

# **Robert Treat Academy Charter School, Inc.**

**Robert Treat Academy Charter School, Inc.  
Board of Trustees  
Newark, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2014**

**Comprehensive Annual  
Financial Report  
of the**

**Robert Treat Academy  
Charter School, Inc.**

**Newark, New Jersey**

**For the Fiscal Year Ended June 30, 2014**

**Prepared by**

**Robert Treat Academy  
Charter School, Inc.  
Board of Trustees  
Business Department**

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# **INTRODUCTORY SECTION**



Marcelino Trillo  
Vice Principal

**ROBERT TREAT ACADEMY**  
CHARTER SCHOOL  
*A 2008 NCLB BLUE RIBBON SCHOOL*  
[www.RobertTreatAcademy.org](http://www.RobertTreatAcademy.org)

**Theresa Aduato**  
Principal



Paul Parada  
Vice Principal

November 28, 2014

Honorable President and  
Members of the Board of Trustees  
Robert Treat Academy Charter School, Inc.  
County of Essex  
Newark, New Jersey

Dear Board Members:

The comprehensive annual financial report of Robert Treat Academy Charter School, Inc. (the "School" or "Academy") for the fiscal year ended June 30, 2014, 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 Robert Treat Academy Charter School, Inc. Board of Trustees (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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, the School's organizational chart, roster of officials, and a list of consultants and advisors. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended, the U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of State, Local Governments and Non-Profit Organizations", and New Jersey OMB Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs are included in the single audit section of this report.

**1. REPORTING ENTITY AND ITS SERVICES:** The School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the School are included in this report. The Board of Trustees and its two schools' constitute the School's reporting entity.

The School provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for disabled youngsters. The School completed the 2013 - 2014 fiscal year with a final enrollment of 599 students.

2. **ECONOMIC CONDITION AND OUTLOOK:** The School area has remained constant. Business and residential areas are relatively the same as the prior year. The School's outlook remains good since its programs exceed those in surrounding areas.

3. **MAJOR INITIATIVES:** Robert Treat Academy Charter School completed its seventeenth year of operation in 2013-14. One of the main concerns of both the Board of Trustees and the administrators of the Academy during the 2013-14 school year was the continued expansion of the Central Ward Campus to include grade six.

The second Robert Treat Academy facility, now known as The Jackie Robinson Campus, is located at 180 William Street in Newark's Central Ward. Both campuses are officially part of "one" Robert Treat Academy with a total combined approved enrollment of 600 students in 2013-14. Long-term plans call for the addition of the successive grade each year thereafter until eighth grade is added in 2017. During the current school year (2014 - 2015), the Academy has 625 students enrolled in grades K-8 at both campuses.

Another major area of concern for our school leadership team this past year was the transition to the Common Core State Standards accompanied by the first year of statewide PARCC testing, adopted by New Jersey in 2010. These new "national" standards were adopted to ensure that all students, no matter where they live, are prepared for success in postsecondary education and the workforce. Common standards will help ensure that students are receiving a high quality education consistently, from school to school and state to state.

Transitioning to these new standards required some new and supplemental instructional materials and professional development to support the delivery of the new curriculum. In addition to texts and printed materials, we have had to invest in more technology (I-pads/chrome books) to deliver the testing platform as well as greater broadband to alleviate any network capacity issues that may arise when so many students are accessing the internet simultaneously. Making these changes is a huge task, which requires the support of our Board in providing the necessary financial resources.

This year we are also preparing ourselves to be evaluated by the New Jersey Department of Education as part of the charter renewal process. Our current charter expires at the conclusion of the 2015-2016 school year. In an effort to be well prepared for the evaluation, we have enlisted the New Jersey School Boards Association to facilitate a strategic planning committee. The committee will attempt to highlight our strengths and weaknesses and lay out a vision for the next 5 years while keeping the Department of Charter Schools criteria for renewal as our guideline. The committee consists of Board members, Administrators, Faculty members, School staff, parents, students, and community members.

The Academy implemented a new teacher evaluation and compensation system, which the administration designed, and the Board approved in 2012-13. In addition to the traditional observation of teaching practice, this new system ties professionalism and student success and growth to the salary structure. The implementation of the new system was a challenge for both administrators and the Board. Some minor tweaks to the system were created by the administration and approved by the Board in November of 2014.

Both Robert Treat Academy campuses offer an eleven-month school year with a seven-hour instructional day and an eight hour professional day. Early care beginning at 7:30 a.m. and an extended school day (until 5:30 p.m.) accommodate working parents and provide time for extracurricular activities. Our remedial services in English/Language Arts and Math as well as Reading Recovery and guided reading, tutoring and homework help, take place during the extended day insuring that students do not miss classroom instructional time because they are receiving additional instruction. The extended day program offers extracurricular enrichment activities including recreation (boys' and girls' basketball, golf, swimming, tennis), and arts programs (instrumental music instruction, chorus, dance, arts and crafts, and creative writing) as well as activities to address character education.

### **3. MAJOR INITIATIVES: (CONTINUED)**

Program evaluation has indicated significant academic progress again. Third through eighth graders took the New Jersey Assessment of Skills and Knowledge (NJASK). These statewide exams are part of the testing required by the federal No Child Left Behind legislation and form the basis of the NJ School Report Card, which publishes the results of all testing each year. In 2013 - 2014, 90% of students scored in the proficient range in Language Arts and 98% earned proficient scores in Mathematics. Student growth profiles were met, as were state and federal proficiency targets.

Parent participation continues to be a key element of our focus as witnessed by the high levels of attendance we consistently record at monthly parent meetings. Parents serve on the Board of Trustees and are elected to the Parent Council Executive Committee. Parent representatives also volunteer in other areas (coaching recreational activities, chaperoning students on trips, attending and assisting at school-wide events, plays and performances).

In the seven subject areas other than Language Arts and Mathematics, our curriculum is aligned to the NJ Core Curriculum Content Standards. This includes Science (this test will remain in place as the NJASK for 4<sup>th</sup> and 8<sup>th</sup> grades despite Math and Language Arts being assessed via the PARCC online assessments), Social Studies, Technology, World Languages (Spanish), Visual and Fine Arts, Physical Education and Health, and 21<sup>st</sup> Century Life & Careers.

Our focus for the past several years has been on increasing the number of students who score Advanced Proficient in language arts through the continuation of an intensive staff development program begun several years ago. Professional development efforts centered around continued training for our teachers in the use of the curriculum and on utilizing data to drive instruction using interim assessments. Additionally, we have partnered with the STEP program out of the University of Chicago in an effort to elevate student reading levels across the board.

In all subject areas, staff development remains crucial to meeting the Academy's overall mission. Our training schedule included workshops in math, English/language arts, reading, science, and behavior management. In the area of technology, staff development was offered to help teachers become more effective.

Efforts to prepare our students for the PARCC test, which will replace New Jersey's state test in 2014 - 15 in grades 3 through 8, are a main area of attention and will continue to be foremost on our list of goals and continue to be a focus of staff development activities and Saturday Academy.

In June 2014, our tenth class of eighth grade students graduated from the Academy. Those students were prepared for the admissions process for secondary school by our High School Placement Program. The program is responsible for working with our students and their families to place graduates in the most appropriate setting for their secondary school education. Those graduates earned in excess of \$4 million dollars in financial aid and scholarships to attend some of the most prestigious private, independent schools in the nation.

The program is also responsible for working with graduates, their families and their advisors at the boarding and day schools to track student success and provide support for students who are having difficulty adjusting to high school. We have maintained relationships with many of these students and will continue to maintain contact with them. Several graduates have joined the staff of the Academy as either instructional assistants or clerks and it is our hope that many of our former students will continue to return to Newark as productive citizens of the community.

**3. MAJOR INITIATIVES: (CONTINUED)**

The Academy also continued its relationships with community-based organizations. These groups included the Academy's founding organization, the North Ward Center and Just One Soccer which made sports activities available, as well as the Johns Hopkins Center for Talented Youth, which provided summer enrichment programs for students as well as online courses for more gifted students. The Academy also maintained its membership in the New Jersey Charter Public Schools Association and the New Jersey School Boards Association.

**4. INTERNAL ACCOUNTING CONTROLS:** Management of the School is responsible for establishing and maintaining a system of internal controls 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 accounting principles generally accepted in the United States of America ("GAAP"). The system of internal controls is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

**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 a vote of the Board of Trustees. Annual appropriated budgets are adopted for the General Fund and the Special Revenue Fund. Project-length budgets, if any, are approved for capital improvements accounted for in the Capital Projects 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 committed or assigned fund balance at June 30, 2014.

**6. ACCOUNTING SYSTEM AND REPORTS:** The School's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the School is organized on the basis of funds. These funds are explained in the Notes to Financial Statements.

**7. DEBT ADMINISTRATION:** At June 30, 2014, the School had no liability for compensated absences.

**8. CASH MANAGEMENT:** The investment policy of the School is guided in large part by State Statute as detailed in the Notes to Financial Statements, Note 1. The School has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with failed banking institutions in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where funds are secured in accordance with the Act.

9. **RISK MANAGEMENT:** The School carries various forms of insurance, including but not limited to general liability, automobile liability, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in Exhibit J-20.

10. **OTHER INFORMATION: INDEPENDENT AUDIT** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Smolin, Lupin & Co, P.A. was selected by the School. In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of the Single Audit Act, and the related OMB Circular A-133 and New Jersey OMB Circular Letter 04-04. The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Robert Treat Academy Charter School, Inc.'s Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Theresa Adubato

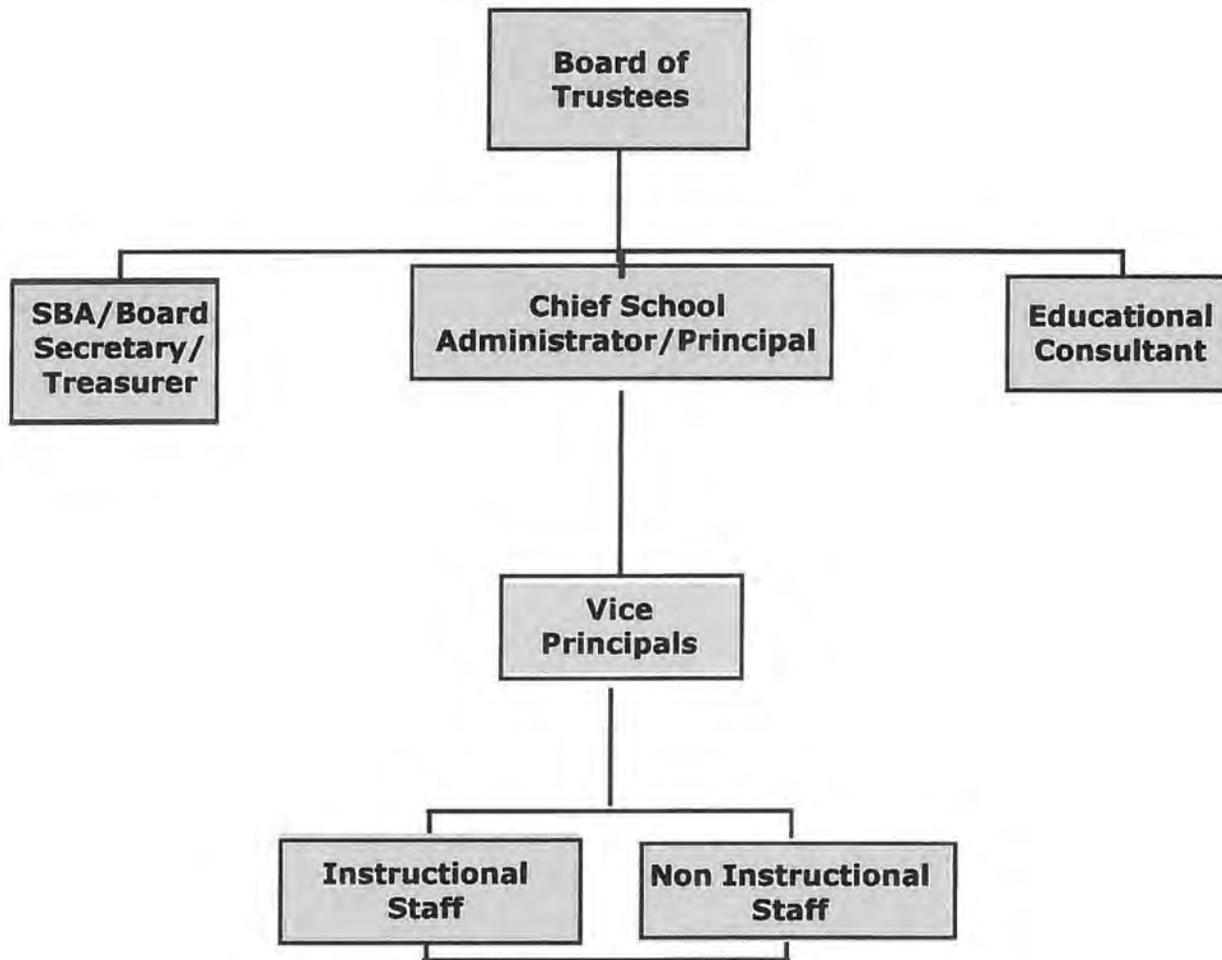
Principal/Chief School  
Administrator



Sung Yi

Board Secretary/School  
Business Administrator

**ROBERT TREAT ACADEMY CHARTER SCHOOL  
2013- 2014 TABLE OF ORGANIZATION  
NORTH CAMPUS & CENTRAL CAMPUS**



**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
ROSTER OF OFFICIALS  
JUNE 30, 2014**

<b>Members of the Board of Trustees</b>	<b>Term Expires</b>
Phil Alagia	June 2016
Robert R. Detore (President)	June 2016
Adrienne Davis (Vice President)	June 2016
Tahira Strand	June 2015
Karen Calderon	June 2015
Wilfredo Caraballo	June 2015
Emil Garruto	June 2019
Jesus Padilla	June 2019
Zarala Zabala de Kelly	June 2019

