JERSEY CITY COMMUNITY CHARTER SCHOOL

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TCBA WATSON RICE LLP
CERTIFIED PUBLIC ACCOUNTANTS

JERSEY CITY COMMUNITY CHARTER SCHOOL
JUNE 30, 2010

TABLE OF CONTENTS

Page No.

INTRODUCTORY SECTION

Letter of Transmittal 1-8
Roster of Officials 9
Consultants and Advisors 10

FINANCIAL SECTION

Independent Auditor's Report 11-12

Required Supplementary Information – Part I
Management's Discussion and Analysis 13-22

BASIC FINANCIAL STATEMENTS

A. Charter School Wide Financial Statements

A-1 Statement of Net Assets 23
A-2 Statement of Activities 24

B. Fund Financial Statements

Governmental Funds:
B-1 Balance Sheet 25
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance 26
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 27

Proprietary Funds:
B-4 Balance Sheet 28
B-5 Statement of Revenues, Expenditures and Changes in Fund Balances 29
B-6 Statement of Cash Flows 30

JERSEY CITY COMMUNITY CHARTER SCHOOL

TABLE OF CONTENTS – CONTINUED

Page No.

Fiduciary Funds:
B-7 Statement of Fiduciary Net Assets 31
B-8 Statement of Changes in Fiduciary Net Assets 32

Notes to the Financial Statements 33-58

Required Supplementary Information – Part II

C. Budgetary Comparison Schedules

C-1 Budgetary Comparison Schedule – General Fund 59
C-1a Combining Schedule of Revenues, Expenditures and Changes In Fund Balance –Budget and Actual ..... N/A
C-2 Combining Budget Comparison Schedule – Special Revenue Fund 60
C-2a Budget Comparison Schedule – Special Revenue Fund 61
C-2b Budget Comparison Schedule – American Recovery Reinvestment Act 62

Notes to the Required Supplementary Information

C-3 Budget-to-GAAP Reconciliation 63

Other Supplementary Information

D. School Level Schedules

D-1 Combining Balance Sheet ..... N/A
D-2 Blended Resource Fund-Schedule of Expenditures Allocated by Resource Type – Actual ..... N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual ..... N/A

E. Special Revenue Fund

E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis 64
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis ..... N/A

JERSEY CITY COMMUNITY CHARTER SCHOOL

TABLE OF CONTENTS – CONTINUED

Page No.

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
F-2(x) Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis ..... N/A

G. Proprietary Funds

Enterprise Fund:
G-1 Statement of Net Assets 65
G-2 Statement of Revenues, Expenses and Changes in Fund Net Assets 66
G-3 Statement of Cash Flows 67

Internal Service Fund:
G-4 Statement of Net Assets ..... N/A
G-5 Statement of Revenues, Expenses and Changes in Fund Net Assets ..... N/A
G-6 Statement of Cash Flows ..... N/A

H. Fiduciary Funds

H-1 Statement of Fiduciary Net Assets 68
H-2 Statement of Changes in Fiduciary Net Assets 69
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements 70
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements 71

I. Long-Term Debt

I-1 Schedule of Serial Bonds ..... N/A
I-2 Schedule of Obligations under Capital Leases 72
I-3 Debt Service Fund Budgetary Comparison Schedule ..... N/A

JERSEY CITY COMMUNITY CHARTER SCHOOL

TABLE OF CONTENTS – CONTINUED

Page No.

