

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, 2015**

**Comprehensive Annual
Financial Report
of the**

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

Newark, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

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

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1 - 5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
FINANCIAL SECTION	
Independent Auditor's Report	9 - 11
Required Supplementary Information - Part I Management's Discussion and Analysis	12 - 18
BASIC FINANCIAL STATEMENTS	
A. Charter School-Wide Financial Statements	
A-1 Statement of Net Position	19
A-2 Statement of Activities	20
B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	21
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	22
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Proprietary Funds	
B-4 Statement of Net Position	24
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	25
B-6 Statement of Cash Flows	26
Fiduciary Funds	
B-7 Statement of Fiduciary Net Position	N/A
B-8 Statement of Changes in Fiduciary Net Position	N/A
Notes to Financial Statements	27 - 52

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)	<u>Page</u>
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	53 - 56
C-2 Budgetary Comparison Schedule - Special Revenue Fund	57
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	58
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	59
L-2 Schedule of District Contributions – PERS	60
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF	61
Notes to the Required Supplementary Information - Part III	
Other Supplementary Information	
D. School Level Schedules - Not Applicable	
E. Special Revenue Fund	
E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	63
E-1a Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis - E.S.E.A. - Current Year	64
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	N/A

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)	<u>Page</u>
G. Proprietary Funds	
Enterprise Funds	
G-1 Combining Schedule of Net Position	N/A
G-2 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	N/A
G-3 Combining Schedule of Cash Flows	N/A
Internal Service Funds	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds	
H-1 Combining Statement of Fiduciary Net Position	N/A
H-2 Combining Statement of Changes in Fiduciary Net Position	N/A
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	N/A
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	N/A
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A
 STATISTICAL SECTION (UNAUDITED)	
Introduction to the Statistical Section	
Financial Trends	
J-1 Net Position by Component	65
J-2 Changes in Net Position	66 - 67
J-3 Fund Balances - Governmental Funds	68
J-4 Changes in Fund Balances - Governmental Funds	69
J-5 General Fund - Other Local Revenue by Source	N/A
 Revenue Capacity	
J-6 to J-9	N/A
 Debt Capacity	
J-10 to J-13	N/A

TABLE OF CONTENTS (Continued)

	<u>Page</u>
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	N/A
J-15 Principal Employers	N/A
Operating Information	
J-16 Full-Time Equivalent Charter School Employees by Function/Program	70
J-17 Operating Statistics	71 - 72
J-18 School Building Information	73
J-19 Schedule of Allowable Maintenance Expenditures by School Facility	74
J-20 Insurance Schedule	75
J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios	76
SINGLE AUDIT SECTION	
K-1 Independent Auditor's Report - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77 - 78
K-2 Independent Auditor's Report - Report on Compliance For Each Major Federal and State Program and Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey OMB's Circulars 04-04 and 15-08	79 - 80
K-3 Schedule of Expenditures of Federal Awards Schedule A	81
K-4 Schedule of Expenditures of State Financial Assistance Schedule B	82
K-5 Notes to the Schedules of Federal Awards and State Financial Assistance	83 - 84
K-6 Schedule of Findings and Questioned Costs	85 - 88
K-7 Summary Schedule of Prior Year Audit Findings	89

INTRODUCTORY SECTION



Marcelino Trillo
Vice Principal

ROBERT TREAT ACADEMY
CHARTER SCHOOL
A 2008 NCLB BLUE RIBBON SCHOOL
www.RobertTreatAcademy.org

Theresa Adubato
Principal



Paul Parada
Vice Principal

December 18, 2015

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, 2015, 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's Circulars 04-04 and 15-08, "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 2014 - 2015 fiscal year with a final enrollment of 625 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 eighteenth year of operation in 2014-15. One of the main concerns of both the Board of Trustees and the administrators of the Academy during the 2014-15 school year was the continued expansion of the enrollment of the Central Ward's Jackie Robinson Campus to include grade eight in 2016-2017 and the need to relocate the school to a new facility to allow for further expansion.

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 which had a total combined approved enrollment of 625 students in 2014-15. Long-term plans call for the addition of the successive grade each year thereafter until eighth grade is added. During the current school year (2015-2016) the Academy has 651 students enrolled in grades K-8 at the North Ward Campus and K-7 at the Central Ward Campus.

Another major area of concern for our school leadership team this past year was the continuation of the transition to the Common Core State Standards, adopted by New Jersey in 2010 and accompanied by the first year of statewide PARCC testing. 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 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/Chromebooks) 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.

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 is a challenge both for 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 remedial 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 a Robotics Club and recreation (boys' and girls' basketball, golf, swimming, tennis), and arts programs (Instrumental Music Instruction, Chorus, Step Dancing, 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 PARCC (Partnership for Assessment of Readiness for College & Career) test for the first time in the Spring of 2015. This test which replaced the New Jersey Assessment of Skills and Knowledge (the previous state test known as the NJASK) was considerably more difficult for the students because it measured critical thinking skills in addition to their grasp of the content taught in English/Language Arts and Mathematics; and, for the first time our students were taking a computerized exam in all grades.

The results of the PARCC will form the basis of the NJ School Performance Report which publishes the results of all testing each year. The PARCC results are reported using five levels of performance instead of the three levels used by the NJASK. Level 4 (Met Expectations) and Level 5 (Exceeded Expectations) are considered "Passing Scores" and are the equivalent of the NJASK Proficient and Advanced Proficient Scores. Level 1 (Did Not Meet Expectations), Level 2 (Partially Met Expectations) and Level 3 (Approached Expectations) are the equivalent of the NJASK Partially Proficient category and are not considered passing scores.

Since there was no baseline for this new, more rigorous test, we set as our goal reaching scores that were 20% above the state average in each grade and subject. We are happy to report that our current students were very successful in reaching this goal. In ELA students exceeded the state average with scores ranging from 19% to 34% above the state average. In Mathematics students' scores ranged from 30% to 42% above the state average. Our eighth graders who took Algebra I (a high school course) achieved a score 64% higher than the state average. Student growth results and disaggregated data of the PARCC scores have not been released yet, but we are confident we will meet all 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 English/Language Arts and Mathematics, our curriculum is aligned to the NJ Core Curriculum Content Standards. This includes Science (this test remained in place as the NJ ASK for 4th and 8th grades) , Social Studies, Technology, World Languages (Spanish), Visual and Fine Arts, Physical Education and Health, and 21st 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 University of Chicago's STEP Program 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 users of technology in the classroom.

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

3. MAJOR INITIATIVES: (CONTINUED)

In June 2015, our eleventh 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 \$5 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. Our first group of alumni to complete college graduated in 2013. 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 assistant or clerks and it is our hope that many of our former students will return to Newark as productive citizens of the community.

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 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, 2015.

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, 2015, the School had a net pension liability for the Public Employees' Retirement System but 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's Circulars 04-04 and 15-08, as required. 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.

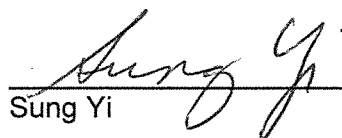
11. **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Robert Treat Academy Charter School, Inc.'s Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School and thereby contributing their full support to the development and 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

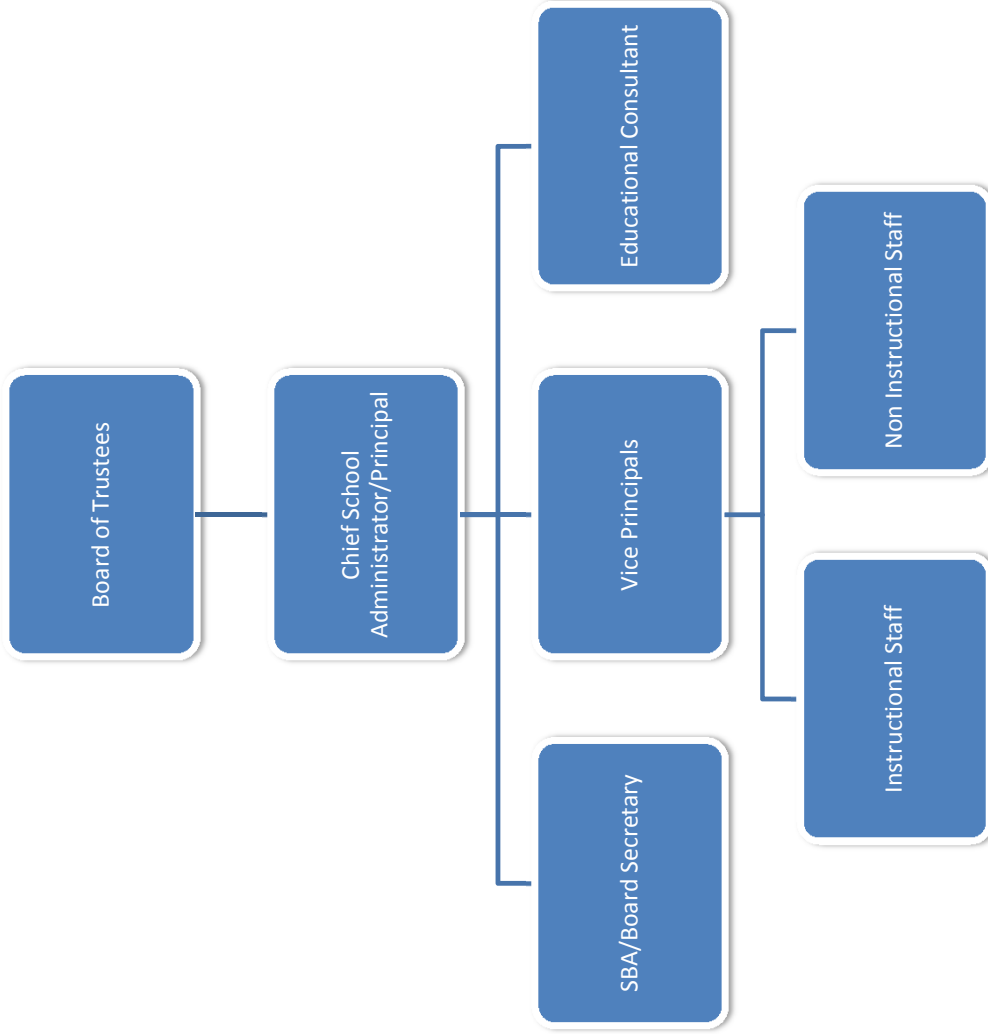
Principal/Chief School
Administrator



Sung Yi

Board Secretary/School
Business Administrator

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
2014 - 2015 TABLE OF ORGANIZATION



**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
ROSTER OF OFFICIALS
JUNE 30, 2015**

Members of the Board of Trustees	Term Expires
Phil Alagia	June 2016
Robert R. Detore (President)	June 2016
Adrienne Davis (Vice President)	June 2016
Tahira Strand	June 2018
Karen Calderon	June 2018
Wilfredo Caraballo	June 2018
Emil Garruto	June 2019
Jesus Padilla	June 2019
Zarala Zabala de Kelly	June 2019

Other Officials

Theresa Aduvato, 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, 2015**

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

Smolin Lupin

CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

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, 2015, 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, 2015, 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.