**Other Officials**

Theresa Aduato, Principal/Chief School Administrator  
Lucy Bernardo, Recording Secretary  
Sharon L. Brennan, Program Analyst  
Dr. James Caulfield, Educational Consultant  
Nicholas Grieco, Board Attorney  
Marcelino Trillo, Vice Principal  
Paul Parada, Vice Principal  
Sung Yi, Board Secretary/School Business Administrator

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
CONSULTANTS AND ADVISORS  
JUNE 30, 2014**

**Audit Firm**

Smolin, Lupin & Co., P.A.  
165 Passaic Avenue  
Fairfield, NJ 07004

**Attorney**

Nicholas Grieco  
Grieco & DeFilippo, LLC  
414 Eagle Rock Avenue, Suite 200  
West Orange, NJ 07052

**Fiscal Agent**

The North Ward Center, Inc.  
346 Mt. Prospect Avenue  
Newark, NJ 07104

**Lead Educational Consultant**

Dr. James Caulfield  
Caulfield Associates, Inc.  
367 Putnam Road  
Union, NJ 07083

**Official Depositories**

Wells Fargo Bank, NA  
684 Mt. Prospect Avenue  
Newark, NJ 07104

Valley National Bank  
167 Bloomfield Avenue  
Newark, NJ 07104

## **FINANCIAL SECTION**

## Independent Auditor's Report

The Honorable President and  
Members of the Board of Trustees  
Robert Treat Academy Charter School, Inc.  
County of Essex  
Newark, New Jersey

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Robert Treat Academy Charter School, Inc. (the "School"), in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Robert Treat Academy Charter School, Inc., in the County of Essex, State of New Jersey, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

The combining and individual fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate 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 our opinion, the combining and individual fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2014 on our consideration of Robert Treat Academy Charter School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Robert Treat Academy Charter School, Inc.'s internal control over financial reporting and compliance.

*Smolin, Lupin & Co., P.A.*

SMOLIN, LUPIN & CO., P.A.  
Certified Public Accountants

*Susan T. White*

Susan T. White  
Licensed Public School Accountant  
License #20CS00119300

Fairfield, New Jersey  
November 28, 2014

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

The discussion and analysis of Robert Treat Academy Charter School, Inc.'s (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School's financial performance. Certain comparative information between the current fiscal year (2013-2014) and the prior fiscal year (2012-2013) is presented in the Management's Discussion and Analysis.

### **Financial Highlights**

Key financial highlights for 2014 are as follows:

- In total, net position of governmental activities increased by \$20,634, which represents a 1.91% increase from 2013. Net position of business-type activities decreased by \$1,233.
- General revenues accounted for \$9,003,697 in revenue, or 86.4% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$1,413,647, or 13.6% of total revenues of \$10,417,344.
- Total assets of governmental activities decreased by \$150,716, as cash decreased by \$669,638, receivables increased by \$515,007, net capital assets increased by \$35,744 and other assets decreased by \$31,829.
- Among governmental funds, the General Fund had \$9,541,653 in revenues and \$9,550,692 in expenditures. The General Fund's fund balance decreased \$15,110 over 2013.

### **Using this Comprehensive Annual Financial Report (CAFR)**

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

The focus of governmental accounting differs from that of business enterprises. In government, the financial statement user is concerned with determining accountability for funds, evaluating operating results, and assessing the level of service that can be provided by the government along with its ability to meet obligations as they become due. In comparison, the primary emphasis in the private sector from both an operational and reporting perspective is on the maximization of profits.

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

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

## **Reporting the School as a Whole**

### **Statement of Net position and the Statement of Activities**

While this document contains the large number of funds used by the School to provide programs and activities, the view of the School as a whole looks at all financial transactions and ask the question, "How did we do financially during 2014?" The Statement of Net position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School is divided into two distinct kinds of activities:

- **Governmental Activities** - The School's programs and services are reported here, including instruction, support services, operation and maintenance of plant facilities.
- **Business-Type Activities** - These are services provided on a fee basis to recover all the expenses of the goods or services provided. The Food Service and Before and After Care enterprise funds are reported as business-type activities.

## **Reporting the School's Most Significant Funds**

### **Fund Financial Statements**

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

### **Governmental Funds**

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

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

**Reporting the School's Most Significant Funds (Continued)**

**Enterprise Fund**

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

**The School as a Whole**

The Statement of Net Position provides the perspective of the School as a whole. Net position may serve over time as a useful indicator of a school's financial position.

The School's financial position is the product of several types of financial transactions, including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the District's net position at June 30.

	Governmental Activities		Business-type Activities		Total		Amount Change	% Change
	2014	2013	2014	2013	2014	2013		
<b>Assets:</b>								
Current and								
Other Assets	\$ 1,392,787	\$ 1,579,247	\$ 55,895	\$ 55,025	\$ 1,448,682	\$ 1,634,272	\$ (185,590)	-11.36%
Capital Assets	600,515	564,771	3,082	4,315	603,597	569,086	34,511	6.06%
<b>Total Assets</b>	<u>1,993,302</u>	<u>2,144,018</u>	<u>58,977</u>	<u>59,340</u>	<u>2,052,279</u>	<u>2,203,358</u>	<u>(151,079)</u>	<u>-6.86%</u>
<b>Liabilities:</b>								
Other Liabilities	893,719	1,065,069	55,895	55,025	949,614	1,120,094	(170,480)	-15.22%
<b>Total Liabilities</b>	<u>893,719</u>	<u>1,065,069</u>	<u>55,895</u>	<u>55,025</u>	<u>949,614</u>	<u>1,120,094</u>	<u>(170,480)</u>	<u>-15.22%</u>
<b>Net Position:</b>								
Net Investment in								
Capital Assets	600,515	564,771	3,082	4,315	603,597	569,086	34,511	6.06%
Restricted	75,000				75,000	-	75,000	100.00%
Unrestricted	424,068	514,178			424,068	514,178	(90,110)	-17.53%
<b>Total Net Position</b>	<u>\$ 1,099,583</u>	<u>\$ 1,078,949</u>	<u>\$ 3,082</u>	<u>\$ 4,315</u>	<u>\$ 1,102,665</u>	<u>\$ 1,083,264</u>	<u>\$ 19,401</u>	<u>1.79%</u>

The District's combined net position of \$1,102,665 on June 30, 2014, results in an increase of 1.79% from the prior year.

Table 2 shows changes in net position for fiscal years 2014 and 2013.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

**Reporting the School's Most Significant Funds (Continued)**

**The School as a Whole (continued)**

**Table 2  
Changes in Net Position**

	<u>2014</u>	<u>2013</u>	<u>Amount Change</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 223,951	\$ 183,072	\$ 40,879	22.33%
Operating Grants and Contributions	1,189,696	1,137,330	52,366	4.60%
General Revenues:				
Property Taxes	1,185,138	1,062,179	122,959	11.58%
Grants and Entitlements	7,716,559	7,108,175	608,384	8.56%
Other	102,000	167,412	(65,412)	-39.07%
Total Revenues	<u>10,417,344</u>	<u>9,658,168</u>	<u>759,176</u>	7.86%
Program Expenses:				
Instruction	5,315,182	4,922,483	392,699	7.98%
Administrative	991,462	964,745	26,717	2.77%
Support Services	3,490,033	3,045,009	445,024	14.61%
Unallocated depreciation	160,619	122,372	38,247	
Enterprise Fund	440,647	423,627	17,020	4.02%
Total Expenses	<u>10,397,943</u>	<u>9,478,236</u>	<u>919,707</u>	9.70%
Increase in Net Position	<u>\$ 19,401</u>	<u>\$ 179,932</u>	<u>\$ (160,530)</u>	-89.22%

**Governmental Activities**

Local tax levy made up 11.9% of revenues for governmental activities for the School for fiscal year 2014 and 11.5% for fiscal year 2013. Local tax levy revenues increased by \$122,959, which is an 11.58% increase over the prior year. The School's total governmental activity revenues were \$9,984,001 for the year ended June 30, 2014.

**Governmental Funds**

As demonstrated by the various statements and schedules included in the financial section of this report, the School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund revenues and special revenue fund revenues for the fiscal year ended June 30, 2014:

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

**Reporting the School's Most Significant Funds (Continued)**

**Governmental Funds (continued)**

**TABLE 3  
GENERAL AND SPECIAL REVENUE FUND REVENUES**

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2012-13</u>	<u>Percent of Increase (Decrease)</u>
Local Sources - Miscellaneous	\$ 102,000	1.02 %	\$ (65,412)	(39.07) %
Tax Levy - Local Share	1,185,138	11.87	122,959	11.58
Local Levy - State Share	7,340,422	73.52	542,179	7.98
State Sources	914,093	9.16	65,610	7.73
Federal Sources	<u>442,348</u>	<u>4.43</u>	<u>51,503</u>	13.18
<b>Total</b>	<u><u>\$ 9,984,001</u></u>	<u><u>100.00 %</u></u>	<u><u>\$ 716,839</u></u>	7.74 %

The following schedule presents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2014:

**TABLE 4  
GENERAL AND SPECIAL REVENUE FUND EXPENDITURES**

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2012-13</u>	<u>Percent of Increase (Decrease)</u>
Current Expense:				
Instruction	\$ 3,941,815	39.45 %	\$ 355,678	9.92 %
Undistributed Expenditures	5,412,514	54.16	457,260	9.23
Capital Outlay	196,363	1.96	(25,911)	(11.66)
Special Revenue	<u>442,348</u>	<u>4.43</u>	<u>51,503</u>	13.18
<b>Total</b>	<u><u>\$ 9,993,040</u></u>	<u><u>100.00 %</u></u>	<u><u>\$ 838,530</u></u>	9.16 %

**Business-Type Activities**

Revenues for the School's business-type activities (Food Service Program and Before and After Care Program) were comprised of charges for services, and federal and state reimbursements.

- Food service expenses exceed revenues by \$1,233 after an operating transfer from the General Fund of \$6,071.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

**Reporting the School's Most Significant Funds (Continued)**

**Business-Type Activities (continued)**

- Before and After Care revenues equaled expenses.
- Charges for services represent \$223,951 of revenues. This represents amounts paid by parents for sales and services.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfasts was \$209,392.

**Governmental Activities**

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

Administrative and support services include expenses associated with administrative and financial supervision of the School.

**The School's Funds**

All Governmental Funds (i.e., General Fund and Special Revenue Fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$9,984,001 and expenditures were \$9,999,111 (including a \$6,071 transfer out to the Enterprise Fund). The net decrease in fund balance for the year is \$15,110.

As demonstrated by the various statements and schedules included in the financial section of this report, the School continues to meet its responsibility for sound financial management.

Expenditures are up \$838,530 over the prior year mostly due to increases in instructional supplies, salaries, energy and purchased professional and technical services. Expenses exceeded revenues during the fiscal year, resulting in a decrease to fund balance. Miscellaneous revenues decreased due to a decrease in grants from foundations to fund the Central School's added costs.

**General Fund Budgeting Highlights**

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

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

**Capital Assets**

At the end of the fiscal year 2014, the School had \$603,597, net of depreciation, invested in equipment and improvements, which is an increase of \$35,744 in governmental activities and a decrease of \$1,233 in business-type activities from fiscal year 2013.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

**Debt Administration**

At June 30, 2014, the School had no liability for compensated absences.

**For the Future**

- The School is presently in good financial condition.
- The School routinely monitors the rules and regulations of the No Child Left Behind federal legislation to assess and ensure financial compliance.

**Contacting the School's Financial Management**

This financial report is designed to provide the School's parents and supporters with a general overview of the School's finances and to show the School's accountability for the resources it receives. If you have questions about this report or need additional information, contact the School's Finance Department.