STATISTICAL SECTION (Unaudited)

Financial Trends

J-1 Net Assets by Component 73
J-2 Changes in Net Assets 74
J-3 Fund Balances – Governmental Funds 75
J-4 Changes in Fund Balances – Governmental Funds 76
J-5 General Fund Other Local Revenue by Source ..... N/A

Revenue Capacity

J-6 Assessed Value and Estimated Actual Value of Taxable Property ..... N/A
J-7 Direct and Overlapping Property Tax Rates ..... N/A
J-8 Principal Property Taxpayers* ..... N/A
J-9 Property Tax Levies and Collections 77

Debt Capacity

J-10 Ratios of Outstanding Debt by Type ..... N/A
J-11 Ratios of General Bonded Debt Outstanding ..... N/A
J-12 Direct and Overlapping Governmental Activities Debt ..... N/A
J-13 Legal Debt Margin Information ..... N/A

Demographic and Economic Information

J-14 Demographic and Economic Statistics 78
J-15 Principal Employers 79

Operating Information

J-16 Full-time Equivalent Charter School Employees by Function/Program 80
J-17 Operating Statistics 81
J-18 School Building Information 82
J-19 Schedule of Allowable Maintenance Expenditures by School Facility 83
J-20 Insurance Schedule 84

JERSEY CITY COMMUNITY CHARTER SCHOOL

TABLE OF CONTENTS – CONTINUED

Page No.

SINGLE AUDIT SECTION

K-1 Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 85-87

K-2 Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04 88-90

K-3 Schedule of Expenditures of Federal Awards, Schedule A 91

K-4 Schedule of Expenditures of State Financial Assistance, Schedule B 92

K-5 Notes to the Schedules of Expenditures of Federal Awards State Financial Assistance 93-94

K-6 Schedule of Findings and Questioned Costs 95-104

K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs 105

JCCCS
Excellence is the goal

JERSEY CITY COMMUNITY CHARTER SCHOOL
128 Danforth Avenue - Jersey City, N.J. 07305
(201) 433-2288 • Fax: (201) 433-5803

Carletta Martin - Goldston, Head of School

November 4, 2010

Commissioner Bret Schundler
New Jersey Department of Education
100 Riverview Executive Plaza
CN – 500
Trenton, New Jersey 08625-0500

Dear Commissioner:

We hereby submit the Comprehensive Annual Financial Report of the Jersey City Community Charter School (the "Charter School") for the fiscal year ended June 30, 2010. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter School. 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 fairly present the financial position and result of operations of the various funds and account groups of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter 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 Charter School's organizational chart, a list of principal officials, and a list of consultants and advisors. The financial section includes the general-purpose 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 Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "*Audits of States, Local Governments and Non-Profit Organizations*", and the New Jersey Treasury Circular Letter 04-04 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments*. Information related to this single audit, including the auditor's report on internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

The Jersey City Community Charter School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the Charter School are included in this report.

1) REPORTING ENTITY AND ITS SERVICES – CONTINUED

The Charter School provides a comprehensive early childhood program appropriate to grade level K to 8. That program includes social, health and nutrition services that support the total education of the students and their families. The Charter School completed the 2009-2010 fiscal year with an average daily enrollment of 594 students, which is 18 students above the previous year's enrollment. The following details the changes in student enrollment of the school over the last thirteen years.

Fiscal Year	Average Daily Enrollment Student Enrollment	Percent Change
2009-2010	594	3.13%
2008-2009	576	3.97%
2007-2008	554	13.76%
2006-2007	487	1.88%
2005-2006	478	9.38%
2004-2005	437	10.35%
2003-2004	396	32.00%
2002-2003	300	11.94%
2001-2002	268	13.56%
2000-2001	236	19.20%
1999-2000	197	51.54%
1998-1999	130	16.07%
1997-1998	112	N/A

2) ECONOMIC CONDITION AND OUTLOOK

The Jersey City Community Charter School is located in Jersey City, the second largest municipality in New Jersey with a population of 242,503 according to 2009 data published by the New Jersey Department of Labor and Workforce Development. The City is located on the west side of the Hudson River, directly across from lower Manhattan in New York City, and is part of the major business and industrial concentration spanning the New York-Northern New Jersey Metropolitan area.