Emphasis of Matter

As discussed in Note 1, Robert Treat Academy Charter School, Inc. adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pension - an Amendment of GASB Statement No. 27*, effective July 1, 2014. Net position as of June 30, 2014 has been restated as a result. Our opinions are not modified with respect to this matter.

Also, as discussed in Note 1, Robert Treat Academy Charter School, Inc. adopted the provisions of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, effective July 1, 2014. Net position as of June 30, 2014 has been restated as a result. Our opinions are not modified with respect to this matter.

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's Circulars 04-04 and 15-08, *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 December 18, 2015 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.
Certified Public Accountants



Susan T. White
Public School Accountant
License #20CS00119300

Fairfield, New Jersey
December 18, 2015

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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, 2015. 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 (2014-2015) and the prior fiscal year (2013-2014) is presented in the Management's Discussion and Analysis.

Financial Highlights

Key financial highlights for 2015 are as follows:

- In total, net position of governmental activities increased by \$148,505, which represents a 660.91% increase from 2014. Net position of business-type activities decreased by \$881.
- General revenues accounted for \$9,291,797 in revenue, or 82.13% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$2,021,964, or 17.87% of total revenues of \$11,313,761.
- Total assets of governmental activities increased by \$105,116, as cash increased by \$719,639, receivables decreased by \$492,279, net capital assets decreased by \$142,289 and other assets increased by \$20,045.
- Among governmental funds, the General Fund had \$9,905,528 in revenues and \$9,597,659 in expenditures. The General Fund's fund balance increased \$303,565 over 2014.

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, 2015
UNAUDITED (CONTINUED)**

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 asks the question, "How did we do financially during 2015?" 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, 2015
UNAUDITED (CONTINUED)**

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.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Amount Change</u>	<u>% Change</u>
	<u>2015</u>	<u>2014 *</u>	<u>2015</u>	<u>2014 *</u>	<u>2015</u>	<u>2014 *</u>		
Assets:								
Current and Other Assets	\$ 1,640,192	\$ 1,392,787	\$ 28,387	\$ 55,895	\$ 1,668,579	\$ 1,448,682	\$ 219,897	15.18%
Capital Assets	458,226	600,515	2,201	3,082	460,427	603,597	(143,170)	-23.72%
Total Assets	<u>2,098,418</u>	<u>1,993,302</u>	<u>30,588</u>	<u>58,977</u>	<u>2,129,006</u>	<u>2,052,279</u>	<u>76,727</u>	<u>3.74%</u>
Deferred Outflows	<u>176,525</u>				<u>176,525</u>	<u>0</u>	<u>176,525</u>	<u>100.00%</u>
Liabilities:								
Long-term Liabilities	2,233,868				2,233,868	0	2,233,868	100.00%
Other Liabilities	943,839	893,719	28,387	55,895	972,226	949,614	22,612	2.38%
Total Liabilities	<u>3,177,707</u>	<u>893,719</u>	<u>28,387</u>	<u>55,895</u>	<u>3,206,094</u>	<u>949,614</u>	<u>2,256,480</u>	<u>237.62%</u>
Deferred Inflows	<u>153,074</u>				<u>153,074</u>	<u>0</u>	<u>153,074</u>	<u>100.00%</u>
Net Position:								
Net Investment in Capital Assets	458,226	600,515	2,201	3,082	460,427	603,597	(143,170)	-23.72%
Restricted	75,000	75,000			75,000	75,000	0	0.00%
Unrestricted (deficit)	(1,589,064)	424,068			(1,589,064)	424,068	(2,013,132)	-474.72%
Total Net Position	<u>\$ (1,055,838)</u>	<u>\$ 1,099,583</u>	<u>\$ 2,201</u>	<u>\$ 3,082</u>	<u>\$ (1,053,637)</u>	<u>\$ 1,102,665</u>	<u>\$ (2,156,302)</u>	<u>-195.55%</u>

* As Originally Reported

The District's combined net position of \$(1,053,637) on June 30, 2015, results in an decrease of 195.55% from the prior year due to the adoption of GASB 68.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED (CONTINUED)**

Reporting the School's Most Significant Funds (Continued)

The School as a Whole (continued)

Table 2 shows changes in net position for fiscal years 2015 and 2014.

Table 2				
Changes in Net Position				
	2015	2014 *	Amount Change	% Change
Revenues:				
Program Revenues:				
Charges for Services	\$ 243,627	\$ 223,951	\$ 19,676	8.79%
Operating Grants and Contributions	1,778,337	1,189,696	588,641	49.48%
General Revenues:				
Property Taxes	1,241,491	1,185,138	56,353	4.75%
Grants and Entitlements	8,016,584	7,716,559	300,025	3.89%
Other	33,722	102,000	(68,278)	-66.94%
Total Revenues	11,313,761	10,417,344	896,417	8.61%
Program Expenses:				
Instruction	6,028,461	5,315,182	713,279	13.42%
Administrative	1,593,117	991,462	601,655	60.68%
Support Services	2,927,008	3,490,033	(563,025)	-16.13%
Unallocated depreciation	149,989	160,619	(10,630)	
Enterprise Fund	467,562	440,647	26,915	6.11%
Total Expenses	11,166,137	10,397,943	768,194	7.39%
Increase in Net Position	\$ 147,624	\$ 19,401	\$ 128,223	660.91%

* As Originally Reported

Governmental Activities

Local tax levy made up 11.45% of revenues for governmental activities for the School for fiscal year 2015 and 11.88% for fiscal year 2014. Local tax levy revenues increased by \$56,353, which is an 4.75% increase over the prior year. The School's total governmental activity revenues were \$10,851,384 for the year ended June 30, 2015.

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, 2015:

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED (CONTINUED)**

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 2013-14</u>	<u>Percent of Increase (Decrease)</u>
Local Sources - Miscellaneous	\$ 33,722	0.32 %	\$ (68,278)	(66.94) %
Tax Levy - Local Share	1,241,491	11.86	56,353	4.75
Local Levy - State Share	7,623,454	72.85	283,032	3.86
State Sources	1,006,861	9.62	92,768	10.15
Federal Sources	559,215	5.34	116,867	26.42
Total	\$ 10,464,743	100.00 %	\$ 480,742	4.82 %

The following schedule presents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2015:

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

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2013-14</u>	<u>Percent of Increase (Decrease)</u>
Current Expense:				
Instruction	\$ 4,107,303	40.44 %	\$ 165,488	4.20 %
Undistributed Expenditures	5,482,656	53.98	70,142	1.30
Capital Outlay	7,700	0.08	(188,663)	(96.08)
Special Revenue	559,215	5.51	116,867	26.42
Total	\$ 10,156,874	100.00 %	\$ 163,834	1.64 %

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 \$881 after an operating transfer from the General Fund of \$4,304.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED (CONTINUED)**

Reporting the School's Most Significant Funds (Continued)

Business-Type Activities (continued)

- Before and After Care revenues equaled expenses.
- Charges for services represent \$243,627 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 \$218,750.

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 \$10,464,743 and expenditures were \$10,161,178 (including a \$4,304 transfer out to the Enterprise Fund). The net increase in fund balance for the year is \$303,565.

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 \$162,067 over the prior year mostly due to increases in instructional supplies, salaries, energy and purchased professional and technical services. Revenues exceeded expenses during the fiscal year, resulting in an increase 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 2015, the School had \$460,427, net of depreciation, invested in equipment and improvements, which is a decrease of \$142,289 in governmental activities and a decrease of \$881 in business-type activities from fiscal year 2014.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED (CONTINUED)**

Debt Administration

At June 30, 2015, the School had a net pension liability of \$2,233,868 and 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, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 1,223,307	\$ -	\$ 1,223,307
Receivables, net	308,451	28,387	336,838
Other assets	14,789		14,789
Prepaid expenses	18,645		18,645
Restricted assets:			
Restricted cash	75,000		75,000
Capital assets, net			
Being depreciated	<u>458,226</u>	<u>2,201</u>	<u>460,427</u>
Total assets	<u>2,098,418</u>	<u>30,588</u>	<u>2,129,006</u>
Deferred outflows of resources:			
Deferred outflows related to pensions	<u>176,525</u>		<u>176,525</u>
Total deferred outflows of resources	<u>176,525</u>		<u>176,525</u>
LIABILITIES			
Accounts payable	264,061	10,663	274,724
Payroll deductions and withholdings	41,723		41,723
Due to other funds		17,724	17,724
Due to Robert Treat Academy Parent Council	18,897		18,897
Payable to state government	20,472		20,472
Salaries and benefits payable	598,686		598,686
Noncurrent liabilities:			
Net pension liability	<u>2,233,868</u>		<u>2,233,868</u>
Total liabilities	<u>3,177,707</u>	<u>28,387</u>	<u>3,206,094</u>
Deferred inflows of resources:			
Deferred inflows related to pensions	<u>153,074</u>		<u>153,074</u>
NET POSITION			
Net investment in capital assets	458,226	2,201	460,427
Restricted for:			
Charter school reserve	75,000		75,000
Unrestricted (deficit)	<u>(1,589,064)</u>		<u>(1,589,064)</u>
Total net position	<u>\$ (1,055,838)</u>	<u>\$ 2,201</u>	<u>\$ (1,053,637)</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, 2015