## **BASIC FINANCIAL STATEMENTS**

## **CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities display information about the School. These statements include the financial activities of the School, except for fiduciary activities. These statements distinguish between the governmental and business-type activities of the School.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Statement of Net Position**  
**June 30, 2014**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash	\$ 503,668	\$ -	\$ 503,668
Receivables	800,730	55,895	856,625
Other Assets	13,389	-	13,389
Restricted Assets:			
Restricted Cash	75,000	-	75,000
Capital Assets, Net	<u>600,515</u>	<u>3,082</u>	<u>603,597</u>
<b>Total Assets</b>	<u>1,993,302</u>	<u>58,977</u>	<u>2,052,279</u>
<b>LIABILITIES:</b>			
Accounts Payable	371,824	16,411	388,235
Due to Other Funds	-	39,484	39,484
Payroll Deductions and Withholdings	48,433	-	48,433
Due to Robert Treat Academy Parent Council	34,468	-	34,468
Intergovernmental Payable:			
State	8,227	-	8,227
Salaries and Benefits Payable	<u>430,767</u>	<u>-</u>	<u>430,767</u>
<b>Total Liabilities</b>	<u>893,719</u>	<u>55,895</u>	<u>949,614</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	600,515	3,082	603,597
Restricted:			
Charter School Reserve	75,000	-	75,000
Unrestricted	<u>424,068</u>	<u>-</u>	<u>424,068</u>
<b>Total Net Position</b>	<u>\$ 1,099,583</u>	<u>\$ 3,082</u>	<u>\$ 1,102,665</u>

The accompanying notes to the financial statements are an integral part of this statement.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2014**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>								
Instruction	\$ 4,264,031	\$ 1,051,151	\$ -	\$ 800,067	\$ -	\$ (4,515,115)	\$ -	\$ (4,515,115)
Administrative	717,219	274,243	-	60,105	-	(931,357)	-	(931,357)
Support Services	3,264,815	225,218	-	120,132	-	(3,369,901)	-	(3,369,901)
Unallocated Depreciation	160,619	-	-	-	-	(160,619)	-	(160,619)
<b>Total Governmental Activities</b>	<b>8,406,684</b>	<b>1,550,612</b>	<b>-</b>	<b>980,304</b>	<b>-</b>	<b>(8,976,992)</b>	<b>-</b>	<b>(8,976,992)</b>
<b>Business-Type Activities:</b>								
Food Service	238,504	-	21,808	209,392	-	-	(7,304)	(7,304)
Before and After Care	202,143	-	202,143	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>440,647</b>	<b>-</b>	<b>223,951</b>	<b>209,392</b>	<b>-</b>	<b>-</b>	<b>(7,304)</b>	<b>(7,304)</b>
<b>Total Primary Government</b>	<b>\$ 8,847,331</b>	<b>\$ 1,550,612</b>	<b>\$ 223,951</b>	<b>\$ 1,189,696</b>	<b>\$ -</b>	<b>\$ (8,976,992)</b>	<b>\$ (7,304)</b>	<b>\$ (8,984,296)</b>
<b>General Revenues:</b>								
Property Taxes, Levied for General Purposes, Net						\$ 1,185,138	\$ -	\$ 1,185,138
Federal and State Aid Not Restricted						7,716,559	-	7,716,559
Miscellaneous Income						102,000	-	102,000
Transfers						(6,071)	6,071	-
<b>Total General Revenues</b>						<b>8,997,626</b>	<b>6,071</b>	<b>9,003,697</b>
<b>Change in Net Position</b>						<b>20,634</b>	<b>(1,233)</b>	<b>19,401</b>
<b>Net Position - July 1, 2013</b>						<b>1,078,949</b>	<b>4,315</b>	<b>1,083,264</b>
<b>Net Position - June 30, 2014</b>						<b>\$ 1,099,583</b>	<b>\$ 3,082</b>	<b>\$ 1,102,665</b>

The accompanying notes to the financial statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

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

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Balance Sheet**  
**Governmental Funds**

June 30, 2014

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS:</b>			
Cash	\$ 503,668	\$ -	\$ 503,668
Restricted Cash	75,000	-	75,000
Accounts Receivables:			
State	566,539	-	566,539
Federal	-	141,917	141,917
Interfund	181,401	-	181,401
Other	52,790	-	52,790
Other Assets	13,389	-	13,389
<b>Total Assets</b>	<b>\$ 1,392,787</b>	<b>\$ 141,917</b>	<b>\$ 1,534,704</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Accounts Payable	\$ 371,824	\$ -	\$ 371,824
Payroll Deductions and Withholdings	48,433	-	48,433
Due to Robert Treat Academy Parent Council	34,468	-	34,468
Interfund Payables	-	141,917	141,917
Intergovernmental payable:			
State	8,227	-	8,227
Salaries and Benefits Payable	430,767	-	430,767
<b>Total Liabilities</b>	<b>893,719</b>	<b>141,917</b>	<b>1,035,636</b>
<b>FUND BALANCES:</b>			
Restricted Fund Balance:			
Charter School Reserve	75,000	-	75,000
Assigned:			
Year-End Encumbrances	33,500	-	33,500
Unassigned:	390,568	-	390,568
<b>Total Fund Balances</b>	<b>499,068</b>	<b>-</b>	<b>499,068</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,392,787</b>	<b>\$ 141,917</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of assets is \$1,475,817 and the accumulated depreciation is \$875,302.

600,515

**Net Position of Governmental Activities**

\$ 1,099,583

The accompanying notes to the financial statements are an integral part of this statement.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2014**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>			
Local Sources:			
Local Tax Levy	\$ 1,185,138	\$ -	\$ 1,185,138
Miscellaneous	102,000	-	102,000
Total - Local Sources	1,287,138	-	1,287,138
State Sources	8,254,515	-	8,254,515
Federal Sources	-	442,348	442,348
<b>Total Revenues</b>	<u>9,541,653</u>	<u>442,348</u>	<u>9,984,001</u>
<b>EXPENDITURES:</b>			
Current Expense:			
Regular Instruction	3,941,815	322,216	4,264,031
Administrative	2,267,831	-	2,267,831
Support	3,144,683	120,132	3,264,815
Capital Outlay	196,363	-	196,363
<b>Total Expenditures</b>	<u>9,550,692</u>	<u>442,348</u>	<u>9,993,040</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,039)</u>	<u>-</u>	<u>(9,039)</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(6,071)</u>	<u>-</u>	<u>(6,071)</u>
Total Other Financing Sources (Uses)	<u>(6,071)</u>	<u>-</u>	<u>(6,071)</u>
<b>Net Change in Fund Balances</b>	(15,110)	-	(15,110)
<b>Fund Balance - July 1, 2013</b>	<u>514,178</u>	<u>-</u>	<u>514,178</u>
<b>Fund Balance - June 30, 2014</b>	<u>\$ 499,068</u>	<u>\$ -</u>	<u>\$ 499,068</u>

The accompanying notes to the financial statements are an integral part of this statement.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2014**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ (15,110)

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	\$ (160,619)	
Capital Outlays	<u>196,363</u>	<u>35,744</u>

**Change in Net Position of Governmental Activities** \$ 20,634

The accompanying notes to the financial statements are an integral part of this statement.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Food Service</b>	<b>Before and After Care</b>	<b>Totals</b>
<b>ASSETS:</b>			
Current Assets:			
Accounts Receivable:			
State	\$ 566	\$ -	\$ 566
Federal	41,107	-	41,107
Other	1,729	12,493	14,222
<b>Total Current Assets</b>	<b>43,402</b>	<b>12,493</b>	<b>55,895</b>
Noncurrent Assets:			
Equipment	9,868	-	9,868
Less: Accumulated Depreciation	6,786	-	6,786
<b>Total Noncurrent Assets</b>	<b>3,082</b>	<b>-</b>	<b>3,082</b>
<b>Total Assets</b>	<b>46,484</b>	<b>12,493</b>	<b>58,977</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	16,411	-	16,411
Intergovernmental:			
Interfund Payable	26,991	12,493	39,484
<b>Total Current Liabilities</b>	<b>43,402</b>	<b>12,493</b>	<b>55,895</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	3,082	-	3,082
Unrestricted	-	-	-
<b>Total Net Position</b>	<b>\$ 3,082</b>	<b>\$ -</b>	<b>\$ 3,082</b>

The accompanying notes to the financial statements are an integral part of this statement.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Statement of Revenues, Expenditures, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**

	<b>Business-Type Activities - Enterprise Fund</b>		
	<b>Food Service</b>	<b>Before and After Care</b>	<b>Total Enterprise</b>
<b>Operating Revenues:</b>			
Sales and Charges for Services	\$ 21,808	\$ 202,143	\$ 223,951
<b>Total Operating Revenues</b>	<u>21,808</u>	<u>202,143</u>	<u>223,951</u>
<b>Operating Expenses:</b>			
Cost of Sales - Food and General Supplies	237,271	-	237,271
Salaries	-	182,606	182,606
Payroll Taxes	-	19,537	19,537
Depreciation	1,233	-	1,233
<b>Total Operating Expenses</b>	<u>238,504</u>	<u>202,143</u>	<u>440,647</u>
<b>Operating Loss</b>	<u>(216,696)</u>	<u>-</u>	<u>(216,696)</u>
<b>Non-Operating Revenues:</b>			
State Sources:			
State School Lunch Program	2,990	-	2,990
Federal Sources:			
National School Lunch Program	144,527	-	144,527
School Breakfast Program	10,647	-	10,647
After School Snack Program	51,228	-	51,228
Other Sources:			
Operating Transfers In - General Fund	6,071	-	6,071
<b>Total Non-Operating Revenues</b>	<u>215,463</u>	<u>-</u>	<u>215,463</u>
<b>Change in Net Position</b>	<u>(1,233)</u>	<u>-</u>	<u>(1,233)</u>
<b>Total Net Position - July 1, 2013</b>	<u>4,315</u>	<u>-</u>	<u>4,315</u>
<b>Total Net Position - June 30, 2014</b>	<u>\$ 3,082</u>	<u>-</u>	<u>\$ 3,082</u>

The accompanying notes to the financial statements are an integral part of this statement.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**

	<b>Business-Type Activities - Enterprise Fund</b>		
	<b>Food Service</b>	<b>Before and After Care</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers	\$ 20,964	\$ 199,452	\$ 220,416
Payments to Employees and Benefits	-	(202,143)	(202,143)
Payments to Suppliers	(237,801)	-	(237,801)
Net Cash Used for Operating Activities	<u>(216,837)</u>	<u>(2,691)</u>	<u>(219,528)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
State Sources	3,295	-	3,295
Federal Sources	208,762	-	208,762
Operating Subsidies and Transfers From Other Funds	4,780	2,691	7,471
Net Cash Provided by Non-Capital Financing Activities	<u>216,837</u>	<u>2,691</u>	<u>219,528</u>
<b>Net Increase in Cash</b>	-	-	-
Cash - July 1, 2013	-	-	-
Cash - June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</b>			
Operating Loss	\$ (216,696)	\$ -	\$ (216,696)
Adjustments Not Affecting Cash:			
Depreciation	1,233	-	1,233
Increase in Accounts Receivable, Net	(844)	(2,691)	(3,535)
Decrease in Accounts Payable	(530)	-	(530)
Total Adjustments	<u>(141)</u>	<u>(2,691)</u>	<u>(2,832)</u>
Net Cash Used for Operating Activities	<u>\$ (216,837)</u>	<u>\$ (2,691)</u>	<u>\$ (219,528)</u>

The accompanying notes to the financial statements are an integral part of this statement.

## **NOTES TO THE FINANCIAL STATEMENTS**

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

The financial statements of Robert Treat Academy Charter School, Inc. (the "School") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

**A. Description of School and Reporting Entity:**

The School is a not-for-profit corporation of the State of New Jersey, established to function as an educational institution. The Board of Trustees (the "Board") consists of nine trustees, who each serve three year terms, and is responsible for the fiscal control of the School. A principal/chief school administrator is appointed by the Board and is responsible for the administrative control of the School.

The School receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. The primary criterion for including activities within the School's reporting entity is the degree of oversight responsibility maintained by the School's management. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The financial statements include all funds and account groups of the School.

The School has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

**B. New Accounting Standards:**

During fiscal year 2014, the School adopted the following GASB statements:

- GASB 66, *Technical Corrections - 2012, an Amendment of GASB Statements 10 and 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as related to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. This Statement had no impact on the School's financial statements.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. New Accounting Standards: (continued)**

Other accounting standards that the School is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as related to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The School does not expect this Statement to impact its financial statements.
- GASB 69, *Government Combinations and Disposals of Government Operations* will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to establish accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement applies to all state and local governmental entities. The School does not expect this statement to impact its financial statements.