The City's land area is 15.8 square miles, including a five mile long stretch of Hudson River waterfront that has experienced considerable high rise office tower, residential and multifamily development over the past ten years. The City is connected to New York City by Holland Tunnel and the PATH railroad tubes and is within ten miles of Newark International Airport and the container and cargo facilities of Port Newark-Elizabeth.

2) ECONOMIC CONDITION AND OUTLOOK – CONTINUED

The City is located in the County of Hudson. The City's size and current development activity cause it to dominate the economy of Hudson County. The City also serves as the seat of the County Government. Of the approximately 275,000 persons employed in the County, approximately 43% are employed in Jersey City.

The Charter School had completed its tenth year of implementation. During the 2009-2010 school year, the school serviced 66 kindergarten students, 66 first grade students, 66 second grade students, 66 third grade students, 66 fourth grade students 66 fifth grade students, 66 sixth grade students, 66 seventh grade students and 66 eighth grade students.

Growth

The Jersey City Community Charter School began its inception with 72 kindergarten students. Plans for expansion included adding first grade in the 1998-1999 school year; second grade in the 2000-2001; third, through eighth grades in subsequent years.

The Jersey City Community Charter School is one of the first group of charter schools in the state of New Jersey. In December 2000, the school submitted its first renewal application for continuation of its charter. In February 2001, the school received a charter to continue its operation under a charter for five additional years. During the 2005-2006 school year, the school submitted its second renewal application. As a result the school received a charter for an additional five years to 2011. As part of the renewal process, the school was required to develop a five-year fiscal plan. That plan made projections for revenues based on anticipated student enrollment increases.

In the school year 2003-2004 the Charter School purchased its existing facilities from the former owners, the Urban League of Hudson County, Inc. The building had a capacity for up to 350 students. During the 2008-2009 school-year the school completed the expansion of its existing facilities adding 14 classrooms. In addition, during the school year 2006-2007, the Charter School entered into a lease agreement with 199-201 Summit Avenue, LLC providing 15 classes for the middle school. The lease was terminated as of the end of the 2009-2010 school year because the Charter School purchased a new building for the middle school. The purchase was consummated in July 2010 and the renovations were carried out in July and August 2010 in readiness for the Middle School to open in September 2010.

3) MAJOR INITIATIVES

The Charter School has developed a comprehensive strategic plan to support its mission and vision and serve as blueprint for the achievement of its goals. The plan includes objectives such as pupil achievement, staff development and technology in the classroom. The school offers an extensive educational enrichment program as well as extracurricular programs that would continue the involvement of parents in the education of their children. The school has created a "safe haven" program in the afternoons for students whose parents work. The program offers tutorial assistance as well as enrichment activities. The school also offers an Academic Athletic and Individual Mentoring Program which provides sports activities along with tutorial assistance. The school also offers a Saturday Academy for Excellence (S.A.F.E) to assist the students with test taking strategies.

During the 2009-2010 school year, the school continued the implementation of its Family Literacy Program which included Family Reading, Family Math, Family Science, Family Art, Family Writing, Family Technology and Family Health Literacy.

As a result of the school's expansion program the following components of the academic program have been added:

- Science Laboratory
- Library with Multi-Media Center and "Reading Room"
- Writing Laboratory
- Block Room
- Art Room
- Roof Top Playground
- Gymnasium
- Cafeteria

The addition of the Middle School building allows the school to offer Physical Education in a full gymnasium along with several elective courses re, filmmaking, photography, culinary, arts, graphic designs, art studio, aviation and music. These additions allow the school to offer a comprehensive program that will allow the students to experience the success they are entitled to.

4) INTERNAL ACCOUNTING CONTROLS

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

As a recipient of federal and state financial assistance, the Charter School is responsible for establishing and maintaining effective internal control to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the Charter School's Board of Trustees.

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

5) BUDGETARY CONTROLS

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund and Special Revenue Fund. The final budget amount, as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of fund balance in the subsequent year. No reservation of fund balance was made at June 30, 2010.