Function/Programs	Expenses	Indirect Expenses Allocation	Program			Net (Expense) Revenue and Changes in Net Position		
			Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Government activities:								
Instruction	\$ 4,545,985	\$ 1,482,476	\$ -	\$ 1,151,167	\$ -	\$ (4,877,294)	\$ -	\$ (4,877,294)
Administrative	1,243,468	349,649		186,273		(1,406,844)		(1,406,844)
Support services	2,625,802	301,206		222,147		(2,704,861)		(2,704,861)
Unallocated depreciation	149,989					(149,989)		(149,989)
Total governmental activities	8,565,244	2,133,331		1,559,587		(9,138,988)		(9,138,988)
Business-type activities								
Food services	249,005		25,070	218,750			(5,185)	(5,185)
Before and after care	218,557		218,557					
Total business-type activities	467,562		243,627	218,750		(5,185)		(5,185)
Total primary government	\$ 9,032,806		\$ 243,627	\$ 1,778,337	\$ -	(9,138,988)	(5,185)	(9,144,173)
General revenues:								
Property taxes levied for general purposes, net						1,241,491		1,241,491
Federal and State aid not restricted						8,016,584		8,016,584
Miscellaneous income						33,722		33,722
Transfers						(4,304)	4,304	
Total general revenues						9,287,493	4,304	9,291,797
Change in net position						148,505	(881)	147,624
Net position - beginning						1,099,583	3,082	1,102,665
Net position adjustment (Note 15)						(2,303,926)		(2,303,926)
Net position - ending						(1,055,838)	2,201	(1,053,637)

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, 2015

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash	\$ 1,223,307	\$ -	\$ 1,223,307
Restricted cash	75,000		75,000
Accounts receivable:			
State	35,783		35,783
Federal		200,921	200,921
Interfund	218,645		218,645
Other	54,023		54,023
Prepaid expenses	18,645		18,645
Other Assets	14,789		14,789
Total assets	\$ 1,640,192	\$ 200,921	\$ 1,841,113
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 157,781	\$ -	\$ 157,781
Payroll deductions and withholdings	41,723		41,723
Due to Robert Treat Academy Parent Council	18,897		18,897
Salaries and benefits payable	598,686		598,686
Intergovernmental payable:			
State	20,472		20,472
Interfund payables		200,921	200,921
Total liabilities	837,559	200,921	1,038,480
Fund balances:			
Restricted for:			
Charter School Reserve	75,000		75,000
Assigned:			
Year-end encumbrances	99,402		99,402
Unassigned	628,231		628,231
Total fund balances	802,633		802,633
Total liabilities and fund balances	\$ 1,640,192	\$ 200,921	

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. The costs of the assets are \$1,483,517 and the accumulated depreciation is \$1,025,291.	458,226
Deferred outflows related to pensions.	176,525
Accounts payable related to the April 1, 2016 required PERS pension contribution that is not liquidated with current financial resources.	(106,280)
Deferred inflows related to pensions.	(153,074)
Net pension liability.	(2,233,868)
Net position of governmental activities	\$ (1,055,838)

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, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES:			
Local sources:			
Local tax levy	\$ 1,241,491	\$ -	\$ 1,241,491
Miscellaneous	<u>33,722</u>		<u>33,722</u>
Total revenues - local sources	1,275,213		1,275,213
State sources	8,630,315		8,630,315
Federal sources		<u>559,215</u>	<u>559,215</u>
Total revenues	<u>9,905,528</u>	<u>559,215</u>	<u>10,464,743</u>
EXPENDITURES:			
Current expense:			
Instruction	4,107,303	438,682	4,545,985
Administrative	2,900,854	76,533	2,977,387
Support services	2,581,802	44,000	2,625,802
Capital outlay	<u>7,700</u>		<u>7,700</u>
Total expenditures	<u>9,597,659</u>	<u>559,215</u>	<u>10,156,874</u>
Excess (deficiency) of revenues over (under) expenditures	<u>307,869</u>		<u>307,869</u>
Other financing sources (uses):			
Transfers out	<u>(4,304)</u>		<u>(4,304)</u>
Total other financing sources (uses)	<u>(4,304)</u>		<u>(4,304)</u>
Net change in fund balances	303,565		303,565
Fund balances - July 1	<u>499,068</u>		<u>499,068</u>
Fund balances - June 30	<u>\$ 802,633</u>	<u>\$ -</u>	<u>\$ 802,633</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, 2015

Total net change in fund balances - governmental funds (from B-2)	\$	303,565
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>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 depreciation exceeded capital outlays in the period.</p>		
Depreciation	\$	(149,989)
Capital outlays		<u>7,700</u>
		(142,289)
<p>Governmental funds report School pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School's pension contributions in the current period.</p>		
		<u>(12,771)</u>
Change in net position of governmental activities	\$	<u><u>148,505</u></u>

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, 2015

	Business-Type Activities - Enterprise Funds		
	Food Services	Before and After Care	Total
ASSETS			
Current assets:			
Accounts receivable			
State	\$ 254	\$ -	\$ 254
Federal	19,160		19,160
Other	503	8,470	8,973
Total current assets	19,917	8,470	28,387
Noncurrent assets:			
Furniture, machinery and equipment	9,868		9,868
Less: accumulated depreciation	7,667		7,667
Total noncurrent assets	2,201		2,201
Total assets	22,118	8,470	30,588
LIABILITIES			
Current liabilities:			
Interfund payable	9,254	8,470	17,724
Accounts payable	10,663		10,663
Total current liabilities	19,917	8,470	28,387
NET POSITION			
Net investment in capital assets	2,201		2,201
Total net position	\$ 2,201	\$ -	\$ 2,201

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

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Food Services	Before and After Care	Totals
OPERATING REVENUES:			
Charges for services:			
Daily sales - non-reimbursable programs	\$ 25,070	\$ -	\$ 25,070
Service fees		218,557	218,557
Total operating revenues	<u>25,070</u>	<u>218,557</u>	<u>243,627</u>
OPERATING EXPENSES:			
Salaries		201,893	201,893
Payroll taxes		16,664	16,664
Depreciation	881		881
Cost of sales - food and general supplies	248,124		248,124
Total operating expenses	<u>249,005</u>	<u>218,557</u>	<u>467,562</u>
Operating income (loss)	<u>(223,935)</u>		<u>(223,935)</u>
Nonoperating revenues:			
State sources:			
State School Lunch Program	2,940		2,940
Federal sources:			
School Breakfast Program	12,084		12,084
National School Lunch Program	146,482		146,482
After School Snack Program	57,244		57,244
Total nonoperating revenues	<u>218,750</u>		<u>218,750</u>
Income (loss) before operating transfers	(5,185)		(5,185)
Operating transfer in - General Fund	4,304		4,304
Change in net position	(881)		(881)
Total net position - July 1	<u>3,082</u>		<u>3,082</u>
Total net position - June 30	<u>\$ 2,201</u>	<u>\$ -</u>	<u>\$ 2,201</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, 2015

	Business-type Activities - Enterprise Funds		
	Food Services	Before and After Care	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 26,296	\$ 214,534	\$ 240,830
Payments to employees		(201,893)	(201,893)
Payment for payroll taxes and employee benefits		(16,664)	(16,664)
Payments to suppliers	<u>(253,872)</u>	<u> </u>	<u>(253,872)</u>
Net cash provided (used) by operating activities	<u>(227,576)</u>	<u>(4,023)</u>	<u>(231,599)</u>
Cash flows from noncapital financing activities:			
State sources	3,252		3,252
Federal sources	237,757		237,757
Operating subsidies and transfers from (to) other funds	<u>(13,433)</u>	<u>4,023</u>	<u>(9,410)</u>
Net cash provided by noncapital financing activities	<u>227,576</u>	<u>4,023</u>	<u>231,599</u>
Net increase (decrease) in cash			
Cash - July 1	<u> </u>	<u> </u>	<u> </u>
Cash - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ <u>(223,935)</u>	\$ <u> </u>	\$ <u>(223,935)</u>
Adjustments not affecting cash:			
Depreciation	881		881
Change in assets and liabilities:			
Decrease (increase) in accounts receivable, net	1,226	(4,023)	(2,797)
Decrease in accounts payable	<u>(5,748)</u>	<u> </u>	<u>(5,748)</u>
Total adjustments	<u>(3,641)</u>	<u>(4,023)</u>	<u>(7,664)</u>
Net cash provided (used) by operating activities	<u>\$ (227,576)</u>	<u>\$ (4,023)</u>	<u>\$ (231,599)</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, 2015

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 2015, the School adopted the following GASB statements:

- GASB No. 68, *Accounting and Financial Reporting for Pensions* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB No. 68*. The objectives of these Statements are to improve accounting and financial reporting by state and local governments for pensions. They also improve information provided by state and local government employers about financial support for pensions that is provided by other entities. The Statements replace the requirements of GASB No. 27, *Accounting for Pensions by State and Local Government Employers*, as well as the requirements of GASB No. 50, *Pension Disclosures*, as related to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
- GASB No 69, *Government Combinations and Disposals of Government Operations*. 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. There was no financial statement impact of adopting this guidance.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 No. 72, *Fair Value Measurement and Application*, which will be effective for fiscal years beginning after June 30, 2015.
- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, effective for fiscal years beginning after June 15, 2015.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, effective for fiscal years beginning after June 15, 2016.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective for fiscal years beginning after June 15, 2017.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for reporting periods beginning after June 15, 2015.
- GASB No. 77, *Tax Abatement Disclosures*, effective for reporting periods beginning after December 15, 2015.