**C. Basis of Presentation:**

The School's basic financial statements include the statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Charter School-Wide Statements:**

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

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the School at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activities of the School and for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenue, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Presentation: (continued)**

**Fund Financial Statements**

During the fiscal year, the School segregates transactions related to certain School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate financial statements are provided for Governmental Funds, Proprietary Funds, and Fiduciary Funds. The New Jersey Department of Education (NJ DOE) has elected to require New Jersey schools to treat each Governmental Fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJ DOE believes that the presentation of all funds as major is important for public interest and to promote consistency among school financial reporting models.

The School reports the following Governmental Funds:

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

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

**Capital Projects Fund:** The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). As of June 30, 2014, there was no Capital Projects Fund.

**Debt Service Fund:** The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on, mortgage obligations to finance major property acquisition, construction and improvement programs. As of June 30, 2014, there was no Debt Service Fund.

The School reports the following Proprietary Funds:

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

The School reports the following Fiduciary Funds:

**Trust and Agency Funds (Student Activity Fund):** The Trust and Agency Fund is used to account for the assets that the School holds on behalf of others as their agent. The Trust and Agency Fund is custodial in nature and does not involve measurement of results of operations. Agency funds include payroll and student activity funds. As of June 30, 2014, there was no Student Activity Fund.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting:**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

*Charter School-wide, Proprietary, and Fiduciary Fund Financial Statements:* The school-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund. The fiduciary fund's agency funds do not have a measurement focus. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Local tax levy is recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*Governmental Fund Financial Statements:* Governmental Funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Local tax levy and unrestricted state aid associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the School. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared each year for the General and Special Revenue Funds. The budgets are submitted to the New Jersey Department of Education after being voted upon at a monthly Board of Trustees meeting. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as noted below. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be approved by Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 GAAP. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year-end.

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

**F. Encumbrance Accounting:**

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Encumbrances are a component of fund balance at fiscal year-end, as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in Governmental Funds, other than the Special Revenue Fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the Special Revenue Fund for which the School has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end.

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

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Net Position/Fund Balance:**

**1. Cash:**

Cash includes cash in banks.

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

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

The School's deposits are insured through the Federal Deposit Insurance Corporation (FDIC) and GUDPA. The School is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. GUDPA requires all banks doing business in the State of New Jersey to pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in aggregate by the FDIC for each bank.

**2. Receivables and Allowance for Uncollectible Accounts:**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

**3. Inventories:**

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

**4. Short-Term Interfund Receivables/Payables:**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School and that are due within one year.

**5. Capital Assets:**

The School has established a formal system of accounting for its capital assets. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Net Position/Fund Balance: (continued)**

**5. Capital Assets: (continued)**

All reported capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Furniture	10
Office & Computer Equipment	5
Instructional and Other Equipment	5

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

**6. Accrued Liabilities and Long-term Obligations:**

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

**7. Salaries and Benefits Payable:**

Certain School employees who provide services to the School over the eleven-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2014, the amount earned by these employees but not disbursed was \$430,767.

**8. Compensated Absences:**

School employees are granted vacation and sick leave in varying amounts under the School's personnel policies. It is the policy of the School that all full-time employees are allowed compensated sick leave of ten (10) working days per fiscal year. In addition, unused vacation and sick time carries over at the end of the school year. However, at the time of termination of employment, employees forfeit all accrued benefits except for vacation.

The School has not recorded any liability for compensated absences at June 30, 2014.

**9. Deferred Revenue:**

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

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Net Position/Fund Balance: (continued)**

**10. Net Position/Fund Balance:**

**Charter School-wide Statements**

In the Charter School-wide statements, there are three classes of net position:

•**Net Investment in Capital Assets** - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included, if any.

•**Restricted Net Position** - reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

•**Unrestricted Net Position** - any portion of net position not already classified as either net investment in capital assets or net position - restricted is classified as net position - unrestricted.

**Governmental Fund Equity:**

Fund balance categories are designed to make the nature and extent of the constraints placed on the School's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the School is bound to observe constraints imposed upon the use of the resources reported in Governmental Fund.

Restricted Fund Balance - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance - Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances - Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Net Position/Fund Balance: (continued)**

**10. Net Position/Fund Balance: (continued)**

**Governmental Fund Equity: (continued)**

Assigned Fund Balance - Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances - Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Unassigned Fund Balance - Represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund.

**H. Revenues and Expenditures/Expenses:**

**Revenues from District of Residence:**

The School's primary source of revenue is from the district of residence from which its students are enrolled in the School. The amounts are calculated from the most recent budget data of the student's district.

**Local Levy - Equalization Aid State and Local Share** - The School's funding is pursuant to the School Funding Reform Act of 2008, which states the district of residence shall pay directly to the charter school, for each student enrolled in the charter school who resides in the district, an amount equal to 90% of the sum of the budget year equalization aid per pupil and the pre-budget year general fund tax levy per pupil inflated by the CPI rate most recent to the calculation.

**Special Education / Security Aid** - The district of residence shall pay directly to the School the security aid attributable to the student and a percentage of the district's special education categorical aid equal to the percentage of the district's special education students enrolled in the School.

**Interfund Transactions:**

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

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Revenues and Expenditures/Expenses: (continued)**

**Interfund Transactions: (continued)**

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

**Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activities of the Enterprise Fund. For the School, these revenues are sales for Food Service and fees for the Before and After Care programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

**I. Allocation of Indirect Expenses:**

The School reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, pension, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. The School has no long-term debt.

**J. Extraordinary and Special Items:**

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

**K. Management Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenditures/expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Actual results may differ from estimated amounts.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. Income Taxes:**

The School is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The School's Forms 990, Return of Organization Exempt from Income Tax, for the years ended 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

**NOTE 2. CASH**

**Custodial Credit Risk - Deposits:**

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School has a deposit policy for custodial credit risk. As of June 30, 2014, the School's bank balance of \$527,913 was not exposed to custodial credit risk, as the School's deposits are in accounts insured by the Federal Deposit Insurance Corporation and in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. See Note 1.

As of June 30, 2014, cash of the School consisted of the following:

	<u>Governmental Funds</u>
Checking accounts	\$ 503,668
	<u>\$ 503,668</u>

During the period ended June 30, 2014, the School did not hold any investments.

**NOTE 3. RESTRICTED CASH**

On October 24, 2013, the Board of Trustees of the School authorized the creation of a \$75,000 escrow trust account as required by the New Jersey Department of Education to be utilized in the event of the dissolution of the charter granted to the School. The escrow trust account created is the Robert Treat Academy Charter School, New Jersey Department of Education Trust.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 4. RECEIVABLES**

Receivables at June 30, 2014 consisted of accounts, interfund and intergovernmental. All receivables are considered collectible in full.

A summary of the principal items of receivables follows:

	Amount
Governmental Activities:	
General Fund:	
State	\$ 566,539
Other	52,790
Interfund Enterprise Fund	39,484
Special Revenue Fund:	
Federal	141,917
Total Governmental Activities	800,730
Business-type Activities:	
Food Services	43,402
Before and After Care	12,493
	55,895
Total Receivables	\$ 856,625

**NOTE 5. INTERFUND BALANCES AND TRANSFERS**

The following interfund balances remained on the fund financial statements at June 30, 2014:

	Interfund Receivable	Interfund Payable
General Fund	\$ 181,401	\$ -
Special Revenue Fund	-	141,917
Enterprise Fund	-	39,484
	\$ 181,401	\$ 181,401

The receivable/payable between the General Fund and the Special Revenue Fund resulted from the loans made to the Special Revenue Fund to fund grants, until the Special Revenue Fund receives monies due from federal grants. The receivable/payable between the General Fund and the Enterprise Fund resulted from the loans made to the Enterprise Fund to fund operations until the Enterprise Fund collects their accounts receivable.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 5. INTERFUND BALANCES AND TRANSFERS (CONTINUED)**

Interfund transfers for the year ended June 30, 2014 consisted of the following:

	<u>Transfers From</u> <u>General</u> <u>Fund</u>
Transfers To:	
Enterprise Fund	\$ 6,071

Transfers were made from the General Fund to the Enterprise Fund to fund the cash deficit from operations.

**NOTE 6. CAPITAL ASSETS**

Capital assets' activity for the year ended June 30, 2014, was as follows:

	<u>Balance</u> <u>as of</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Reclass/</u> <u>Retirements</u>	<u>Balance</u> <u>as of</u> <u>June 30, 2014</u>
Furniture and Equipment	\$ 1,071,126	\$ 130,586	\$ -	\$ 1,201,712
Leasehold Improvements	208,328	65,777	-	274,105
Total at Historical Cost	1,279,454	196,363	-	1,475,817
Less Accumulated Depreciation for:				
Furniture and Equipment	89,934	27,324	-	117,258
Leasehold Improvements	624,749	133,295	-	758,044
Total Accumulated Depreciation	714,683	160,619	-	875,302
Governmental Activity Capital Assets, Net	\$ 564,771	\$ 35,744	\$ -	\$ 600,515
Business-type Activities:				
Equipment	\$ 9,868	\$ -	\$ -	\$ 9,868
Less Accumulated Depreciation	5,553	1,233	-	6,786
Business-type Activities Capital Assets, Net	\$ 4,315	\$ (1,233)	\$ -	\$ 3,082

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 6. CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to the following functions:

Governmental Activities:	
Unallocated	\$ 160,619
Business Type Activities:	
Food Services	<u>1,233</u>
Total	<u>\$ 161,852</u>

**NOTE 7 - FUND BALANCES:**

**General Fund:** Of the \$499,068 General Fund balance in the fund financial statement at June 30, 2014, \$75,000 is restricted as required by the New Jersey Department of Education, for the potential costs in the event of the dissolution of the charter granted to the School; \$33,500 is assigned for encumbrances; and \$390,568 is unassigned.

**NOTE 8. EMPLOYEE RETIREMENT SYSTEMS**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible School employees:

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the School and the system's 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 System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability, and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey of any county, municipality, school district, 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.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those School employees who are eligible for pension coverage.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 8. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

*Defined Contribution Retirement Program (DCRP)* - Established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain School employees not eligible for enrollment in TPAF or PERS effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via New Jersey, Division of Pensions and Benefits, website [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Significant Legislation:**

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

This legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 8. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Contribution Requirement**

The contribution policy is set by laws of the State of New Jersey and requires contributions by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. The retirement systems require employee contributions based on 6.6% for PERS, 6.6% for TPAF and 5.5% for DCRP. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute, the School is a non-contributing employer of the TPAF. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. During the fiscal year ended June 30, 2014, the School was not required to contribute to DCRP.

During the fiscal years ended June 30, 2014, 2013 and 2012 the School was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

**Three-Year Trend Information for PERS**

<u>Year Funding</u>	<u>Normal Pension Cost</u>	<u>Non- Contributory Group Life Insurance</u>	<u>Total Pension and NCGI</u>
2014	\$ 99,623	\$ 1,519	\$ 101,142
2013	87,597	5,214	92,811
2012	88,954	5,667	94,621

During the fiscal year ended June 30, 2014, the School contributed to the PERS \$99,623 for pension costs and \$1,519 for NCGI.

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

<u>Year Funding</u>	<u>Normal Pension Cost</u>	<u>Non- Contributory Group Life Insurance</u>	<u>Post-Retirement Medical Contributions</u>	<u>Total Pension and NCGI</u>
2014	\$ 106,377	\$ 9,389	\$ 189,813	\$ 305,579
2013	147,950	7,784	176,096	331,830
2012	72,568	7,788	161,532	241,888

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 8. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

*Contribution Requirement* (continued)

During the fiscal year ended June 30, 2014, the State of New Jersey contributed \$106,377 for normal pension costs, and \$199,202 for post-retirement medical benefits and NCGI on behalf of the School by the State of New Jersey. In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the School \$232,377 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the charter school-wide financial statements, and the fund based statements as a revenue and expenditure in accordance with GASB 24.

**NOTE 9. POST RETIREMENT BENEFITS**

*Plan Description*

The School District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

*Funding Policy*

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pension 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, 2013, the latest available report, there were 100,134 retirees receiving post-retirement medical benefits and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits 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 employer paid 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 \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in fiscal year 2013.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 9. POST RETIREMENT BENEFITS (CONTINUED)**

*Funding Policy* (continued)

The State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

**NOTE 10. COMPENSATION**

The School offers its employees a choice of deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by Valic, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

**NOTE 11. COMMITMENTS**

The School rents its facilities in Newark, NJ under one year operating leases from The North Ward Center, Inc., a related party not-for-profit organization. Rent expense for the year ended June 30, 2014 was \$1,124,000.