6) ACCOUNTING SYSTEM AND REPORT

The Charter School's accounting records reflect accounting principles generally accepted in the United States of America (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Charter School is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7) FINANCIAL STATEMENT INFORMATION AT FISCAL YEAR-END

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, and Special Revenue Funds for the fiscal years ended June 30, 2010 and 2009 and the amount of increases in relation to prior year's revenues:

Revenue	2010	2009	Increase/ (Decrease)	% Change
Local sources	$ 1,578,995	$ 1,340,133	$ 238,862	17.82%
State sources	5,449,539	5,115,406	334,133	6.53%
Federal sources	929,805	819,780	110,025	13.42%
Total	$ 7,958,339	$ 7,275,319	$ 683,020	9.39%

The increase in state sources is due to an increase in the Charter School's enrollment. The significant decrease in federal sources is due to a reduction in No Child Left Behind funding.

The monies received from State and the number of children enrolled in our program determines Federal sources attributable to grants in aid. As our enrollment increases, we anticipate an increase in aid in the said programs.

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal years ended June 30, 2010 and 2009:

Expenditures	2010	2009	Increase/ (Decrease)	% Change
Instruction	$ 3,599,317	$ 3,675,589	$ (76,272)	-2.08%
Administrative	2,434,947	2,443,655	(8,708)	-0.36%
Support	1,551,977	1,380,294	171,683	12.44%
Capital Outlay	319,650	235,033	84,617	36.00%
Total	$ 7,905,891	$ 7,734,571	$ 171,320	2.21%

8) CASH MANAGEMENT

The investment policy of the Charter School is guided in large part by the New Jersey State Statutes as detailed in "Notes to the Financial Statements", Note 2. The Charter School has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act ("GUDPA").

GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposits with failed banking institutions in New Jersey. The law requires governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT

The Charter School carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker's compensation (See "Exhibit J-20").

10) OTHER INFORMATION

Independent Audit

State Statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Charter School appointed the accounting firm of TCBA Watson Rice LLP. 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 Amendment of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular Letter 04-04.

The auditor's report on the general-purpose financial statements and individual fund statements, and schedules are 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 Jersey City Community Charter School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Jersey City Public School District 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, accounting and administrative staff.

Respectfully submitted,

Carletta Martin-Goldston
Head School
Jersey City Community Charter School

Mary Ann Olsen, Esq.
President
Jersey City Community Charter School

ROSTER OF OFFICIALS

JUNE 30, 2010

Members of Board of Trustees

Mary Ann Olsen, Esq.	Baba Sulemana
Elnora Watson	Anne Rosario
Bettye Ingram	Noel Banks
David Asige	Carletta Martin-Goldston ***
Olugbenga Olabintan***	

EXECUTIVE BOARD

Mary Ann Olsen, Esq.	President
Baba Sulemana	Vice President
Hillary Fraenkel, Esq.***	Attorney
Carletta Martin-Goldston, Ed.S***	Head of School
Olugbenga Olabintan, CPA***	Board Secretary
Nora Galleros, CPA***	Treasurer of School Monies

*** Ex-officio

JERSEY CITY COMMUNITY CHARTER SCHOOL

CONSULTANTS AND ADVISORS

Independent Auditors

TCBA Watson Rice LLP
Meadows Office Complex
301 Route 17 North, 6th Floor
Rutherford, NJ 07070

Attorneys

Marshall, Dennehey, Warner, Coleman & Goggin
Attorneys at Law
425 Eagle Rock Avenue, suite 302
Roseland, New Jersey 07068

Connell Folley LLP
Attorneys at Law
Harborside Financial Center
2510 Plaza Five
Jersey City, New Jersey 07311

Official Depositories

Bayonne Community Bank
104-110 Avenue C
Bayonne, New Jersey 07002

FINANCIAL SECTION

TCBA Watson Rice LLP
Certified Public Accountants and Advisors

301 Route 17 North
Rutherford, New Jersey 07070
www.tcbawatsonrice.com

Telephone: 201.460.4590
Fascimile: 201.460.7224
tcbawatsonrice@tcbawatsonrice.com

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Jersey City Community Charter School
Hudson County, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Jersey City Community Charter School, Inc., (the "Charter School") in Hudson County, State of New Jersey, as of and for the year ended June 30, 2010, which collectively comprise the Charter School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter School, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 4, 2010, on our consideration of the Charter School'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 the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be read with the report in considering the results of our audit.