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, 2015

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, 2015, 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, 2015, 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, 2015, there was no Student Activity Fund.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 Funds 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, 2015

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 unearned 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, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity:

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 schools.

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 School 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, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (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. Deferred Outflows/Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School has one item that qualifies for reporting in this category related to pensions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The School has one item that qualifies for reporting in this category related to pensions.

7. 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. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year.

8. 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, 2015, the amount earned by these employees but not disbursed was \$598,686.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued):

9. 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, 2015.

10. Unearned Revenue:

Unearned 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 unearned revenue.

11. 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 the 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.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued):

11. Net Position/Fund Balance: (continued)

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.

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.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Revenues and Expenditures/Expenses (continued):

Interfund Transactions:

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

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. 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, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Public Employees Retirement System (PERS) and Teachers Pensions and Annuity Fund (TPAF):

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the PERS/TPAF and additions to/deductions from PERS/TPAF fiduciary net position have been determined on the same basis as they are reported by PERS/TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 2012, 2013, and 2014 are subject to examination by the IRS, generally for three years after they were filed.

M. Subsequent Events:

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2015 through December 18, 2015, the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

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, 2015, the School's bank balance of \$1,306,334 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, 2015, cash of the School consisted of the following:

Checking accounts	<u>\$ 1,223,307</u>
-------------------	---------------------

During the period ended June 30, 2015, the School did not hold any investments.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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.

NOTE 4. RECEIVABLES

Receivables at June 30, 2015 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	\$ 35,783
Other	54,023
Interfund Enterprise Fund	17,724
Special Revenue Fund:	
Federal	200,921
Total Governmental Activities	308,451
Business-type Activities:	
Food Services	19,917
Before and After Care	8,470
	28,387
Total Receivables	\$ 336,838

NOTE 5. INTERFUND BALANCES AND TRANSFERS

The following interfund balances remained on the fund financial statements at June 30, 2015:

	Interfund Receivable	Interfund Payable
General Fund	\$ 218,645	\$ -
Special Revenue Fund	-	200,921
Enterprise Fund	-	17,724
	\$ 218,645	\$ 218,645

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

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.

Interfund transfers for the year ended June 30, 2015, consisted of the following:

	<u>Transfers From</u> General Fund
Transfers To:	
Enterprise Fund	\$ <u>4,304</u>

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, 2015, was as follows:

	Balance as of July 1, 2014	Additions	Reclass/ Retirements	Balance as of June 30, 2015
Furniture and Equipment	\$ 1,201,712	\$ 7,700	\$ -	\$ 1,209,412
Leasehold Improvements	<u>274,105</u>			<u>274,105</u>
Total at Historical Cost	<u>1,475,817</u>	<u>7,700</u>		<u>1,483,517</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	117,258	122,310		239,568
Leasehold Improvements	<u>758,044</u>	<u>27,679</u>		<u>785,723</u>
Total Accumulated Depreciation	<u>875,302</u>	<u>149,989</u>		<u>1,025,291</u>
Governmental Activity Capital Assets, Net	<u>\$ 600,515</u>	<u>\$ (142,289)</u>	<u>\$ -</u>	<u>\$ 458,226</u>
Business-type Activities:				
Equipment	\$ 9,868	\$ -	\$ -	\$ 9,868
Less Accumulated Depreciation	<u>6,786</u>	<u>881</u>		<u>7,667</u>
Business-type Activities Capital Assets, Net	<u>\$ 3,082</u>	<u>\$ (881)</u>	<u>\$ -</u>	<u>\$ 2,201</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the following functions:

Governmental Activities:	
Unallocated	\$ 149,989
Business Type Activities:	
Food Services	<u>881</u>
Total	<u>\$ 150,870</u>

NOTE 7 - FUND BALANCES

General Fund: Of the \$802,633 General Fund balance in the fund financial statement at June 30, 2015, \$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; \$99,402 is assigned for encumbrances; and \$628,231 is unassigned.

NOTE 8. NET POSITION - UNRESTRICTED (DEFICIT)

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of \$1,589,064 existed as of June 30, 2015 for governmental activities. The primary cause of this deficit is the recognition of the net pension liability. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Position, such liabilities are required to be recorded in the period in which they are incurred.

However, in accordance with the rules and regulations that govern the School in the formulation of their annual budget (see Note 1), pension expense that relates to future services, or that are contingent on a specific event outside the control of the School and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the School is facing financial difficulties.

The deficit is a result of the following:

Unassigned fund balance (Exhibit C-1)	\$ 628,231
Year-end encumbrances	99,402
State net pension liability and related deferred outflows and inflows	<u>(2,316,697)</u>
Unrestricted net assets (deficit) (Exhibit A-1)	<u>\$ (1,589,064)</u>

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PENSION PLANS

PLAN DESCRIPTIONS

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)

Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage, including post-retirement health care, to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers (School inclusive) do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

The employer and nonemployer allocation percentages presented in the schedules of employer and nonemployer allocations and applied to amounts presented in the schedules of employer and nonemployer are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

For the year ended June 30, 2015, for TPAF, the School recognized pension expense of \$768,128 and revenue of \$768,128 for support provided by the State.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (TPAF) (continued):

The components of the net pension liability of the State as of June 30, 2014 are as follows:

	2014
Total pension liability	\$ 81,095,320,000
Plan fiduciary net position	27,282,252,461
Net pension liability	\$ 53,813,067,539
Plan fiduciary net position as a percentage of the total pension liability	33.64%
State's proportionate share of the net pension liability associated with the employer (School)	\$ 14,274,990
State's proportionate share of the net pension liability associated with the employer (School) as a percentage of the collective net pension liability	0.0265270%

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014 for TPAF. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (TPAF) (continued):

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

Discount Rate

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014 for TPAF. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (TPAF) (continued):

The following presents the net pension liability of the State attributable to the School as of June 30, 2014, calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate for TPAF.

	2014		
	At 1% Decrease (3.68%)	At Current Discount Rate (4.68%)	At 1% Increase (5.68%)
State's proportionate share of TPAF net pension liability attributable to the School	<u>\$ 17,169,063</u>	<u>\$ 14,274,990</u>	<u>\$ 11,867,878</u>

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A 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, 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.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the year ended June 30, 2014. The School's employer allocation percentage (proportion) has been rounded for presentation purposes at .00575001% at June 30, 2014 in PERS.

For the year ended June 30, 2015, the School recognized pension expense of \$111,182 for PERS. At June 30, 2015, the School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	70,245	
Net difference between projected and actual earnings on pension plan investments		133,126
Changes in proportion and differences between District contribution and proportionate share of contributions		19,948
District contributions subsequent to the measurement date	106,280	
Total	\$ 176,525	\$ 153,074

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (continued):

Amounts reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability measured as of June 30, 2015.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30,</u>		
2015	\$	(9,816)
2016		(9,816)
2017		(9,816)
2018		(9,816)
2019		6,223
Thereafter		<u>2,738</u>
Total	<u>\$</u>	<u>(30,303)</u>

Additional Information

Collective balances at December 31, 2014 are as follows:

Collective deferred inflows of resources	1,726,631,532
Collective net pension liability	38,849,838,953
District's proportion	0.00575001%

The components of the net pension liability of the participating employers for PERS as of June 30, 2014, are as follows:

	2014		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total pension liability	\$ 28,777,950,141	\$ 39,071,470,586	\$ 67,849,420,727
Plan fiduciary net position	<u>8,650,846,191</u>	<u>20,348,735,583</u>	<u>28,999,581,774</u>
	<u>\$ 20,127,103,950</u>	<u>\$ 18,722,735,003</u>	<u>\$ 38,849,838,953</u>
School's net pension liability (as reported on June 30, 2015)			<u>\$ 2,233,868</u>

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (continued):

The totals of pension liability for the PERS June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014 for PERS. This actuarial valuation used the following key actuarial assumptions:

Investment rate of return	7.90%
Inflation rate	3.01%
Salary increases:	
2012-2021	2.15 - 4.40% Based on age
Thereafter	3.15 - 5.40% Based on age

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board trustees and the actuaries.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (continued):

Discount Rate

The discount rate used to measure the total pension liability for PERS was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The following presents the State of New Jersey collective net pension liability for PERS on the participating employers as of June 30, 2014, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	2014		
	At 1% Decrease (4.39%)	At Current Discount Rate (5.39%)	At 1% Increase (6.39%)
School's proportionate share of the PERS Net Pension Liability	<u>\$ 2,810,282</u>	<u>\$ 2,233,868</u>	<u>\$ 1,749,827</u>

TPAF and PERS Vesting and Benefit Provisions

The vesting and benefit provisions are set by N.J.S.A. 43:15a. PERS provides retirement, death and disability benefits. All benefits vest after ten years of services, except for medical benefits, which vest after 25 years of service or upon the disability provisions of PERS.

For TPAF, members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available for those under age 55 participating in TPAF with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

For PERS, service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age of 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier.

Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PENSION PLANS (CONTINUED)

TPAF and PERS Vesting and Benefit Provisions (continued):

The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the system.

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

Contributions - PERS and TPAF

The contribution policy is set by New Jersey State statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% percent of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute, the School is a non-contributing employer of the TPAF. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contribution employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

For fiscal year 2014, the State's pension contribution was less than the actuarial determined amount.