The School also has a fiscal service agreement with The North Ward Center, Inc. Fiscal service expense was \$96,000 for the year ended June 30, 2014. The School also had a security service agreement for 2014 with The North Ward Center, Inc. for \$35,000. The School had a legal agreement with Grieco, Oates & DeFilippo, LLC, with a legal service expense of approximately \$36,200 for the year ended June 30, 2014. The agreements for various program consultants was approximately \$175,600 for the year ended June 30, 2014.

Future minimum commitment payments are as follows:

	<u>Rent</u>	<u>Fiscal Services</u>	<u>Legal</u>	<u>Program Consultant</u>	<u>Security Services</u>	<u>Total</u>
June 30, 2015	<u>\$ 1,174,000</u>	<u>\$ 96,000</u>	<u>\$ 36,600</u>	<u>\$ 235,050</u>	<u>\$ 35,000</u>	<u>\$ 1,576,650</u>

The leases include rent for its Clifton Avenue School and playground and William Street School.

**NOTE 12. RISK MANAGEMENT**

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

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

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 13. CONTINGENCIES AND OTHER MATTERS**

The School is involved in claims incidental to its operations. In the opinion of the administration, the ultimate resolution of these matters will not have a material effect on the financial position of the School.

The School participates in federal awards and state financial assistance grant programs. Expenditures financed by such assistance are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2014, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**NOTE 14. SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2014 through November 28, 2014, the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

## **BUDGETARY COMPARISON SCHEDULES**

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2014**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>REVENUES:</b>					
Local Sources:					
Tax Levy - Local Share	\$ 1,161,867	\$ 23,271	\$ 1,185,138	\$ 1,185,138	\$ -
Miscellaneous	-	102,000	102,000	102,000	-
<b>Total - Local Sources</b>	<b>1,161,867</b>	<b>125,271</b>	<b>1,287,138</b>	<b>1,287,138</b>	<b>-</b>
State Sources:					
Equalization Aid - State Share	7,196,289	144,133	7,340,422	7,340,422	-
Special Education Categorical Aid	103,128	(20,840)	82,288	82,288	-
Security Aid	294,398	(549)	293,849	293,849	-
On-Behalf TPAF Pension - Non-Contributory Insurance (Non-Budgeted)	-	-	-	9,389	9,389
On-Behalf TPAF Pension - Normal (Non-Budgeted)	-	-	-	106,377	106,377
On-Behalf TPAF Pension - Post Retirement Medical Contributions (Non-Budgeted)	-	-	-	189,813	189,813
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	232,377	232,377
<b>Total - State Sources</b>	<b>7,593,815</b>	<b>122,744</b>	<b>7,716,559</b>	<b>8,254,515</b>	<b>537,956</b>
<b>Total Revenues</b>	<b>8,755,682</b>	<b>248,015</b>	<b>9,003,697</b>	<b>9,541,653</b>	<b>537,956</b>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 2,301,552	\$ 225,000	\$ 2,526,552	\$ 2,526,155	\$ 397
Other Salaries for Instruction	917,828	(319,424)	598,404	598,298	106
Other Purchased Services	30,000	93,000	123,000	122,457	543
General Supplies	370,000	4,000	374,000	373,823	177
Textbooks	240,000	81,800	321,800	321,082	718
<b>Total Instruction</b>	<u>3,859,380</u>	<u>84,376</u>	<u>3,943,756</u>	<u>3,941,815</u>	<u>1,941</u>
Administrative:					
Salaries - Administration	356,204	36,800	393,004	392,997	7
Salaries of Secretarial and Clerical Assistants	388,037	(1,000)	387,037	386,987	50
Unallocated Benefits	905,875	58,000	963,875	963,299	576
Purchased Professional and Technical Services	270,750	26,956	297,706	296,195	1,511
Other Purchased Services	24,092	(24,092)	-	-	-
Communications and Telephone	88,500	(67,000)	21,500	20,530	970
Supplies and Materials	162,000	45,900	207,900	207,823	77
<b>Total Administrative</b>	<u>2,195,458</u>	<u>75,564</u>	<u>2,271,022</u>	<u>2,267,831</u>	<u>3,191</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>Support Services</b>					
Salaries	\$ 731,995	\$ (139,500)	\$ 592,495	\$ 591,724	\$ 771
Purchased Professional and Technical Services	50,000	207,400	257,400	257,348	52
Other Purchased Services	252,200	23,600	275,800	275,768	32
Rental of Land, Building and Other Lease Purchases	1,124,000	-	1,124,000	1,124,000	-
Insurance	32,000	4,250	36,250	36,201	49
Supplies and Materials	15,000	500	15,500	15,455	45
Transportation - Other Than To/From School	5,000	7,700	12,700	12,609	91
Energy Costs	230,000	20,050	250,050	250,035	15
Miscellaneous Expenditures	50,000	(6,300)	43,700	43,587	113
<b>Total Support Services</b>	<u>2,490,195</u>	<u>117,700</u>	<u>2,607,895</u>	<u>2,606,727</u>	<u>1,168</u>
On-Behalf TPAF Pension - Non-Contributory Insurance (Non-Budgeted)	-	-	-	9,389	(9,389)
On-Behalf TPAF Pension - Normal (Non-Budgeted)	-	-	-	106,377	(106,377)
On-Behalf TPAF Pension - Post Retirement Medical Contributions (Non-Budgeted)	-	-	-	189,813	(189,813)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	232,377	(232,377)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>537,956</u>	<u>(537,956)</u>
Total Undistributed Expenditures	<u>2,490,195</u>	<u>117,700</u>	<u>2,607,895</u>	<u>3,144,683</u>	<u>(536,788)</u>
Total Expenditures - Current Expense	<u>8,545,033</u>	<u>277,640</u>	<u>8,822,673</u>	<u>9,354,329</u>	<u>(531,656)</u>

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

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2014**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Capital Outlay</b>					
Instructional Equipment	\$ 185,000	\$ (117,800)	\$ 67,200	\$ 67,066	\$ 134
Non-Instructional Equipment	112,500	17,300	129,800	129,297	503
<b>Total Capital Outlay</b>	<u>297,500</u>	<u>(100,500)</u>	<u>197,000</u>	<u>196,363</u>	<u>637</u>
<b>Total Expenditures</b>	<u>8,842,533</u>	<u>177,140</u>	<u>9,019,673</u>	<u>9,550,692</u>	<u>(531,019)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(86,851)	70,875	(15,976)	(9,039)	6,937
Other Financing Sources (Uses):					
Operating Transfers Out - Food Service Fund	-	(6,071)	(6,071)	(6,071)	-
Total Other Financing Sources (Uses)	-	(6,071)	(6,071)	(6,071)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(86,851)	64,804	(22,047)	(15,110)	6,937
<b>Fund Balance - July 1, 2013</b>	<u>558,700</u>	<u>(44,522)</u>	<u>514,178</u>	<u>514,178</u>	<u>-</u>
<b>Fund Balance - June 30, 2014</b>	<u>\$ 471,849</u>	<u>\$ 20,282</u>	<u>\$ 492,131</u>	<u>\$ 499,068</u>	<u>\$ 6,937</u>
<b>Recapitulation of Fund Balance:</b>					
Restricted Fund Balance:					
Charter School Reserve				\$ 75,000	
Assigned Fund Balance:					
Year-End Encumbrances				33,500	
Unassigned Fund Balance				<u>390,568</u>	
<b>Fund Balance per Governmental Funds (GAAP)</b>				<u>\$ 499,068</u>	

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

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Federal Sources	\$ 270,000	\$ 252,307	\$ 522,307	\$ 442,348	\$ 79,959
<b>Total Revenues</b>	<u>270,000</u>	<u>252,307</u>	<u>522,307</u>	<u>442,348</u>	<u>79,959</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	70,000	(13,096)	56,904	56,904	-
Other Salaries for Instruction	200,000	131,781	331,781	264,269	67,512
General Supplies	-	8,325	8,325	1,043	7,282
<b>Total Instruction</b>	<u>270,000</u>	<u>127,010</u>	<u>397,010</u>	<u>322,216</u>	<u>74,794</u>
Support Services:					
Salaries	-	41,259	41,259	41,259	-
Personal Services - Employee Benefits	-	47,013	47,013	41,848	5,165
Purchased Professional and Technical Services	-	37,025	37,025	37,025	-
<b>Total Support Services</b>	<u>-</u>	<u>125,297</u>	<u>125,297</u>	<u>120,132</u>	<u>5,165</u>
<b>Total Expenditures</b>	<u>270,000</u>	<u>252,307</u>	<u>522,307</u>	<u>442,348</u>	<u>79,959</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2014**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources:</b>		
Actual Amounts (Budgetary Basis) "Revenue" From the Budgetary Comparison Schedule	<u>\$ 9,541,653</u>	<u>\$ 442,348</u>
<b>Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds</b>	<u><u>\$ 9,541,653</u></u>	<u><u>\$ 442,348</u></u>
<b>Uses/Outflows of Resources:</b>		
Actual Amounts (Budgetary Basis) "Total Outflows" From the Budgetary Comparison Schedule	<u>\$ 9,550,692</u>	<u>\$ 442,348</u>
<b>Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds</b>	<u><u>\$ 9,550,692</u></u>	<u><u>\$ 442,348</u></u>

## **OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

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

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2014**

	Exhibit E-1a E.S.E.A. Prior Year	IDEA Part B - Preschool Prior Year	IDEA Part B - Basic Prior Year	Exhibit E-1b E.S.E.A. Current Year	IDEA Part B - Basic	IDEA Part B - Preschool	Totals
<b>Revenues:</b>							
Federal Sources	\$ 51,480	\$ 745	\$ 13,206	\$ 269,417	\$ 105,536	\$ 1,964	\$ 442,348
<b>Total Revenues</b>	<u>51,480</u>	<u>745</u>	<u>13,206</u>	<u>269,417</u>	<u>105,536</u>	<u>1,964</u>	<u>442,348</u>
<b>Expenditures:</b>							
Instruction:							
Salaries of Teachers	-	-	4,904	-	52,000	-	56,904
Other Salaries for Instruction	31,357	424	-	232,488	-	-	264,269
General Supplies	-	-	-	-	986	57	1,043
Total Instruction	<u>31,357</u>	<u>424</u>	<u>4,904</u>	<u>232,488</u>	<u>52,986</u>	<u>57</u>	<u>322,216</u>
Support Services:							
Salaries	-	280	6,429	-	33,000	1,550	41,259
Personal Services - Employee Benefits	2,242	41	1,873	17,785	19,550	357	41,848
Purchased Professional and Technical Services	17,881	-	-	19,144	-	-	37,025
Total Supportive Services	<u>20,123</u>	<u>321</u>	<u>8,302</u>	<u>36,929</u>	<u>52,550</u>	<u>1,907</u>	<u>120,132</u>
<b>Total Expenditures</b>	<u>51,480</u>	<u>745</u>	<u>13,206</u>	<u>269,417</u>	<u>105,536</u>	<u>1,964</u>	<u>442,348</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Combining Schedule of Revenues and Expenditures - Budgetary Basis**  
**Special Revenue Fund**  
**E.S.E.A. - Prior Year**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Title I Part A</u>	<u>Title II Part A</u>	
	<u>Prior Year</u>	<u>Prior Year</u>	<u>Totals</u>
<b>Revenues:</b>			
Federal Sources	\$ 33,599	\$ 17,881	\$ 51,480
<b>Total Revenues</b>	<u>33,599</u>	<u>17,881</u>	<u>51,480</u>
<b>Expenditures:</b>			
Instruction:			
Other Salaries for Instruction	31,357	-	31,357
Total Instruction	<u>31,357</u>	<u>-</u>	<u>31,357</u>
Support Services:			
Personal Services - Employee Benefits	2,242	-	2,242
Purchased Professional and Technical Services	-	17,881	17,881
Total Support Services	<u>2,242</u>	<u>17,881</u>	<u>20,123</u>
<b>Total Expenditures</b>	<u>33,599</u>	<u>17,881</u>	<u>51,480</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Combining Schedule of Revenues and Expenditures - Budgetary Basis**  
**Special Revenue Fund**  
**E.S.E.A. - Current Year**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Title I Part A Current Year</u>	<u>Title II Part A Current Year</u>	<u>Totals</u>
<b>Revenues:</b>			
Federal Sources	\$ 250,273	\$ 19,144	\$ 269,417
<b>Total Revenues</b>	<u>250,273</u>	<u>19,144</u>	<u>269,417</u>
<b>Expenditures:</b>			
Instruction:			
Other Salaries for Instruction	232,488	-	232,488
Total Instruction	<u>232,488</u>	<u>-</u>	<u>232,488</u>
Support Services:			
Personal Services - Employee Benefits	17,785	-	17,785
Purchased Professional and Technical Services	-	19,144	19,144
Total Supportive Services	<u>17,785</u>	<u>19,144</u>	<u>36,929</u>
<b>Total Expenditures</b>	<u>250,273</u>	<u>19,144</u>	<u>269,417</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **CAPITAL PROJECTS FUND DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major facilities and equipment purchases other than those financed by Proprietary Funds.