The Management Discussion and Analysis on pages 13 through 22 and the budgetary comparison information on pages 59 through 62 are not a required part of the basic financial statements but are supplementary information required by accounting principle generally accepted by United States of America. We have applied certain limited procedures, which consisted of principally of inquiries of management regarding method of measurement of and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying introductory section, other supplementary information including the combining fund financial schedules, and statistical information 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion 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 schedule have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of federal awards and state financial assistance, as listed in the table of contents, are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*; and the New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

TCBA Watson Rice LLP

Bennie L. Hadnott, CPA, MBA
Licensed Public School Accountant
License No. 20CS00247800

TCBA Watson Rice LLP

November 4, 2010

REQUIRED SUPPLEMENTARY INFORMATION

PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) provides an analysis of the Charter School's overall financial position and results of operations.

JERSEY CITY COMMUNITY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This section of the Jersey City Community Charter School's Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the Charter School's financial performance and provides an overview of the Charter School's financial activities for the fiscal year ended June 30, 2010. It should be read in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting Model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments,* issued June 1999; GASB Statement No. 37, *Basic Financial Statement – and Management's Discussion and Analysis- for State and Local Governments*: *Omnibus*, an amendment to GASB Statement No. 21 and No. 34, issued in June 2001; and in GASB Statement No 38, Certain Financial Statement Note Disclosures, issued in 2001.

Financial Highlights

Key Financial highlights for the fiscal year ended June 30, 2010 are a follows:

- In total, net assets decreased from $273,079 to $153,682. Net assets of governmental activities decreased by $200,575 which represents a 86.41% decrease from fiscal year 2009 due to depreciation of fixed assets. Net assets of business-type activities, which represent food service operations, increased by $81,178 or 198.26% from fiscal year 2009.

- General revenues amounted to $7,028,534, which accounts for 88.32% of total revenues of $7,958,339. Program specific revenues, in the form of charges for services, grants, and contributions accounted for $929,805 or 11.68% of total revenues.

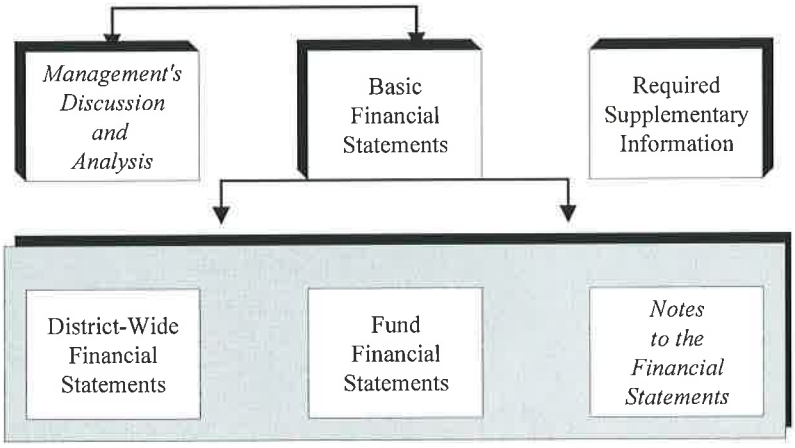
- The Charter School had $8,321,347 in expenses related to governmental activities; $929,805 of these expenses was offset by operating grants and contributions. General revenues (primarily Federal and State Aid) of $7,028,534 were not adequate to provide for the balance of these programs.