	2014		
	State	Local	Total
State of New Jersey Total PERS contributions per schedule of Employer Allocations	\$ 171,563,930	\$ 824,385,577	\$ 995,949,507
Reconciling items:			
Adjustment of 2013 billings	-	(85,193,611)	(85,193,611)
Employer specific contributions/expenses	-	6,389,469	6,389,469
Reclassification of administrative loan revenue	256,069	308,283	564,352
Timing differences for 2014 billings	-	(20,717)	(20,717)
	<u>\$ 171,819,999</u>	<u>\$ 745,869,001</u>	<u>\$ 917,689,000</u>
School's contribution for 2015			<u>\$ 98,360</u>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9. PENSION PLANS (CONTINUED)

Contributions - PERS and TPAF (continued):

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

The School's actuarially determined contributions to PERS and TPAF for the years ended June 30, 2015, 2014 and 2013, were as follows:

Three-Year Trend Information for PERS

Year Funding	Normal Pension Cost	Non- Contributory Group Life Insurance	Total Pension and NCGI
2015	\$ 92,121	\$ 6,239	\$ 98,360
2014	99,623	1,519	101,142
2013	87,597	5,214	92,811

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

Year Funding	Normal Pension Cost	Non- Contributory Group Life Insurance	Post-Retirement Medical Contributions	Total Pension and NCGI
2015	\$ 137,540	\$ 9,895	\$ 234,052	\$ 381,487
2014	106,377	9,389	189,813	305,579
2013	147,950	7,784	176,096	331,830

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the School \$232,244 during the fiscal year ended June 30, 2015, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenue and expenditures. The PERS and TPAF amounts have been modified and included in the School-wide financial statements in accordance with GASB Statement No. 68.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PENSION PLANS (CONTINUED)

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.

Defined Contribution Retirement Program (DCRP)

Established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 as a cost-sharing multiple employer defined contribution pension fund. The DCRP provides eligible members and their beneficiaries with a tax sheltered defined contribution retirement benefit, along with life insurance and disability coverage. In the DCRP, employee contributions are 5.5%. Employee contributions are matched by a 3% employer contribution.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT), which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

For additional information about these plans, please refer to the separately issued State of New Jersey Division's Division of Pensions and Benefits financial report, which can be found at www.state.nj.us/treasury/pensions/financial-rpts-home.shtml. 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.

NOTE 10. POST RETIREMENT BENEFITS

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, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 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 pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c. 126, which provides 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11. DEFERRED 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 12. 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, 2015 was \$1,174,000.

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, 2015. The School also had a security service agreement for 2015 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 \$36,600 for the year ended June 30, 2015. The agreements for various program consultants was approximately \$114,000 for the year ended June 30, 2015.

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, 2016	<u>\$ 1,204,000</u>	<u>\$ 96,000</u>	<u>\$ 37,800</u>	<u>\$ 235,050</u>	<u>\$ 35,000</u>	<u>\$ 1,607,850</u>

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

NOTE 13. 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.

NOTE 14. 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.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14. CONTINGENCIES AND OTHER MATTERS (CONTINUED)

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, 2015, 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 15. RESTATEMENT OF NET POSITION

As indicated in note 1 to the financial statements, the School adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, for the fiscal year ended June 30, 2015. As a result of implementing these two Statements, a restatement of unrestricted net position on the government wide statement of activities was required to record the School's proportionate share of its net pension liability. The cumulative effect on the financial statements as reported for June 30, 2014 is as follows:

Governmental Activities	Net Position As Previously Reported June 30, 2014	Net Pension Liability (1)	Deferred Outflows (2)	Accounts Payable (3)	Net Position As Restated June 30, 2014
Net Investment in Capital Assets	\$ 600,515	\$ -	\$ -	\$ -	\$ 600,515
Restricted for:					
Charter School Reserve	75,000				-
Unrestricted (Deficit)	424,068	(2,303,926)	98,360	(98,360)	75,000
	<u>\$ 1,099,583</u>	<u>\$ (2,303,926)</u>	<u>\$ 98,360</u>	<u>\$ (98,360)</u>	<u>\$ (1,879,858)</u>
	<u>\$ 1,099,583</u>	<u>\$ (2,303,926)</u>	<u>\$ 98,360</u>	<u>\$ (98,360)</u>	<u>\$ (1,204,343)</u>

(1) Represents the School's proportionate share of the Public Employees' Retirement System (PERS) June 30, 2013 Net Pension Liability.

(2) Represents the School's beginning deferred outflow of resources for contributions subsequent to the measurement date, paid on April 1, 2015.

(3) Represents the School's accounts payable for contributions subsequent to the measurement date, paid on April 1, 2015. The State of New Jersey Division of Pension and Benefits has accounts receivable recorded in the PERS Plan Audit.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 1,225,778	\$ 15,713	\$ 1,241,491	\$ 1,241,491	\$ -
Miscellaneous - donations		33,372	33,372	33,372	
Miscellaneous - rentals		350	350	350	
Total - local sources	<u>1,225,778</u>	<u>49,435</u>	<u>1,275,213</u>	<u>1,275,213</u>	
State sources:					
Special education categorical aid	124,887	(36,399)	88,488	88,488	
Security Aid	316,299	(11,657)	304,642	304,642	
Equalization Aid	7,511,679	111,775	7,623,454	7,623,454	
On-behalf TPAF pension-post retirement medical contributions (non-budgeted)				234,052	234,052
On-behalf TPAF pension - normal (non-budgeted)				137,540	137,540
On-behalf TPAF pension - non-contributory insurance (non-budgeted)				9,895	9,895
Reimbursed TPAF social security contributions (non-budgeted)				232,244	232,244
Total - state sources	<u>7,952,865</u>	<u>63,719</u>	<u>8,016,584</u>	<u>8,630,315</u>	<u>613,731</u>
Total revenues	<u>9,178,643</u>	<u>113,154</u>	<u>9,291,797</u>	<u>9,905,528</u>	<u>613,731</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers:	2,380,400	(208,176)	2,172,224	2,166,924	5,300
Other salaries for instruction	711,992	181,461	893,453	890,960	2,493
Other purchased services	30,000	70,000	100,000	99,190	810
General supplies	450,000	189,000	639,000	638,826	174
Textbooks	187,500	124,000	311,500	311,403	97
Total - instruction	<u>3,759,892</u>	<u>356,285</u>	<u>4,116,177</u>	<u>4,107,303</u>	<u>8,874</u>

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Administrative:					
Salaries - administration	\$ 371,277	\$ 20,000	\$ 391,277	\$ 391,159	\$ 118
Salaries of secretarial and clerical assistants	341,559	38,500	380,059	378,778	1,281
Unallocated benefits	1,109,143	(61,500)	1,047,643	1,043,656	3,987
Purchased professional and technical services	257,250	41,900	299,150	298,328	822
Other purchased services	24,092		24,092		24,092
Communications and telephone	88,500	(68,000)	20,500	20,308	192
General supplies	162,000	(7,000)	155,000	154,894	106
Total administrative	<u>2,353,821</u>	<u>(36,100)</u>	<u>2,317,721</u>	<u>2,287,123</u>	<u>30,598</u>
Support services:					
Salaries of other professional staff	828,591	(178,000)	650,591	649,607	984
Purchased professional - educational services	250,000	(105,000)	145,000	144,114	886
Other purchased services	237,000	30,200	267,200	267,180	20
Rental of land and buildings other than lease purchase agreements	1,174,000		1,174,000	1,174,000	
Insurance	33,000	4,800	37,800	37,788	12
Supplies and materials	10,000	2,500	12,500	12,225	275
Transportation - other than to/from school	5,000	3,700	8,700	8,658	42
Energy (electricity)	230,000	3,000	233,000	232,444	556
Other objects	50,000	8,000	58,000	55,786	2,214
Total support services	<u>2,817,591</u>	<u>(230,800)</u>	<u>2,586,791</u>	<u>2,581,802</u>	<u>4,989</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.
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-behalf TPAF pension-post retirement medical contributions (non-budgeted)	\$ -	\$ -	\$ -	234,052	\$ (234,052)
On-behalf TPAF pension - normal (non-budgeted)				137,540	(137,540)
On-behalf TPAF pension - non-contributory insurance (non-budgeted)				9,895	(9,895)
Reimbursed TPAF social security contributions (non-budgeted)				232,244	(232,244)
Total expenditures - current expense	8,931,304	89,385	9,020,689	9,589,959	(613,731)
CAPITAL OUTLAY:					
Instruction Equipment	180,000	(170,000)	10,000	7,700	2,300
Non instructional equipment	20,000	(20,000)			
Total capital outlay	200,000	(190,000)	10,000	7,700	2,300
Total expenditures	9,131,304	(100,615)	9,030,689	9,597,659	(566,970)
Excess (deficiency) of revenues over (under) expenditures	47,339	213,769	261,108	307,869	46,761
Other financing sources (uses):					
Operating transfers out - Food Service Fund		(4,304)	(4,304)	(4,304)	
Total other financing sources (uses)		(4,304)	(4,304)	(4,304)	

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 47,339	\$ 209,465	\$ 256,804	\$ 303,565	\$ 46,761
Fund balance - July 1	<u>499,068</u>		<u>499,068</u>	<u>499,068</u>	
Fund balance - June 30	<u>\$ 546,407</u>	<u>\$ 209,465</u>	<u>\$ 755,872</u>	<u>\$ 802,633</u>	<u>\$ 46,761</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Charter School Reserve				\$ 75,000	
Assigned Fund Balance:					
Year-end encumbrances				99,402	
Unassigned Fund Balance				<u>628,231</u>	
Total fund balance				802,633	
Reconciliation to Governmental Funds Statements (GAAP):					
State aid payments not recognized on GAAP basis				-	
Fund balance per Governmental Funds (GAAP)				<u>\$ 802,633</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.
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 400,000	\$ 159,215	\$ 559,215	\$ 559,215	\$ -
Total revenues	<u>400,000</u>	<u>159,215</u>	<u>559,215</u>	<u>559,215</u>	
EXPENDITURES:					
Instruction:					
Salaries of teachers	276,002	(56,713)	219,289	219,289	
Other salaries for instruction	18,770	197,548	216,318	216,318	
General supplies	8,485	(5,410)	3,075	3,075	
Total instruction	<u>303,257</u>	<u>135,425</u>	<u>438,682</u>	<u>438,682</u>	
Support services:					
Salaries of other professional staff	10,800	(1,800)	9,000	9,000	
Personal services - employee benefits	84,507	(7,974)	76,533	76,533	
Purchased professional and technical services	1,436	33,564	35,000	35,000	
Total support services	<u>96,743</u>	<u>23,790</u>	<u>120,533</u>	<u>120,533</u>	
Total expenditures/outflows	<u>400,000</u>	<u>159,215</u>	<u>559,215</u>	<u>559,215</u>	
Excess (deficiency) of revenues over (under) expenditures	<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 - Part II**

