810
Current Assets	1,240,021	1,504,645	1,737,022
Capital Assets-Net	673,979	641,836	616,532
Total Assets	1,914,000	2,146,481	2,353,554
Current Liabilities	96,550	78,743	59,413
Long Term Liabilities	0	0	0
Total Liabilities	96,550	78,743	59,413
Net Position	1,817,450	2,067,738	2,294,141
Total Revenue	1,201,949	1,140,014	1,236,817
Total Expenses	(892,981)	(922,069)	(984,910)
Change in Net Position	308,968	217,945	251,907
Depreciation	32,408	32,143	33,701
Principal Payments	0	0	0
Interest payments	0	0	0
Final average daily enrollment	118	116	117
March 30th budgeted Enrollment	115	115	115

Near term indicators	2011	2012	2013
CURRENT RATIO	12.84	19.11	29.24
Unrestricted days cash	449.78	559.48	631
Enrollment variance	100%	100%	100%
Default	N/A	No	No

Exhibit J-22

CLASSICAL ACADEMY CHARTER SCHOOL
FINANCIAL PERFORMANCE - FINANCIAL RATIOS
JUNE 30, 2013
Unaudited

Charter School Performance Framework Financial Indicators
Sustainability Indicators

	2011	2012	2013
Cash	1,100,602	1,413,237	1,702,810
CURRENT ASSETS	1,240,021	1,504,645	1,737,022
Capital Assets-Net	673,979	641,836	616,532
Total Assets	1,914,000	2,146,481	2,353,554
Current Liabilities	96,550	78,743	59,413
Long Term Liabilities	0	0	0
Total Liabilities	96,550	78,743	59,413
Net Position	1,817,450	2,067,738	2,294,141
Total Revenue	1,201,949	1,140,014	1,236,817
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Change in Net Position	308,968	217,945	251,907
Depreciation	32,408	32,143	33,701
Principal Payments	0	0	0
Interest payments	0	0	0
Final average daily enrollment	118	116	117
March 30th budgeted Enrollment	115	115	115

Sustainability Indicators	2011	2012	2013
Total margin	13%	19%	29%
Debt to Asset	N/A	N/A	N/A
cash flow	250,319	312,635	289,573
Debt Service Coverage ratio	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 President and
Members of the Board of Trustees
Classical Academy Charter School
County of Passaic
Clifton, 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 Classical Academy Charter School ("the Charter School"), in the County of Passaic, 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 25, 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 an instance of noncompliance or other matters that is 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 and which is described in the accompanying schedule of findings and questioned costs as item 2013-01.

I also noted certain matters that I reported to management of the Classical Academy Charter School in a separate report entitled, "Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance" dated November 25, 2013.

The Classical Academy Charter School response to the finding identified in my audit is described in the accompanying schedule of findings and questioned costs. The response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, I express no opinion on the response.

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
Scott J Loeffler, CPA

November 25, 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 President and
Members of the Board of Trustees
Classical Academy Charter School
County of Passaic
Clifton, New Jersey

Compliance

I have audited the Classical Academy Charter School, in the County of Passaic, 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

Scott J. Loeffler, CPA
November 25, 2013

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON **EXHIBIT A**

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2013

Federal/Grantor Program Title	CFDA/GRANT Project Num	Grant Period	Award Amount	Balance July 1, 2012	Cancel Carry over	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	Deferred Revenue/ Due to Agency June 30, 2013	Accts Receivable at June 30, 2013
Enterprise Fund											
Federal School Lunch	N/A										
Special Revenue											
NCLB											
Title 1	84.010A	09/01/12-06/30/13	23,746				23,746				(23,746)
Total Special Revenue					0	0	23,746				(23,746)
					0	0	$23,746				($23,746)

See accompanying notes to schedules of expenditures of Federal and State Awards

EXHIBIT B

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
Schedule of Expenditures of State Awards
For the Fiscal Year Ended June 30, 2013

State Grantor Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2012	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjust	Deferred Revenue/ 2013	(Accounts Receivable) 2013	Due to Grantor at June 30, 2013
GENERAL FUND											
TPAF Social Security	13-495-034-5095-006	7/1/12-06/30/13	41,868		$41,868	$41,868					
Equalization School Aid - Loca	13-495-034-5120-078	7/1/12-06/30/13	915,775		$915,775	$915,775					
Equalization School Aid - State	13-495-034-5120-078	7/1/12-06/30/13	192,860		$192,860	$192,860					
Security Aid	13-100-034-5120-084	7/1/12-06/30/13	6,343		$6,343	$6,343					
Adjustment Aid	13-495-034-5120-085	7/1/12-06/30/13	53,099		$53,099	$53,099					
Total General Fund					1,209,945	1,209,945					
ENTERPRISE FUND	N/A										
											$
GRAND TOTAL					$1,209,945	$1,209,945					$ -

See accompanying notes to schedules of expenditures of Federal and State Awards

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
NOTES TO THE SCHEDULE 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 Classical Academy 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 basis 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:

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
NOTES TO THE SCHEDULE 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:

	Federal	State	Total
General Fund	$ ---	$1,209,945	$1,209,945
Special Revenue Fund	23,746	---	23,746
Total Awards and Financial Assistance	$23,746	$1,209,945	$1,233,691

NOTE 4. RELATIONAHIP 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 of $0 reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2013. TPAF Social Security Contributions represents the amount of $41,868 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.

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
COUNTY OF PASSAIC, 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		
	YES	**NO**	
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**	None Reported
Type of auditor's report on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be Reported in accordance with Circular A-133 (section .510a)?		**X**	

Identification of major programs:

CDFA Number(s)	**Name of Federal Program**
None	None

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

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
COUNTY OF PASSAIC, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

PART 1 – SUMMARY OF AUDITOR'S RESULTS

State Awards	**YES**	**NO**	
Dollar threshold used to distinguish between type A and type B programs (.520)	$300,000		
Auditee qualified as low risk auditee:		**X**	
Type of auditor's report issued:	Unmodified		
Internal control over major programs:			
Material weakness(es) identified:		**X**	
Significant deficiencies identified not considered to be material weakness(es)?		**X**	None Reported
Type of auditor's report on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 04-04?		**X**	

Identification of major programs:

CDFA Number(s)	**Name of State Program**
13-495-034-5120-078	Equalization Aid - Cluster

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
COUNTY OF PASSAIC, 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.

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
COUNTY OF PASSAIC, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2013

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

Current year federal awards - none.

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
COUNTY OF PASSAIC, NEW JERSEY
SCHEDULE OF FINDINGS OF NONCOMPLIANCE
JUNE 30, 2013

CURRENT YEAR STATE AWARDS

Finding 2013 - 01

The school did not maintain the books and records for General Fund Expenditures on a timely and monthly basis. The school engaged a business administrator in the latter part of the year and brought the books and records up to date.

State program information:

Special Education Categorical Aid	13-495-034-5120-089
Equalization Aid	13-495-034-5120-078
Security Aid	13-495-034-5120-084
Adjustment Aid	13-495-034-5120-085

Criteria or specific requirement:

NJ Department of Education - Grant Compliance Supplement

Cause:

Due to the lack of qualifications of the bookkeeper, the books and records were not maintained properly during the beginning of the school year.

Recommendation:

The school must hire a qualified person to maintain the books and records on a monthly basis.

Management's Response:

Management hired a qualified business administrator who was able to bring the books and records up to date February 2013.

CLASSICAL ACADEMY CHARTER SCHOOL OF CLIFTON
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

The school hired a qualified business administrator in the latter part of the 2012-2013 school year to bring the books and records up to date and going forward.