- The General Fund reported fund balances at June 30, 2010, of $545,760. General Fund's fund balance increased $52,448 over 2009. The increase was anticipated by the Board of the Charter School.

Overview of the Financial Statements

This annual report consists of six parts-*management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, *other supplementary information, the statistical section, and the single audit section.*

Table A-1. Required Components of the School's Annual Financial Report



The basic financial statements include two kinds of statements that present different views of the Charter School:

- The first two statements are charter school *financial statements* that provide both *long-term* and *short-term* information about the Charter School's *overall* financial status.

- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the Charter School's operations in *more detail* than the Charter School-wide statements.
    - *Governmental funds* statements tell how *basic* services such as regular and special education were financed in the *short term* as well as what remains for future spending.
    - *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*, such as food service.
    - *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

Overview of the Financial Statements – Continued

The financial statements also include *notes* that explain certain information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Table A-1 shows how the required parts of this annual report are arranged and related to one another.

Table A-2
Major Features of the Charter-School-Wide and Fund Financial Statements

		Fund Financial Statements		
	School-wide Statements	*Governmental Funds*	*Proprietary Funds*	*Fiduciary Funds*
Scope	Entire School (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as special education and building maintenance	Activities the School operates similar to private businesses; Food Service Fund and Extended Day Care Program	Instances in which the School administers resources on behalf of someone else, such as state unemployment insurance, payroll and payroll agency and student activities
Required financial statements	*Statements of Net Assets *Statements of Activities	*Balance Sheet *Statement of revenues, expenditures and changes in fund balances	*Statement of Net Assets *Statement of revenues, expenditures and changes in fund net assets *Statement of cash flows	*Statement of Fiduciary net assets *Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Actual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital, short-term and long-term, funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods, or services have been received and the related liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid	All additions and dedications during the year, regardless of when cash is received or paid

Table A-2 summarizes the major features of the Charter School's financial statements, including the portion of the Charter School's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

The basic financial statements include two kinds of statements that present different views of the Charter School:

- Charter School-Wide Statements
- Fund Financial Statements

Basic Financial Statements

This annual report consists of a series of basic financial statements, required supplementary information, other supplementary information and notes to those statements and information.

The report is organized so the reader can understand the Jersey City Community Charter School as a financial whole, or as an entire operating entity. The first two basic financial Statements, the Statement of Net Assets and the Statement of Activities, are governmental- wide financial statements and provide overall information about the activities of the entire Charter School, presenting both an aggregate view of the Charter School's finances and a long-term view of those finances.

Fund Financial Statements

The remaining basic financial statements are fund financial statements that focus on the individual parts of the government, reporting the Charter School's operation in more detail than the government-wide statements. The fund financial statements also look at the Charter School's most significant funds with all other non-major funds presented in total in a single column. For the Jersey City Community Charter School, the General Fund is the most significant fund.

The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary or enterprise fund statements offer short and long-term financial information about the activities; the government operates like a business, such as food service.

Fiduciary fund statements provide information about financial relationship in which the Charter School acts solely as a trustee or agent for the benefits of other, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of Required Supplementary Information that further explains and supports the information in the financial statements.

Reporting the Charter School as a Whole

Statement of Net Assets and Statements of Activities

While this report contains the funds used by the Charter School to provide programs and activities, the view of the Charter School as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2010?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all the Charter School's assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into accounts all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the Charter School's net assets and changes in those assets. This change in net assets is important because it identifies whether the financial position of the Charter School has improved or diminished for the Charter School as a whole. The cause of this change may be the result of many factors-some financial, some not. Non-financial factors include the property tax base of the School District where the Charter School is located, current educational funding laws in New Jersey, facilities conditions, required educational programs, and other factors. In the Statement of Net Assets and the Statement of Activities, the Charter School is divided into two distinct kinds of activities:

Governmental Activities – Most of the Charter School's programs and services are reported here including instructions, extracurricular activities, curriculum, staff development, special education and other support services, operation and maintenance of plant, pupil transportation, health services and general administration.