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 Notes to Required Supplementary Information
 Budget-to-GAAP Reconciliation
 For the Fiscal Year Ended June 30, 2015

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

	General Fund	Special Revenue Fund
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 9,905,528	\$ 559,215
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized:		
Current year		
Prior year		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 9,905,528</u>	<u>\$ 559,215</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 9,597,659</u>	<u>\$ 559,215</u>
Differences - budget to GAAP:		
Encumbrances for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current year		
Prior year		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 9,597,659</u>	<u>\$ 559,215</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS (GASB 68)**

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 Schedule of the School's Proportionate Share of the Net Pension Liability
 Public Employees Retirement System
 Last Two Years *

	Fiscal Year Ended June 30,	
	<u>2014</u>	<u>2015</u>
School's proportion of the net pension liability (asset)		
School's proportionate share of the net pension liability (asset)	<u>\$ 2,303,926</u>	<u>\$ 2,233,868</u>
School's covered - employee payroll	<u>\$ 803,082</u>	<u>\$ 849,075</u>
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	286.89%	263.09%
Plan fiduciary net position as a percentage of the total pension liability (local)	48.72%	52.08%

* The amount presented for each fiscal year were determined as of the previous fiscal year end.

Note - This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full ten year trend is compiled, the School will only present information for those years for which information is available.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 Schedule of School Contributions
 Public Employees Retirement System
 Last Two Years

	Fiscal Year Ended June 30,	
	<u>2014</u>	<u>2015</u>
Contractually- required contribution	\$ 90,831	\$ 98,360
Contributions in relation to the contractually required contribution	<u>(90,831)</u>	<u>(98,360)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	<u>\$ 803,082</u>	<u>\$ 849,075</u>
Contributions as a percentage of covered- employee payroll	11.31%	11.58%

Note - This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full ten year trend is compiled, the School will only present information for those years for which information is available.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 Schedule of the School's Proportionate Share of the Net Pension Liability
 Teachers' Pension and Annuity System
 Last Two Years *
 (Unaudited)

	Fiscal Year Ended June 30,	
	2014	2015
School's proportion of the net pension liability (asset)	0.00%	0.00%
State's proportion of the net pension liability (asset) associated to the School **	0.02337043%	0.02670881%
State's proportionate share of the net pension liability (asset) associated with the School **	<u>\$ 11,811,232</u>	<u>\$ 14,274,990</u>
School's covered - employee payroll	<u>\$ 2,493,375</u>	<u>\$ 3,079,579</u>
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll **	473.70%	463.54%
Plan fiduciary net position as a percentage of the total pension liability (local)	33.76%	33.64%

* The amount presented for each fiscal year were determined as of the previous fiscal year end.

** TPAF is a special funding situation defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the School (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the School.

Note - This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full ten year trend is compiled, the School will only present information for those years for which information is available.

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
Notes to Required Supplementary Information - Part III
Schedule of the School's Proportionate Share of the Net Pension Liability
and Schedule of School Contributions
For the Fiscal Year Ended June 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

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.

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2015

	(Exhibit E-1a) E.S.E.A.	I.D.E.A. Part B - Basic	I.D.E.A. Part B - Preschool	Totals
REVENUES:				
Federal sources	\$ 443,540	\$ 113,702	\$ 1,973	\$ 559,215
Total revenues	443,540	113,702	1,973	559,215
EXPENDITURES:				
Instruction:				
Salaries of teachers	175,139	44,150		219,289
Other salaries for instruction	168,968	45,850	1,500	216,318
General supplies	2,690	302	83	3,075
Total instruction	346,797	90,302	1,583	438,682
Support services:				
Salaries of other professional staff	9,000			9,000
Personal services - employee benefits	52,743	23,400	390	76,533
Purchased professional and technical services	35,000			35,000
Total support services	96,743	23,400	390	120,533
Total expenditures	\$ 443,540	\$ 113,702	\$ 1,973	\$ 559,215

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 Special Revenue Fund
 E.S.E.A.

Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2015

	Title I Part A Current Year	Title I Part A Carry Over	Title I Additional Exceptional Performance	Title II Part A Current Year	Totals
REVENUES:					
Federal sources	\$ 291,350	\$ 79,959	\$ 52,025	\$ 20,206	\$ 443,540
EXPENDITURES:					
Instruction:					
Salaries of teachers	156,369			18,770	175,139
Other salaries for instruction	36,984	79,959	52,025		168,968
General supplies	2,690				2,690
Total instruction	196,043	79,959	52,025	18,770	346,797
Support services:					
Salaries of other professional staff	9,000				9,000
Personal services - employee benefits	51,307			1,436	52,743
Purchased professional and technical services	35,000				35,000
Total support services	95,307			1,436	96,743
Total expenditures	\$ 291,350	\$ 79,959	\$ 52,025	\$ 20,206	\$ 443,540

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, 2015, 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.

The School did not have any fiduciary funds.

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, 2015, 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)**

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the School's financial performance and well being have changed over time.	65 - 69
Revenue Capacity	
These schedules contain information to help the reader assess the School's most significant local revenue source, the property tax.	N/A
Debt Capacity	
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
Demographic and Economic Information	
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
Operating Information	
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.	70 - 76

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 Net Position by Component
 Last Ten Years
 (accrual basis of accounting)
 Unaudited

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net investment in capital assets	\$ 287,860	\$ 175,564	\$ 117,171	\$ 311,519	\$ 525,305	\$ 524,233	\$ 464,870	\$ 564,771	\$ 600,515	\$ 458,226
Restricted									75,000	75,000
Unrestricted (deficit)	250,753	209,844	306,594	215,524	404,568	311,684	432,421	514,178	424,068	(1,589,064)
Total governmental activities net position	538,613	385,408	423,765	527,043	929,873	835,917	897,291	1,078,949	1,099,583	(1,055,838)
Business-type activities:										
Net investment in capital assets	(173)	(119)				8,458	6,041	4,315	3,082	2,201
Unrestricted										
Total business-type activities net position	(173)	(119)				8,458	6,041	4,315	3,082	2,201
School wide:										
Net investment in capital assets	287,860	175,564	117,171	311,519	525,305	532,691	470,911	569,086	603,597	460,427
Restricted									75,000	75,000
Unrestricted (deficit)	250,580	209,725	306,594	215,524	404,568	311,684	432,421	514,178	424,068	(1,589,064)
Total School net position	\$ 538,440	\$ 385,289	\$ 423,765	\$ 527,043	\$ 929,873	\$ 844,375	\$ 903,332	\$ 1,083,264	\$ 1,102,665	\$ (1,053,637)

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

Notes: In accordance with GASB 65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed.

For the fiscal year ended June 30, 2015, the School adopted GASB No.'s 68 and 71, which require the School to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Changes in Net Position
Last Ten Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental activities:										
Instruction:	\$ 2423225	\$ 3027977	\$ 2,964,052	\$ 3,347,212	\$ 4,152,934	\$ 4,115,507	\$ 4,364,149	\$ 4,922,483	\$ 5,315,182	\$ 6,028,461
Administrative	1,439,977	583,785	615,325	654,853	819,613	1,084,527	831,872	964,745	991,462	1,593,117
Support services	1,526,194	1,826,662	1,904,530	2,128,842	2,592,178	2,503,538	3,149,220	3,045,008	3,490,033	2,927,008
Unallocated depreciation		127,160	76,368	57,007	77,393	94,534	96,456	123,372	160,619	149,989
Total governmental activities expenses	5,389,396	5,565,594	5,560,275	6,187,914	7,642,118	7,798,106	8,441,697	9,055,608	9,957,296	10,698,575
Business-type activities:										
Food service	137,831	148,083	165,448	189,538	232,176	257,501	301,627	286,350	238,504	249,005
Before and after care	142,312	122,390	143,912	136,154	159,314	125,374	164,330	157,277	202,143	218,557
Total business-type activities expense	280,143	270,473	309,360	325,692	391,490	382,875	465,957	423,627	440,647	467,562
Total school expenses	\$ 5,669,539	\$ 5,836,067	\$ 5,869,635	\$ 6,513,606	\$ 8,033,608	\$ 8,180,981	\$ 8,907,654	\$ 9,479,235	\$ 10,397,943	\$ 11,166,137
Program Revenues:										
Governmental activities:										
Operating grants and contributions	\$ -	\$ 781,953	\$ 734,794	\$ 640,488	\$ 916,617	\$ 695,490	\$ 804,915	\$ 929,396	\$ 980,304	\$ 1,559,587
Total governmental activities program revenues		781,953	734,794	640,488	916,617	695,490	804,915	929,396	980,304	1,559,587
Business-type activities:										
Charges for services	14,960	19,881	22,133	31,581	42,101	62,159	37,532	25,795	21,808	25,070
Food service	122,766	128,319	143,279	157,957	190,075	193,932	222,573	207,934	209,392	218,750
Operating Grants and Contributions	142,222	122,327	144,067	136,154	159,314	125,374	164,330	157,277	202,143	218,557
Before and after care										
Total business type activities program revenues	279,948	270,527	309,479	325,692	391,490	381,465	424,435	391,006	433,343	462,377
Total school program revenues	\$ 279,948	\$ 1,052,480	\$ 1,044,273	\$ 966,180	\$ 1,308,107	\$ 1,076,955	\$ 1,229,350	\$ 1,320,402	\$ 1,413,647	\$ 2,021,964
Net (expense)/revenue:										
Governmental activities	\$ (5,389,396)	\$ (4,783,641)	\$ (4,825,481)	\$ (5,547,426)	\$ (6,725,501)	\$ (7,102,616)	\$ (7,736,782)	\$ (8,125,213)	\$ (8,976,992)	\$ (9,138,988)
Business-type activities	(195)	54	119			8,458	(41,522)	(32,621)	(7,304)	(5,185)
Total school-wide net expense	\$ (5,389,591)	\$ (4,783,587)	\$ (4,825,362)	\$ (5,547,426)	\$ (6,725,501)	\$ (7,094,158)	\$ (7,778,304)	\$ (8,157,834)	\$ (8,984,296)	\$ (9,144,173)