At June 30, 2014, there was no Capital Projects Fund.

## **PROPRIETARY FUNDS DETAIL STATEMENTS**

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

### **FOOD SERVICE FUND**

This Fund provides for the operation of food services for the School.

### **BEFORE AND AFTER SCHOOL CARE FUND**

This Fund provides for the operation of before and after care services for the School.

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

## **FIDUCIARY FUNDS DETAIL STATEMENTS**

Agency Funds are used to account for assets when the School is functioning either as a trustee or as an agent for another party.

### **STUDENT ACTIVITY FUND**

This Agency Fund is used to account for the student funds held at the School.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Balance July 1, 2013</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Accounts Payable June 30, 2014</u>	<u>Balance June 30, 2014</u>
Robert Treat Academy Charter School, Inc.	<u>\$ 3,600</u>	<u>\$ -</u>	<u>\$ 3,600</u>	<u>\$ -</u>	<u>\$ -</u>

## **LONG-TERM DEBT SCHEDULES**

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School. This includes mortgage obligations outstanding and obligations under capital leases.

At June 30, 2014, there were no Long-Term Debt Schedules.

The School did not have any mortgages payable or obligations under capital leases.

**ROBERT TREAT ACADEMY SCHOOL, INC.  
STATISTICAL SECTION  
(UNAUDITED)**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the School's financial performance and well being have changed over time.	56 - 60
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the School's most significant local revenue source, the property tax.	N/A
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.	N/A
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place.	N/A
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the School's financial report relates to the services the School provides and the activities it performs.	61 - 67

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**Unaudited**

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 600,515	\$ 564,771	\$ 464,870	\$ 524,233	\$ 525,305	\$ 311,519	\$ 117,171	\$ 175,564	\$ 287,860	\$ 364,437
Restricted	75,000	-	-	-	-	-	-	-	-	-
Unrestricted	424,068	514,178	432,421	311,684	404,568	215,524	306,594	209,844	250,753	188,020
<b>Total Governmental Activities, Net Position</b>	<b>1,099,583</b>	<b>1,078,949</b>	<b>897,291</b>	<b>835,917</b>	<b>929,873</b>	<b>527,043</b>	<b>423,765</b>	<b>385,408</b>	<b>538,613</b>	<b>552,457</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	3,082	4,315	6,041	8,458	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	(119)	(173)	22
<b>Total Business-Type Activities, Net Position</b>	<b>3,082</b>	<b>4,315</b>	<b>6,041</b>	<b>8,458</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(119)</b>	<b>(173)</b>	<b>22</b>
<b>SCHOOL WIDE:</b>										
<b>Total Activities:</b>										
Net Investment in Capital Assets	603,597	569,086	470,911	532,691	525,305	311,519	117,171	175,564	287,860	364,437
Restricted	75,000	-	-	-	-	-	-	-	-	-
Unrestricted	424,068	514,178	432,421	311,684	404,568	215,524	306,594	209,725	250,580	188,042
<b>Total School Net Position</b>	<b>\$ 1,102,665</b>	<b>\$ 1,083,264</b>	<b>\$ 903,332</b>	<b>\$ 844,375</b>	<b>\$ 929,873</b>	<b>\$ 527,043</b>	<b>\$ 423,765</b>	<b>\$ 385,289</b>	<b>\$ 538,440</b>	<b>\$ 552,479</b>

Source: Robert Treat Academy Charter School, Inc.'s records.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**Unaudited**

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Expenses</b>										
<b>Governmental Activities:</b>										
Instruction	\$ 5,315,182	\$ 4,922,483	\$ 4,364,149	\$ 4,115,507	\$ 4,152,934	\$ 3,347,212	\$ 2,964,052	\$ 3,027,977	\$ 2,423,225	\$ 2,415,587
Administrative	991,462	964,745	831,872	1,084,527	819,613	654,853	615,325	583,795	1,439,977	1,196,242
Support Services	3,480,033	3,045,008	3,249,220	2,503,538	2,592,178	2,128,642	1,904,530	1,826,662	1,526,194	1,303,850
Unallocated Depreciation	160,619	123,372	96,456	94,534	77,393	57,007	76,368	127,160	-	-
<b>Total Governmental Activities</b>	<b>9,957,296</b>	<b>9,055,608</b>	<b>8,541,697</b>	<b>7,798,106</b>	<b>7,642,118</b>	<b>6,187,914</b>	<b>5,560,275</b>	<b>5,565,594</b>	<b>5,389,396</b>	<b>4,915,679</b>
<b>Business-Type Activities:</b>										
Food Service	238,504	266,350	301,627	257,501	232,176	189,538	165,448	148,083	137,831	144,781
Before and After Care	202,143	157,277	184,330	125,374	159,314	136,154	143,912	122,390	142,312	139,465
<b>Total Business-Type Activities</b>	<b>440,647</b>	<b>423,627</b>	<b>465,957</b>	<b>382,875</b>	<b>391,490</b>	<b>325,692</b>	<b>309,360</b>	<b>270,473</b>	<b>280,143</b>	<b>284,246</b>
<b>Total School Expenses</b>	<b>\$ 10,397,943</b>	<b>\$ 9,479,235</b>	<b>\$ 9,007,653</b>	<b>\$ 8,180,981</b>	<b>\$ 8,033,608</b>	<b>\$ 6,513,606</b>	<b>\$ 5,869,635</b>	<b>\$ 5,836,067</b>	<b>\$ 5,669,539</b>	<b>\$ 5,199,925</b>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Operating Grants and Contributions	\$ 980,304	\$ 929,396	\$ 804,915	\$ 695,490	\$ 916,617	\$ 640,488	\$ 734,794	\$ 781,953	\$ -	\$ -
<b>Total Governmental Activities Program Revenues</b>	<b>980,304</b>	<b>929,396</b>	<b>804,915</b>	<b>695,490</b>	<b>916,617</b>	<b>640,488</b>	<b>734,794</b>	<b>781,953</b>	<b>-</b>	<b>-</b>
<b>Business-Type Activities:</b>										
<b>Charges for Services:</b>										
Food Service	21,808	25,795	37,532	62,159	42,101	31,581	22,133	19,881	14,960	15,808
Before and After Care	202,143	157,277	164,330	125,374	159,314	136,154	144,067	122,327	142,222	139,569
Operating Grants and Contributions	209,392	207,934	222,573	193,932	190,075	157,957	143,279	128,319	122,766	128,995
<b>Total Business-Type Activities Program Revenues</b>	<b>433,343</b>	<b>381,006</b>	<b>424,435</b>	<b>381,465</b>	<b>391,490</b>	<b>325,692</b>	<b>309,479</b>	<b>270,527</b>	<b>279,948</b>	<b>284,372</b>
<b>Total School Program Revenues</b>	<b>\$ 1,413,647</b>	<b>\$ 1,320,402</b>	<b>\$ 1,229,350</b>	<b>\$ 1,076,955</b>	<b>\$ 1,308,107</b>	<b>\$ 966,180</b>	<b>\$ 1,044,273</b>	<b>\$ 1,052,480</b>	<b>\$ 279,948</b>	<b>\$ 284,372</b>
<b>Net (Expense) Revenue:</b>										
Governmental Activities	\$ (8,976,992)	\$ (8,125,213)	\$ (7,736,782)	\$ (7,102,616)	\$ (6,725,501)	\$ (5,547,426)	\$ (4,825,481)	\$ (4,783,641)	\$ (5,389,396)	\$ (4,915,679)
Business-Type Activities	(7,304)	(32,621)	(41,522)	8,458	-	-	119	54	(195)	126
<b>Total School-Wide Net Expense</b>	<b>\$ (8,984,296)</b>	<b>\$ (8,157,834)</b>	<b>\$ (7,778,304)</b>	<b>\$ (7,094,158)</b>	<b>\$ (6,725,501)</b>	<b>\$ (5,547,426)</b>	<b>\$ (4,825,362)</b>	<b>\$ (4,783,587)</b>	<b>\$ (5,389,591)</b>	<b>\$ (4,915,553)</b>
<b>General Revenues and Other Changes in Net Position:</b>										
<b>Governmental Activities:</b>										
Property Taxes, Levied for General Purposes, Net	\$ 1,185,138	\$ 1,062,179	\$ 945,662	\$ 864,363	\$ 837,596	\$ 753,578	\$ 1,053,014	\$ 796,237	\$ 762,989	\$ 690,060
Federal and State Aid Not Restricted	7,716,559	7,108,175	6,637,804	5,935,939	5,739,439	4,895,063	3,808,729	3,748,773	4,523,453	3,967,376
Interest Income	-	-	-	-	-	13	1,153	3,890	3,576	1,768
Miscellaneous Income	102,000	167,412	253,795	208,358	551,296	2,050	942	81,536	85,534	180,235
Transfers	(6,071)	(70,000)	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>8,997,626</b>	<b>8,267,766</b>	<b>7,837,261</b>	<b>7,008,660</b>	<b>7,128,331</b>	<b>5,850,704</b>	<b>4,863,838</b>	<b>4,630,436</b>	<b>5,375,552</b>	<b>4,839,439</b>
<b>Business-Type Activities:</b>										
Transfers	6,071	70,000	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>6,071</b>	<b>\$ 70,000</b>	<b>-</b>							
<b>Total District-Wide</b>	<b>\$ 9,003,697</b>	<b>\$ 8,337,766</b>	<b>\$ 7,837,261</b>	<b>\$ 7,008,660</b>	<b>\$ 7,128,331</b>	<b>\$ 5,850,704</b>	<b>\$ 4,863,838</b>	<b>\$ 4,630,436</b>	<b>\$ 5,375,552</b>	<b>\$ 4,839,439</b>
<b>Changes in Net Position:</b>										
Governmental Activities	\$ 20,634	\$ 142,553	\$ 100,479	\$ (93,956)	\$ 402,830	\$ 103,278	\$ 38,357	\$ (153,205)	\$ (13,844)	\$ (76,240)
Business-Type Activities	(1,233)	37,379	(41,522)	8,458	-	-	119	54	(195)	126
<b>Total School</b>	<b>\$ 19,401</b>	<b>\$ 179,932</b>	<b>\$ 58,957</b>	<b>\$ (85,498)</b>	<b>\$ 402,830</b>	<b>\$ 103,278</b>	<b>\$ 38,476</b>	<b>\$ (153,151)</b>	<b>\$ (14,039)</b>	<b>\$ (76,114)</b>

Source: Robert Treat Academy Charter School, Inc.'s records.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**Unaudited**

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Restricted:										
Charter School Reserve	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned Fund Balance:										
Year-end Encumbrances	33,500	33,500	33,500	33,500	-	-	-	-	-	-
Unassigned Fund Balance	390,568	480,678	438,026	278,184	-	-	-	-	-	-
Reserved	-	-	-	-	33,500	33,500	33,000	31,500	89,368	65,497
Unreserved	-	-	-	-	371,068	182,024	273,594	348,344	329,385	247,523
<b>Total General Fund</b>	<b><u>\$ 499,068</u></b>	<b><u>\$ 514,178</u></b>	<b><u>\$ 471,526</u></b>	<b><u>\$ 311,684</u></b>	<b><u>\$ 404,568</u></b>	<b><u>\$ 215,524</u></b>	<b><u>\$ 306,594</u></b>	<b><u>\$ 379,844</u></b>	<b><u>\$ 418,753</u></b>	<b><u>\$ 313,020</u></b>

Source: Robert Treat Academy Charter School, Inc.'s records.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**Unaudited**

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Revenues:</b>										
Tax Levy - Local Share	\$ 1,185,138	\$ 1,062,179	\$ 945,662	\$ 864,363	\$ 837,596	\$ 753,578	\$ 1,053,014	\$ 796,237	\$ 762,989	\$ 690,060
State Revenue	8,254,515	7,646,726	7,076,161	6,273,154	6,086,670	5,192,305	4,131,167	4,050,831	3,992,927	3,736,214
Federal Revenue	442,348	390,845	366,558	358,275	569,386	337,046	412,356	454,895	530,526	231,162
Other Local Revenue	102,000	167,412	253,795	208,358	551,296	8,263	2,095	110,426	89,110	182,003
<b>Total Revenue</b>	<b>9,984,001</b>	<b>9,267,162</b>	<b>8,642,176</b>	<b>7,704,150</b>	<b>8,044,948</b>	<b>6,291,192</b>	<b>5,598,632</b>	<b>5,412,389</b>	<b>5,375,552</b>	<b>4,839,439</b>
<b>FUNCTION</b>										
Instruction:										
Salaries	3,124,453	2,914,571	2,704,383	2,624,257	2,351,833	2,034,888	2,011,126	1,909,883	1,691,155	1,873,797
Professional/Technical Services	-	-	-	-	-	-	16,975	-	1,616	13,472
Other Purchased Services	122,457	27,324	23,195	24,708	14,387	17,390	-	-	-	-
General Educational Supplies	373,823	383,731	367,625	222,521	439,372	309,505	102,087	107,694	63,385	70,975
Instructional Text and Books	321,082	260,511	100,929	199,064	133,794	94,370	51,330	40,182	74,825	124,780
Administrative Cost:										
Salaries - Administration	779,984	715,991	617,766	651,751	620,048	490,355	415,089	377,150	544,753	356,000
Total Benefit Costs	1,501,255	1,422,576	1,292,796	1,085,730	1,015,856	845,838	826,234	829,163	589,303	502,435
Professional/Technical Services	296,195	348,482	269,309	356,613	219,591	219,919	182,887	124,000	129,002	153,500
Other Purchased Service	-	-	-	-	-	-	-	30,770	64,669	24,270
Communications and Telephone	20,530	19,809	19,970	34,976	22,829	31,045	26,561	29,109	15,936	34,754
Supplies and Materials	207,823	198,362	181,866	209,500	155,359	105,104	71,819	98,270	87,043	85,270