Business-Type Activity – Services are provided on a charge for goods or services or reimbursement basis to recover the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business-type activity.

Reporting the School Charter School's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Charter School's major funds - not the Charter School as a whole. Funds are accounting devices that the Charter School uses to keep track of a multitude of financial transactions. The Charter School's only major governmental fund is the General Fund.

Governmental Funds

Most of the Charter School's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. 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 statement provides a detailed short-term view of the Charter School's general government operations and the basic services it provides.

Governmental fund information helps determine whether there are more or less 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 Assets and the Statement of Activities and the governmental funds are reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities in that both these funds are used to account for charter school activities in a manner that is similar to private business operations. For this reason, the enterprise fund financial statements are essentially the same as the proprietary fund financial statements.

The Charter School as a Whole

The perspective of the Statement of Net Assets is of the Charter School as a whole. The table below provides a summary of the Charter School's net assets at June 30, 2010 and 2009.

	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current Assets	$ 2,809,832	$ 2,194,665	$ 148,573	$ 93,938	$ 2,958,405	$ 2,288,603
Capital Assets, net	7,307,927	7,560,949	-	-	7,307,927	7,560,949
Total Assets	10,117,759	9,755,614	148,573	93,938	10,266,332	9,849,552
Liabilities						
Current Liabilities	3,248,634	2,523,481	26,449	52,992	3,275,083	2,576,473
Long Term Liabilities	7,000,000	7,000,000	-	-	7,000,000	7,000,000
Total Liabilities	10,248,634	9,523,481	26,449	52,992	10,275,083	9,576,473
Net Assets						
Invested in Capital Assets - net of related debt	307,927	560,949	-	-	307,927	560,949
Unrestricted	(438,802)	(328,816)	122,124	40,946	(316,678)	(287,870)
Total Net Assets	$ (130,875)	$ 232,133	$ 122,124	$ 40,946	$ (8,751)	$ 273,079

The Charter School as a Whole – Continued

The total net assets of the Charter School decreased by $281,830 during the current fiscal year ended June 30, 2010. The majority of the decrease is attributable to current year excess of expenses over revenue. Expenses decreased in 2010 because of the additional capital outlay costs incurred in 2009 relating to the expansion project for the addition of 15 classrooms to our existing facilities. Also, management continued to keep overheads low while maintaining excellence in education.

The table that follows reflects the change in net assets for fiscal year 2010 and 2009.

	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues:						
Charge for Services	$ -	$ -	$ 83,373	$ 76,092	$ 83,373	$ 76,092
Operating Grants and Contributions	929,805	819,780	275,987	271,146	1,205,792	1,090,926
Total Program Revenues	929,805	819,780	359,360	347,238	1,289,165	1,167,018
General Revenues:						
Local Aid	1,426,209	1,262,595	-	-	1,426,209	1,262,595
Federal and State Aid	5,449,539	4,898,652	-	-	5,449,539	4,898,652
Miscellaneous	152,786	253,820	-	-	152,786	253,820
Total General Revenues	7,028,534	6,415,067	-	-	7,028,534	6,415,067
Total Revenues	7,958,339	7,234,847	359,360	347,238	8,317,699	7,582,085
Expenses						
Instructions	3,599,317	4,284,895	-	-	3,599,317	4,284,895
Support Services:						
Administrative and other support services	4,149,357	4,029,361	-	-	4,149,357	4,029,361
Unallocated depreciation	572,673	575,159	-	-	572,673	575,159
Food service	-	-	278,182	324,040	278,182	324,040
Total Expenses	8,321,347	8,889,415	278,182	324,040	8,599,529	9,213,455
Change in Net Assets	$ (363,008)	$ (1,654,568)	$ 81,178	$ 23,198	$ (281,830)	$ (1,631,370)

In 2010, total revenues increased by $735,614, about 9.7%. This was due to about 3% increase in enrollment. Total expenses decreased by $776,359 or 8.4%.