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

Changes in Net Position
Last Ten Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General revenues and other changes in net position:										
Governmental activities:										
Property taxes levied for:										
General purposes	\$ 762,989	\$ 796,237	\$ 1,053,014	\$ 753,578	\$ 837,596	\$ 864,363	\$ 945,662	\$ 1,062,179	\$ 1,185,138	\$ 1,241,491
Unrestricted grants and contributions	4,523,453	3,748,773	3,808,729	4,895,063	5,739,439	5,935,939	6,637,804	7,108,175	7,716,559	8,016,584
Investment earnings	3,576	3,890	1,153	13						
Miscellaneous income	85,534	81,536	942	2,050	551,296	208,358	253,795	167,412	102,000	33,722
Transfers								(70,000)	(6,071)	(4,304)
Total governmental activities	5,375,552	4,630,436	4,863,838	5,650,704	7,128,331	7,008,660	7,837,261	8,267,766	8,997,626	9,287,493
Business-type activities:										
Transfers								70,000	6,071	4,304
Total business-type activities								70,000	6,071	4,304
Total school-wide	\$ 5,375,552	\$ 4,630,436	\$ 4,863,838	\$ 5,650,704	\$ 7,128,331	\$ 7,008,660	\$ 7,837,261	\$ 8,337,766	\$ 9,003,697	\$ 9,291,797
Change in net position:										
Governmental activities	\$ (13,844)	\$ (153,205)	\$ 38,357	\$ 103,278	\$ 402,830	\$ (93,956)	\$ 100,479	\$ 142,553	\$ 20,634	\$ 148,505
Business-type activities	(195)	54	119			8,458	(41,522)	37,379	(1,233)	(881)
Total school	\$ (14,039)	\$ (153,151)	\$ 38,476	\$ 103,278	\$ 402,830	\$ (85,498)	\$ 58,957	\$ 179,932	\$ 19,401	\$ 147,624

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

Notes: For the fiscal year ended June 30, 2015, the School adopted GASB No.'s 68 and 71, which require the School to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
 Fund Balances - Governmental Funds
 Last Ten Years
 (modified accrual basis of accounting)
 Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund:										
Reserved	\$ 89,368	\$ 31,500	\$ 33,000	\$ 33,500	\$ 33,500	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	329,385	348,344	273,594	182,024	371,068	-	-	-	-	-
Restricted:										
Charter school reserve						33,500	33,500	33,500	75,000	75,000
Assigned						278,184	438,026	480,678	33,500	99,402
Unassigned									390,568	628,231
Total general fund	\$ 418,753	\$ 379,844	\$ 306,594	\$ 215,524	\$ 404,568	\$ 311,684	\$ 471,526	\$ 514,178	\$ 499,068	\$ 802,633

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

Note: In accordance with GASB 54, effective for the fiscal year ended June 30, 2011, the description and terminology utilized to identify fund balance was changed.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Tax levy	\$ 762,989	\$ 796,237	\$ 1,053,014	\$ 753,578	\$ 837,596	\$ 864,363	\$ 945,662	\$ 1,062,179	\$ 1,185,138	\$ 1,241,491
Miscellaneous	89,110	110,426	2,095	8,263	551,296	208,358	253,795	167,412	102,000	33,722
State sources	3,992,927	4,050,831	4,131,167	5,192,305	6,086,670	6,273,154	7,076,161	7,646,726	8,254,515	8,630,315
Federal sources	530,526	454,895	412,356	337,046	569,386	358,275	366,558	390,845	442,348	559,215
Total revenue	5,375,552	5,412,389	5,598,632	6,291,192	8,044,948	7,704,150	8,642,176	9,267,162	9,984,001	10,464,743
Expenditures:										
Instruction	2,565,507	2,537,654	2,489,598	2,749,722	3,426,593	3,353,996	3,490,811	3,928,425	4,264,031	4,545,985
Administrative	1,430,706	1,488,462	1,362,469	1,395,019	1,686,452	2,001,355	1,943,350	2,166,669	2,267,831	2,977,387
Support services	1,260,070	1,410,318	1,801,840	1,986,166	2,451,680	2,348,221	3,011,080	2,837,142	3,264,815	2,625,802
Capital outlay	13,537	14,864	17,975	251,355	291,179	93,462	37,093	222,274	196,363	7,700
Total expenditures	5,269,820	5,451,298	5,671,882	6,382,262	7,855,904	7,797,034	8,482,334	9,154,510	9,993,040	10,156,874
Excess (Deficiency) of revenues over (under) expenditures	105,732	(38,909)	(73,250)	(91,070)	189,044	(92,884)	159,842	112,652	(9,039)	307,869
Other financing sources (uses):										
Transfers out								(70,000)	(6,071)	(4,304)
Total other financing sources (uses)								(70,000)	(6,071)	(4,304)
Net change in fund balances	\$ 105,732	\$ (38,909)	\$ (73,250)	\$ (91,070)	\$ 189,044	\$ (92,884)	\$ 159,842	\$ 42,652	\$ (15,110)	\$ 303,565
Debt service as a percentage of noncapital expenditures										

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

Notes: Noncapital expenditures are total expenditures less capital outlay.

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Employees										
Certified	43	36	42	41	49	55	58	60	63	65
Other	39	39	34	31	33	35	35	37	36	36
Total	82	75	76	72	82	90	93	97	99	101

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

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

Fiscal Year Ended June 30	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Average Daily Enrollment (ADE) ^b	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2006	\$ 5,256,283	\$ 11,706.64	12.23%	449.0	433	-0.22%	96.4%
2007	5,436,434	\$ 12,086.34	3.24%	449.8	435	0.18%	96.7%
2008	5,653,907	\$ 12,592.22	4.19%	449	434	-0.18%	96.7%
2009	6,130,907	\$ 13,627.27	8.22%	449.9	434	0.20%	96.5%
2010	7,564,725	\$ 15,132.48	11.05%	499.9	483	11.11%	96.6%
2011	7,703,572	\$ 14,698.67	-2.87%	524.1	507	4.84%	96.7%
2012	8,445,241	\$ 15,343.82	4.39%	550.4	530	5.02%	96.3%
2013	8,932,236	\$ 15,593.99	1.63%	572.8	549	4.07%	95.8%
2014	9,796,677	\$ 16,344.14	4.81%	599.4	573	4.64%	95.6%
2015	10,149,174	\$ 16,236.08	-0.66%	625.1	600	4.29%	96.0%

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
2015	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
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

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

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

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.
 Schedule of Required Maintenance Expenditures by School Facilities
 Last Ten Fiscal Years

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx

* School Facilities
 School # (s)

Fiscal Year Ended June 30,	North	Central	Total
2005	\$ 47,628	\$ -	\$ 47,628
2006	98,356		98,356
2007	90,330		90,330
2008	87,163		87,163
2009	77,251		77,251
2010	90,474	34,386	124,860
2011	103,082	21,778	124,860
2012	366,137	36,657	402,794
2013	94,258	52,810	147,068
2014	183,324	53,499	236,823
2015	131,752	51,667	183,419
Total School Facilities	\$ <u>1,369,755</u>	\$ <u>250,797</u>	\$ <u>1,620,552</u>

* School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

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

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
Insurance Schedule
June 30, 2015
Unaudited

	<u>Coverage</u>	<u>Annual Premium</u>
Commercial Property and General Liability:		
Personal Property/Fire Damage	\$ 1,258,716	
Bodily Injury and Property Damage	11,000,000	
Bodily Injury for Products and Completed Operations	11,000,000	
Personal and Advertising Inquiry Occurrence/Aggregate	11,000,000	
Business Auto	11,000,000	
Crime:		
Employee Dishonesty	250,000	
Theft - Loss of Money and Securities - On and Off Premises	1,000	20,230
School Leaders E & O Liability:		
Coverage A:	11,000,000	
Deductible Each Claim	5,000	15,028
Workers Compensation:		
Statutory:		
Each Accident	2,000,000	
Disease - Policy Limit/Employee	2,000,000	49,759
Compulsory Student Accident	1,000,000	1,981
Catastrophic Student Accident		
Additional Excess Liability (each occurrence) - Fireman's Fund Indemnity Corporation	500,000	500

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

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

	2013 Audit	2014 Audit	2015 Audit	Source
Cash	1,248,306	503,668	1,223,307	Audit: Exhibit A-1
Current Assets	330,941	1,360,293	370,272	Audit: Exhibit A-1
Total Assets	2,144,018	2,052,279	2,129,006	Audit: Exhibit A-1
Current Liabilities	1,065,069	949,614	972,226	Audit: Exhibit A-1
Total Liabilities	1,065,069	949,614	3,206,094	Audit: Exhibit A-1
Net Position	1,078,949	1,102,665	(1,053,637)	Audit: Exhibit A-1
Total Revenue	9,197,162	10,417,344	11,313,761	Audit: Exhibit A-2
Total Expenses	9,054,609	10,397,943	11,166,137	Audit: Exhibit A-2
Change in Net Position	142,553	19,401	147,624	Audit: Exhibit A-2
Depreciation Expense	122,372	160,619	149,989	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	572.80	599.40	625.10	DOE Enrollment Reports
March 30th Budgeted Enrollment	575	600	625	Charter School Budget

RATIOS ANALYSIS...				
Near Term Indicators	2013	2014	2015	3 YR CUM
1a. Current Ratio	0.31	1.43	1.64	1.13
1b. Unrestricted Days Cash	50.32	17.68	39.99	36.00
1c. Enrollment Variance	100%	100%	1,00016	1.00
1d.* Default	No	No	No	Audit
Sustainability Indicators				
2a. Total Margin	1.55%	0.19%	1.30%	1%
2b. Debt to Asset	0.50	0.46	150.59%	0.82
2c.** Cash Flow	151,701	(744,638)	719,639	126,702
2d. Debt Service Coverage Ratio	-	-	-	(Change in Net Assets+Depreciation+Interest Expense)/(Principal & Interest Payments)

* Is school in default of loan covenant(s) and/or is delinquent with debt service payments? Yes or No
 ** 2015=2015 Cash - 2014 Cash; Cash2014 =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, 2015, 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 December 18, 2015.