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Changes in Fund Balances - Governmental Funds (Continued)**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**Unaudited**

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Support Services:</b>										
Salaries	\$ 591,724	\$ 491,622	\$ 568,802	\$ 386,157	\$ 411,224	\$ 411,260	\$ 317,777	\$ 232,551	\$ 117,726	\$ 225,800
Professional/Technical Services	257,348	136,955	80,894	5,169	51,706	35,517	22,516	44,848	44,215	44,482
Other Purchased Services	275,768	181,972	427,807	153,243	156,149	126,958	179,648	3,410	5,188	3,755
Rental of Land and Buildings	1,124,000	1,099,000	1,099,000	1,099,000	1,099,000	843,167	814,000	814,000	814,000	714,000
Insurance for Property, Liability, Fidelity	36,201	30,749	25,333	25,940	24,839	21,204	19,129	19,632	19,293	33,389
Supplies and Materials	15,455	14,110	13,323	5,467	8,522	5,592	3,852	90,330	98,356	47,832
Transportation - Other Than to/from School	12,609	7,268	16,568	2,294	2,212	2,279	2,416	25,117	8,185	12,345
Energy Costs (Heat and Electricity)	250,035	211,464	224,868	234,859	214,274	170,767	164,677	160,713	139,876	120,517
Miscellaneous Expense	43,587	76,894	44,249	24,048	54,344	22,503	13,428	19,717	13,231	17,487
<b>Capital Outlay:</b>										
Instructional Equipment	67,066	131,376	-	65,817	167,817	70,854	-	-	13,537	31,334
Non-Instructional Equipment	129,297	90,898	37,093	27,645	123,362	19,945	17,975	14,864	-	30,293
Purchase of Land/Improvements	-	-	-	-	-	160,556	-	-	-	-
<b>Special Revenue:</b>										
State	-	-	-	-	-	-	-	-	204,000	4,000
Federal	442,348	390,845	366,558	358,275	569,386	337,046	412,356	479,895	530,526	231,162
Other	-	-	-	-	-	6,200	-	-	-	-
<b>Total Expenditures</b>	<b>9,993,040</b>	<b>9,154,510</b>	<b>8,482,334</b>	<b>7,797,034</b>	<b>7,855,904</b>	<b>6,382,262</b>	<b>5,671,882</b>	<b>5,451,298</b>	<b>5,269,820</b>	<b>4,755,629</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(9,039)</b>	<b>112,652</b>	<b>159,842</b>	<b>(92,884)</b>	<b>189,044</b>	<b>(91,070)</b>	<b>(73,250)</b>	<b>(38,909)</b>	<b>105,732</b>	<b>83,810</b>
<b>Other Financing Sources (Uses):</b>										
Transfers Out	(6,071)	(70,000)	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(6,071)</b>	<b>(70,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ (15,110)</b>	<b>\$ 42,652</b>	<b>\$ 159,842</b>	<b>\$ (92,884)</b>	<b>\$ 189,044</b>	<b>\$ (91,070)</b>	<b>\$ (73,250)</b>	<b>\$ (38,909)</b>	<b>\$ 105,732</b>	<b>\$ 83,810</b>

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Source: Robert Treat Academy Charter School, Inc.'s records.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Full-Time Equivalent Charter School Employees by Function/Program**  
**Last Ten Fiscal Years**  
**Unaudited**

	Fiscal Year Ending June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Employees:</b>										
Certified	63	60	58	55	49	41	42	36	43	36
Other	36	37	35	35	33	31	34	39	39	42
<b>Total Employees</b>	<u>99</u>	<u>97</u>	<u>93</u>	<u>90</u>	<u>82</u>	<u>72</u>	<u>76</u>	<u>75</u>	<u>82</u>	<u>78</u>

Source: Robert Treat Academy Charter School, Inc.'s records.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Operating Statistics**  
**Last Ten Fiscal Years**  
**Unaudited**

<b>Fiscal Year Ended June 30,</b>	<b>Average Daily Enrollment (b)</b>	<b>Operating Expenditures (a)</b>	<b>Cost Per Pupil</b>	<b>Percentage Change</b>	<b>Average Daily Attendance (b)</b>	<b>% Change Average Daily Enrollment (b)</b>	<b>Student Attendance Percent</b>
2014	599.4	9,796,677	16,344.14	4.81%	573	4.64%	96.2%
2013	572.8	8,932,236	15,593.99	1.63%	549	4.07%	96.4%
2012	550.4	8,445,241	15,343.82	4.39%	530	5.02%	96.4%
2011	524.1	7,703,572	14,698.67	(2.87%)	507	4.84%	96.7%
2010	499.9	7,564,725	15,132.48	11.05%	483	11.11%	96.6%
2009	449.9	6,130,907	13,627.27	8.22%	434	(0.23%)	96.5%
2008	449	5,653,907	12,592.22	4.19%	434	(0.23%)	96.6%
2007	449.8	5,436,434	12,086.34	3.24%	435	0.50%	96.6%
2006	449.0	5,256,283	11,706.64	12.23%	433	(0.22%)	96.4%
2005	450.0	4,694,002	10,431.12	(1.60%)	434	12.78%	96.4%

Source: Robert Treat Academy Charter School, Inc.'s records.

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

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

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Operating Statistics (Continued)**  
**Last Ten Fiscal Years**  
**Unaudited**  
**Teacher/Student Ratio**

Fiscal Year Ended June 30,	Kindergarten	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8
2014	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.25	01:12.5	01:12.50
2013	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.25	01:12.5	01:12.50
2012	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.25	01:12.5	01:12.50
2011	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.25	01:12.5	01:12.50
2010	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.25	01:12.5	01:12.50
2009	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.25	01:12.5	01:12.75
2008	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.25	01:12.5	01:12.75
2007	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.50	01:12.5	01:12.50
2006	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.50	01:12.5	01:12.50
2005	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.5	01:12.50	01:12.5	01:12.50

Source: Robert Treat Academy Charter School, Inc.'s records.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**School Building Information**  
**Last Ten Fiscal Years**  
**Unaudited**

Robert Treat Academy Charter School, Inc. rents 49,896 square feet of space and 21,000 square feet of space in school buildings from the North Ward Center, Inc. at 443 Clifton Avenue and 180 William Street, respectively.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**General Fund**  
**Schedule of Allowable Maintenance Expenditures by School Facility**  
**Last Ten Fiscal Years**  
**Unaudited**

<u>Fiscal Year Ended June 30,</u>	<u>Robert Treat Academy Charter School, Inc.</u>	
	<u>North</u>	<u>Central</u>
2014	\$ 183,324	\$ 53,499
2013	94,258	52,810
2012	366,137	36,657
2011	103,082	21,778
2010	90,474	34,386
2009	77,251	-
2008	87,163	-
2007	90,330	-
2006	98,356	-
2005	47,628	-

Source: Robert Treat Academy Charter School, Inc.'s records.

The Central building was opened in the 2009-2010 fiscal year.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Insurance Schedule**  
**June 30, 2014**  
**Unaudited**

	<u>Coverage</u>	<u>Annual Premium</u>
<b>Commercial Property and General Liability:</b>		
Personal Property/Fire Damage	\$ 1,258,716	\$ -
Bodily Injury and Property Damage	11,000,000	
Sexual Abuse Annual Aggregate	11,000,000	
Sexual Abuse Per Occurrence Per Perpetrator	11,000,000	
Bodily Injury for Products and Completed Operations	11,000,000	
Personal and Advertising Inquiry Occurrence/Aggregate	11,000,000	
Premises Medical - Each Accident	10,000	
Terrorism Per Occurrence/Aggregate	1,000,000	
Employee Benefits program Liability	11,000,000	
<b>Crime:</b>		
Employee Dishonesty	250,000	
Theft - Loss of Money and Securities - On and Off Premises	1,000	18,886
<b>School Leaders E &amp; O Liability:</b>		
Coverage A:	11,000,000	
Deductible Each Claim	5,000	
Coverage B:		
Each Claim	100,000	
Each Period	300,000	
Deductible Each Claim	5,000	12,556
<b>Workers Compensation:</b>		
Statutory:		
Each Accident	2,000,000	
Disease - Policy Limit/Employee	2,000,000	45,003
<b>WC Supplementary Indemnity:</b>		
7-Day Waiting Period, Per Week	2,500	1,166
<b>Compulsory Student Accident</b>	1,000,000	1,981
<b>Catastrophic Student Accident</b>	500,000	317

Source: Robert Treat Academy Charter School, Inc.'s records.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**Charter School Performance Framework**  
**Financial Performance, Fiscal Ratios**  
**Unaudited**

	2012 Audit	2013 Audit	2014 Audit	Source
Cash	1,096,605	1,248,306	503,668	Audit: Exhibit A-1
Current Assets	237,886	330,941	1,360,293	Audit: Exhibit A-1
Total Assets	1,799,361	2,144,018	2,052,279	Audit: Exhibit A-1
Current Liabilities	862,965	1,065,069	949,614	Audit: Exhibit A-1
Total Liabilities	862,965	1,065,069	949,614	Audit: Exhibit A-1
Net Position	936,396	1,078,949	1,102,665	Audit: Exhibit A-1
Total Revenue	8,642,176	9,197,162	10,417,344	Audit: Exhibit A-2
Total Expenses	8,541,697	9,054,609	10,397,943	Audit: Exhibit A-2
Change in Net Position	100,479	142,553	19,401	Audit: Exhibit A-2
Depreciation Expense	96,456	122,372	160,619	Financial Statements/Audit Workpapers
Interest Expense	-	-	-	Financial Statements/Audit Workpapers
Principal Payments	-	-	-	Financial Statements/Audit Workpapers
Interest Payments	-	-	-	Financial Statements/Audit Workpapers
Final Average Daily Enrollment	550.40	572.80	599.40	DOE Enrollment Reports
March 30th Budgeted Enrollment	550	575	600	Charter School Budget

**RATIOS ANALYSIS...**

Near Term Indicators		2012	2013	2014	3 YR CUM	Source:
1a.	Current Ratio	0.28	0.31	1.43	0.67	Current Assets/Current Liabilities
1b.	Unrestricted Days Cash	46.86	50.32	17.68	38.29	Cash/(Total Expenses/365)
1c.	Enrollment Variance	100%	100%	100%	1.00	Average Daily Enrollment/Budgeted Enrollment
1d.*	Default	No	No	No		Audit
Sustainability Indicators						
2a.	Total Margin	1.16%	1.55%	0.19%	1%	Change in Net Assets/Total Revenue
2b.	Debt to Asset	0.48	0.50	0.46	0.48	Total Liabilities/Total Assets
2c.**	Cash Flow	136,011	151,701	(744,638)	(456,926)	Net change in cash flow from prior years (Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)
2d.	Debt Service Coverage Ratio	-	-	-		

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

\*\* 2014 =2014 Cash - 2013 Cash; 2013 =2013 Cash-2012 Cash; 2012 =2012 Cash-2011 Cash

## **SINGLE AUDIT SECTION**

**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***

**Independent Auditor's Report**

The Honorable President and  
Members of the Board of Trustees  
Robert Treat Academy Charter School, Inc.  
County of Essex  
Newark, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements 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 Robert Treat Academy Charter School, Inc., in the County of Essex, State of New Jersey, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise Robert Treat Academy Charter School, Inc.'s basic financial statements, and have issued our report dated November 28, 2014.