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.

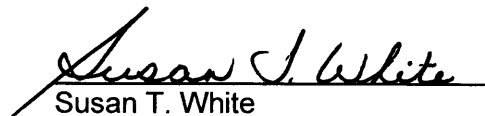
We noted certain matters that we reported to the Board of Trustees of Robert Treat Academy Charter School, Inc. in a separate report entitled, *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* dated December 18, 2015.

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
Public School Accountant
License #20CS00119300

Fairfield, New Jersey
December 18, 2015

**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'S CIRCULARS 04-04 AND 15-08**

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 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, 2015. 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's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circulars 04-04 and 15-08, 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, 2015.

Report on Internal Control Over Compliance

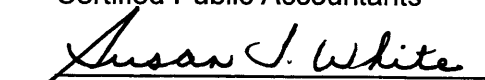
Management of Robert Treat Academy Charter School, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered Robert Treat Academy Charter School, Inc.'s 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's Circulars 04-04 and 15-08, 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's Circulars 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.


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


Susan T. White
Public School Accountant
License #20CS00119300

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From/To	Balance at June 30, 2014	Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Adjust- ments	Repayment of Prior Years' Balances	June 30, 2015	
											Accounts Receivable	Deferred Revenue
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Enterprise Fund:												
Child Nutrition Cluster												
School Breakfast Program	10.553	15-007730	\$ 12,084	7/1/14 - 6/30/15	\$ -	\$ -	\$ 10,969	\$ (12,084)	\$ -	\$ -	\$ (1,115)	\$ -
School Breakfast Program	10.553	14-007730	10,647	7/1/13 - 6/30/14	(2,284)		2,284					
National School Lunch Program	10.555	15-007730	146,482	7/1/14 - 6/30/15			133,890	(146,482)			(12,592)	
National School Lunch Program	10.555	14-007730	144,527	7/1/13 - 6/30/14	(28,027)		28,027					
After School Snack Program	10.555	15-007730	57,244	7/1/14 - 6/30/15			51,791	(57,244)			(5,453)	
After School Snack Program	10.555	14-007730	51,228	7/1/13 - 6/30/14	(10,796)		10,796					
Total Child Nutrition Cluster					(41,107)		237,757	(215,810)			(19,160)	
Total Enterprise Fund					(41,107)		237,757	(215,810)			(19,160)	
U.S. Department of Education												
Passed-through State Department of Education:												
Special Revenue Fund:												
I.D.E.A. Part B Special Education Cluster												
I.D.E.A. Part B:												
Current Year	84.027	IDEA-7730-15	113,702	7/1/14 - 6/30/15			73,769	(113,702)			(39,933)	
Prior Year	84.027	IDEA-7730-14	105,536	7/1/13 - 6/30/14	(47,985)		47,985					
I.D.E.A. Part B - Preschool:												
Current Year	84.173	IDEA-7730-15	1,973	7/1/14 - 6/30/15			1,973	(1,973)				
Prior Year	84.173	IDEA-7730-14	1,964	7/1/13 - 6/30/14	(1,188)		1,188					
Total I.D.E.A. Part B Special Education Cluster					(49,173)		124,915	(115,675)			(39,933)	
E.S.E.A. Title I Part A, Improving Basic Programs:												
Current Year	84.010A	NCLB-7730-15	291,350	7/1/14 - 6/30/15			150,568	(291,350)			(140,782)	
Prior Year	84.010A	NCLB-7730-14	330,232	7/1/13 - 6/30/14	(73,600)		153,559	(79,959)				
Additional Reward	84.010A	NCLB-7730-15	52,025	7/1/14 - 6/30/15			52,025	(52,025)				
E.S.E.A. Title II Part A, Improving Teacher Quality:												
Current Year	84.367A	NCLB-7730-15	20,206	7/1/14 - 6/30/15			19,144	(20,206)			(20,206)	
Prior Year	84.367A	NCLB-4405-14	19,144	7/1/13 - 6/30/14	(19,144)							
Total Special Revenue Fund					(141,917)		500,211	(559,215)			(200,921)	
Total Federal Awards					\$ (183,024)	\$ -	\$ 737,968	\$ (775,025)	\$ -	\$ -	\$ (220,081)	\$ -

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2015

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From/To	As of June 30, 2014		GAAP Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Years' Balances	Balance at June 30, 2015		MEMO	
				Deferred Revenue (Accounts Receivable)	Due to Grantor				Accounts Receivable	Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures
General Fund:												
State Department of Education												
State Aid - Public Cluster:												
Equalization Aid - State Share	15-495-034-5120-078	7,623,454	7/1/14 - 6/30/15	-	-	\$ 7,636,499	\$ (7,623,454)	(7,660)	-	\$ 13,045	-	\$ 7,623,454
Equalization Aid - State Share	14-495-034-5120-078	7,340,422	7/1/13 - 6/30/14	(463,574)	7,660	463,574	(88,488)			5,918		88,488
Special Education Categorical Aid	15-495-034-5120-089	82,288	7/1/14 - 6/30/14	(5,197)		5,197	(304,642)			1,509		304,642
Special Education Categorical Aid	14-495-034-5120-089	304,642	7/1/14 - 6/30/15	(18,558)	567	306,151	(567)					
Security Aid	15-495-034-5120-084	293,849	7/1/13 - 6/30/14	(487,329)	8,227	8,524,385	(8,016,584)	(8,227)	-	20,472	-	8,016,584
Security Aid	14-495-034-5120-084	232,244	7/1/14 - 6/30/15			196,461	(232,244)		(35,783)		35,783	232,244
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	232,377	7/1/13 - 6/30/14	(79,210)		79,210	(9,895)					9,895
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	9,895	7/1/14 - 6/30/15			9,895	(137,540)					137,540
TPAF Pension - Non-contributory Insurance	15-495-034-5094-007	137,540	7/1/14 - 6/30/15			234,052	(234,052)					234,052
TPAF Pension - Normal	15-495-034-5094-006	234,052	7/1/14 - 6/30/15	(566,539)	8,227	9,181,543	(8,630,315)	(8,227)	(35,783)	20,472	35,783	8,630,315
TPAF Pension - Post-retirement Medical Contributions	15-495-034-5094-001	2,940	7/1/14 - 6/30/15	(566)		2,686	(2,940)		(254)		254	2,940
Total General Fund		2,990	7/1/13 - 6/30/14	(566)		566	(2,940)		(254)		254	2,940
State Department of Agriculture:												
Enterprise Fund:												
National School Lunch Program (State Share)	15-100-010-3350-023	2,990	7/1/13 - 6/30/14	(567,105)	8,227	9,184,795	(8,633,255)	(8,227)	(36,037)	20,472	36,037	8,633,255
National School Lunch Program (State Share)	14-100-010-3350-023	9,895	7/1/14 - 6/30/15			(9,895)	9,895					(9,895)
Total Enterprise Fund		137,540	7/1/14 - 6/30/15			(137,540)	137,540					(137,540)
Total State Financial Assistance		234,052	7/1/14 - 6/30/15			(234,052)	234,052					(234,052)
State Financial Assistance Not Subject to Single Audit Determination												
General Fund												
TPAF Pension - Non-contributory Insurance	15-495-034-5094-007	9,895	7/1/14 - 6/30/15			(9,895)	9,895					(9,895)
TPAF Pension - Normal	15-495-034-5094-006	137,540	7/1/14 - 6/30/15			(137,540)	137,540					(137,540)
TPAF Pension - Post-retirement Medical Contributions	15-495-034-5094-001	234,052	7/1/14 - 6/30/15			(234,052)	234,052					(234,052)
Total State Financial Assistance		\$ (567,105)		\$ 8,227	\$ -	\$ 8,803,308	\$ (8,251,768)	\$ (8,227)	\$ (36,037)	\$ 20,472	\$ 36,037	\$ 8,251,768

See accompanying notes to Schedule of Expenditures of State Financial Assistance.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2015

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's Circulars 04-04 and 15-08, *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, 2015**

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 8,630,315	\$ 8,630,315
Special Revenue Fund	559,215	-	559,215
Food Service Fund	215,810	2,940	218,750
	<u>775,025</u>	<u>8,633,255</u>	<u>9,408,280</u>
Total Federal Awards and State Financial Assistance - GAAP Basis	775,025	8,633,255	9,408,280
Less: TPAF Pension and Post Retirement Medical Contribution	<u>-</u>	<u>381,487</u>	<u>381,487</u>
Total Per Schedules of Expenditures of Federal Awards and State Financial Assistance	<u>\$ 775,025</u>	<u>\$ 8,251,768</u>	<u>\$ 9,026,793</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 \$232,244 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, 2015.

The amount of \$381,487 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, 2015.

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, 2015**

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, 2015**

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's Circulars 04-04 and 15-08?

Yes No

State Grant/Project Numbers(s)

Name of State Program

15-495-034-5120-078
15-495-034-5120-089
15-495-034-5120-084

State Aid Public Cluster:
Equalization Aid
Special Education Categorical Aid
Security Aid

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SECTION II - FINANCIAL STATEMENT FINDINGS:

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

There are none.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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's Circulars 04-04 and 15-08.

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, 2015**

This section identifies the status of prior-year findings related to the 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's Circulars 04-04 and 15-08.

There were no prior year audit findings.