**Internal Control Over Financial Reporting**

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

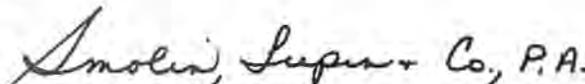
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

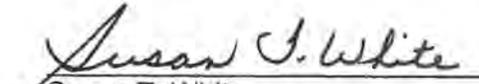
## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Robert Treat Academy Charter School, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Robert Treat Academy Charter School, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Smolin, Lupin & Co., P.A.  
Certified Public Accountants

  
Susan T. White  
Licensed Public School Accountant  
License #20CS00119300

Fairfield, New Jersey  
November 28, 2014

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY U.S. OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR LETTER 04-04

### Independent Auditor's Report

The Honorable President and  
Members of the Board of Trustees  
Robert Treat Academy Charter School, Inc.  
County of Essex  
Newark, New Jersey

#### Report on Compliance for each Major Federal and State Program

We have audited Robert Treat Academy Charter School, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey OMB Circular Letter 04-04 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of Robert Treat Academy Charter School, Inc.'s major federal and state programs for the fiscal year ended June 30, 2014. Robert Treat Academy Charter School, Inc.'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 federal and state programs.

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Robert Treat Academy Charter School, Inc.'s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB Circular Letter 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Robert Treat Academy Charter School, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Robert Treat Academy Charter School, Inc.'s compliance.

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

In our opinion, Robert Treat Academy Charter School, Inc., in the County of Essex, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2014.

**Report on Internal Control Over Compliance**

Management of Robert Treat Academy Charter School, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered Robert Treat Academy Charter School, Inc.'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 New Jersey OMB Circular Letter 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Robert Treat Academy Charter School, Inc.'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. Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Purpose of this Report**

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

*Smolin, Lupin & Co., P.A.*

Smolin, Lupin & Co., P.A.  
Certified Public Accountants

*Susan T. White*

Susan T. White  
Licensed Public School Accountant  
License #20CS00119300

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2013	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year's Balances	Balance at June 30, 2014		
				From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor
<b>U.S. Department of Agriculture</b>														
<b>Passed-through State Department of Education:</b>														
<b>Enterprise Fund:</b>														
<b>Child Nutrition Cluster:</b>														
<b>Cash Assistance:</b>														
School Breakfast Program	10.553	13-007730	\$ 9,776	7/1/12-6/30/13		\$ (2,033)	\$ -	\$ 2,033	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
National School Lunch Program	10.555	13-007730	151,879	7/1/12-6/30/13		(31,185)	-	31,185	-	-	-	-	-	-
After School Snack Program	10.555	13-007730	42,775	7/1/12-6/30/13		(10,249)	-	10,249	-	-	-	-	-	-
School Breakfast Program	10.553	14-007730	10,647	7/1/13-6/30/14		-	-	8,363	(10,647)	-	-	(2,284)	-	-
National School Lunch Program	10.555	14-007730	144,527	7/1/13-6/30/14		-	-	116,500	(144,527)	-	-	(28,027)	-	-
After School Snack Program	10.555	14-007730	51,228	7/1/13-6/30/14		-	-	40,432	(51,228)	-	-	(10,796)	-	-
<b>Total Enterprise Fund</b>						<b>(43,467)</b>	<b>-</b>	<b>208,762</b>	<b>(206,402)</b>	<b>-</b>	<b>-</b>	<b>(41,107)</b>	<b>-</b>	<b>-</b>
<b>U.S. Department of Education</b>														
<b>Passed-through State Department of Education:</b>														
<b>Special Revenue Fund:</b>														
<b>E.S.E.A. Title I Part A, Improving Basic Programs:</b>														
Current Year	84.010A	NCLB-7730-14	330,232	7/1/13-6/30/14		-	-	176,673	(250,273)	-	-	(73,600)	-	-
Prior Year	84.010A	NCLB-7730-13	252,035	9/1/12-8/31/13		(100,326)	-	133,925	(33,599)	-	-	-	-	-
<b>E.S.E.A. Title II Part A, Teacher and Principal Training and Recruiting:</b>														
Current Year	84.367A	NCLB-7730-14	19,144	7/1/13-6/30/14		-	-	-	(19,144)	-	-	(19,144)	-	-
Prior Year	84.367A	NCLB-7730-13	17,881	9/1/12-8/31/13		-	-	17,881	(17,881)	-	-	-	-	-
<b>I.D.E.A. Part B:</b>														
Current Year	84.027	IDEA-7730-14	105,536	7/1/13-6/30/14		-	-	57,551	(105,536)	-	-	(47,985)	-	-
Prior Year	84.027	IDEA-7730-13	123,777	9/1/12-8/31/13		(57,316)	-	70,522	(13,206)	-	-	-	-	-
<b>I.D.E.A. Preschool:</b>														
Current Year	84.173	IDEA-7730-14	1,964	7/1/13-6/30/14		-	-	776	(1,964)	-	-	(1,188)	-	-
Prior Year	84.173	IDEA-7730-13	2,362	9/1/12-8/31/13		(982)	424	1,283	(745)	-	-	-	-	-
Prior Year	84.173	IDEA-7730-12	2,179	9/1/11-8/31/12		-	(424)	424	-	-	-	-	-	-
<b>Total Special Revenue Fund</b>						<b>(158,604)</b>	<b>-</b>	<b>459,035</b>	<b>(442,348)</b>	<b>-</b>	<b>-</b>	<b>(141,917)</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>						<b>\$ (202,071)</b>	<b>\$ -</b>	<b>\$ 867,797</b>	<b>\$ (648,750)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (183,024)</b>	<b>\$ -</b>	<b>\$ -</b>

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2014

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2013			Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Year's Balances	Balance at June 30, 2014			MEMO		
				Deferred Revenue (Accounts Receivable)	* Due to Grantor	Carryover (Walkover) Amount				(Accounts Receivable)	Deferred Revenue	* Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
<b>State Department of Education</b>															
<b>General Fund:</b>															
Equalization Aid	13-495-034-5120-078	\$ 6,796,243	7/1/12-6/30/13	\$ -	\$ 35,683	\$ -	\$ -	\$ -	\$ 35,683	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,796,243
Security Aid	13-495-034-5120-084	239,041	7/1/12-6/30/13	-	2,093	-	-	-	2,093	-	-	-	-	-	239,041
Equalization Aid	14-495-034-5120-078	7,340,422	7/1/13-6/30/14	-	-	-	7,348,082	(7,340,422)	-	(463,574)	-	7,660	463,574	7,340,422	
Special Education Categorical Aid	14-495-034-5120-089	82,288	7/1/13-6/30/14	-	-	-	82,288	(82,288)	-	(5,197)	-	-	5,197	82,288	
Security Aid	14-495-034-5120-084	293,849	7/1/13-6/30/14	-	-	-	294,416	(293,849)	-	(18,558)	-	567	18,558	293,849	
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	206,721	7/1/12-6/30/13	(42,016)	-	-	42,016	-	-	-	-	-	-	206,721	
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	232,377	7/1/13-6/30/14	-	-	-	153,167	(232,377)	-	(78,210)	-	-	79,210	232,377	
TPAF Pension - Non-Contributory Insurance	14-495-034-5095-007	9,389	7/1/13-6/30/14	-	-	-	9,389	(9,389)	-	-	-	-	-	9,389	
TPAF Pension - Normal	14-495-034-5095-006	106,377	7/1/13-6/30/14	-	-	-	106,377	(106,377)	-	-	-	-	-	106,377	
TPAF Pension - Post-Retirement Medical Contributions	14-495-034-5095-001	189,813	7/1/13-6/30/14	-	-	-	189,813	(189,813)	-	-	-	-	-	189,813	
<b>Total General Fund</b>				(42,016)	37,776	-	8,225,548	(8,254,515)	37,776	(566,539)	-	8,227	566,539	15,498,520	
<b>Enterprise Fund:</b>															
State School Lunch Program	13-100-010-3350-023	3,506	7/1/12-6/30/13	(871)	-	-	871	-	-	-	-	-	-	3,506	
State School Lunch Program	14-100-010-3350-023	2,990	7/1/13-6/30/14	-	-	-	2,424	(2,990)	-	(566)	-	-	566	2,990	
<b>Total Enterprise Fund</b>				(871)	-	-	3,295	(2,990)	-	(566)	-	-	566	6,496	
<b>Total State Financial Assistance</b>				(42,887)	37,776	-	8,228,843	(8,257,505)	37,776	(567,105)	-	8,227	567,105	15,505,016	
<b>State Financial Assistance Not Subject to Single Audit Determination</b>															
<b>General Fund:</b>															
TPAF Pension - Non-Contributory Insurance	14-495-034-5095-007	9,389	7/1/13-6/30/14	-	-	-	(9,389)	9,389	-	-	-	-	-	(9,389)	
TPAF Pension - Normal	14-495-034-5095-006	106,377	7/1/13-6/30/14	-	-	-	(106,377)	106,377	-	-	-	-	-	(106,377)	
TPAF Pension - Post-Retirement Medical Contributions	14-495-034-5095-001	189,813	7/1/13-6/30/14	-	-	-	(189,813)	189,813	-	-	-	-	-	(189,813)	
<b>Total State Financial Assistance Subject to Single Audit</b>				\$ (42,887)	\$ 37,776	\$ -	\$ 7,923,264	\$ (7,951,926)	\$ 37,776	\$ (567,105)	\$ -	\$ 8,227	\$ 567,105	\$ 15,199,437	

\* - Due to Newark Public Schools

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**JUNE 30, 2014**

**NOTE 1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance presents the activity of all federal awards and state financial assistance of Robert Treat Academy Charter School, Inc. (the "School"). The Board of Trustees is defined in Note 1 to the School's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the schedules of expenditures of federal awards and state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the School's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of Local Governments and Non Profit Organizations* and New Jersey OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules 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 when expenditures have been made.

The General Fund is presented in the accompanying schedule on the modified accrual basis. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

There are no net adjustments to reconcile from the budgetary basis to the GAAP basis for the General Fund or Special Revenue Fund. See the *Notes to Required Supplementary Information* for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General Fund and Special Revenue Fund. Federal awards and state financial assistance revenues are reported in the School's basic financial statements on a GAAP basis is as follows:

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
JUNE 30, 2014**

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 8,254,515	\$ 8,254,515
Special Revenue Fund	442,348	-	442,348
Food Service Fund	<u>206,402</u>	<u>2,990</u>	<u>209,392</u>
 Total Federal Awards and State Financial Assistance - GAAP Basis	 648,750	 8,257,505	 8,906,255
 Less: TPAF Pension and Post Retirement Medical Contribution	 <u>-</u>	 <u>305,579</u>	 <u>305,579</u>
 Total Per Schedules of Expenditures of Federal Awards and State Financial Assistance	 <u>\$ 648,750</u>	 <u>\$ 7,951,926</u>	 <u>\$ 8,600,676</u>

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

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

**NOTE 5. OTHER**

Reimbursed TPAF Social Security Contributions in the amount of \$232,377 represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2014.

The amount of \$305,579 reported as TPAF Pension - Non Contributory Insurance, Post-Retirement Medical Contribution and Normal Costs represents the amount paid by the state on behalf of the School for the year ended June 30, 2014.

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

On-behalf state programs for TPAF Pension Non-Contributory Insurance, Post-Retirement Medical Contributions and Normal Costs are not subject to a state single audit and, therefore, are excluded from major program determination. The schedule of expenditures of state financial assistance provides a reconciliation of state financial assistance reported in the School's basic financial statements and the amount subject to state single audit and major program determination.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS:**

**Financial Statements**

Type of Auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified?  Yes  No
- 2) Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported
- Noncompliance material to basic financial statements noted?  Yes  No

**Federal Awards Section**

Internal control over major programs:

- 1) Material weakness(es) identified:  Yes  No
- 2) Significant deficiencies identified that are not considered to be material weaknesses:  Yes  None Reported

Type of Auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of U.S. OMB Circular A-133?  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	ESEA Title 1 - Part A

Dollar threshold used to distinguish between Type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  Yes  No

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS:** (Continued)

**State Financial Assistance**

Dollar threshold used to distinguish between  
Type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

Yes       No

Internal control over major programs:

1) Material weakness(es) identified:

Yes       No

2) Significant deficiencies identified that are  
not considered to be material weaknesses:

Yes       None Reported

Type of Auditor's report issued on compliance  
for major programs

Unmodified

Any audit findings disclosed that are required to  
be reported in accordance with New Jersey  
OMB Circular 04-04?

Yes       No

State Grant/Project Numbers(s)

Name of State Program

14-495-034-5120-078

Equalization Aid

14-495-034-5120-089

Special Education Categorical Aid

14-495-034-5120-084

Security Aid

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**SECTION II - FINANCIAL STATEMENT FINDINGS:**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with *Government Auditing Standards*.

There are none.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**SECTION III - FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS  
AND QUESTIONED COSTS**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal awards and state financial assistance programs, as required by U.S. OMB Circular A-133 and New Jersey OMB Circular Letter 04-04.

**Current Year Federal Awards**

There are none.

**Current Year State Financial Assistance**

There are none.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

There were no prior year audit findings.