Governmental Activities

The Charter School's total revenues were $7,958,339 for 2010 and $7,234,847 for 2009. This includes $178,929 for 2010 and $176,282 for 2009 of state reimbursed TPAF social security contributions.

The total cost of all program and services were $8,321,347 for 2010 and $8,889,415 for 2009. Instruction comprises 43% of Charter School expenses for 2010 and 48% for 2009.

Business-Type Activity

The only business-type activity of the Charter School is the food service operation. This program had revenues of $359,360 and operating expenses of $278,182 for fiscal year 2010. The Charter School continued in its effort to have food services be self-operating without assistance from the General Fund.

The Charter School's Funds

The Charter School's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues and other financing sources of $7,958,339 and expenditures and other financing uses of $7,905,891. The positive change in fund balance for the year was anticipated by the Board of the Charter School. Further, the Charter School prudently was able to timely implement all of its planned programs by the end of the fiscal year.

General Fund Budgeting Highlights

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

During the course of the fiscal year 2010, the Charter School amended its General Fund budget as needed. The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter School management teams.

For the General Fund, final budgeted revenues and other financing sources were $7,031,829 which included a local tax levy of $1,438,542. Expenditures and other financing uses were budgeted at $7,187,363.

General Fund Budgeting Highlights – Continued

The Charter School anticipated a positive fund balance before other financing sources of $337,778. In its 2009-2010 budget, General Fund expenses were more than revenues by $155,534, the shortfall in revenue is more than offset by the beginning fund balance of $493,312. Actual revenues were $7,028,534 and expenditures were $6,976,086.

The State of New Jersey reimbursed the Charter School $178,929 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members. This unbudgeted amount is included in both revenues and expenditures.

Capital Assets

At the end of fiscal year 2010, the Charter School had $7,307,927 invested in capital assets all in governmental activities.

The table below reflects fiscal year 2010 balances:

	Governmental Activities	Business Type Activities	Total
Land	$ 395,423	$ -	$ 395,423
Building	8,020,266	-	8,020,266
Renovations in progress	284,650	-	284,650
Building improvement	248,980	-	248,980
Machinery & equipment	303,515	-	303,515
Furniture	20,609	-	20,609
Total Capital Assets	9,273,443	-	9,273,443
Less: Accumulated Depreciation	1,965,516	-	1,965,516
Totals	$ 7,307,927	$ -	$ 7,307,927

Long-term Debt and Capitalized Lease Obligations

At June 30, 2010, the Charter School had $7,000,000 in long-term debt – mortgages on the school building. More detailed information about the Charter School's long term obligations is presented in the notes to the financial statements (Note 11).

Economic Factors and Next Year's Budget

The State of New Jersey continues to face serious budgetary constraints. This impacts the amount of state aid allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2010-2011. Nothing was done to compromise the quality of the programs in place in our Charter School during the regular instructional day. The budget was prepared to ensure that all students have the textbooks, materials supplies, equipment and programs they need to meet New Jersey's Core Curriculum Content Standards.

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Charter School's finances and to reflect the Charter School's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to:

JERSEY CITY COMMUNITY CHARTER SCHOOL
Business Office
128 Danforth Avenue
Jersey City, New Jersey 07305

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL
WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities display information about the Charter School as a whole. The Statement of Net Assets presents the financial condition of the government and business-type activities of the Charter School at fiscal year-end. The Statement of Activities presents a comparison between direct expense and program revenues for each program or function of the Charter School's governmental and business-type activities.

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT A-1**
(HUDSON COUNTY)
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 1,077,516	$ 65,735	$ 1,143,251
Accounts receivable	964,646	58,840	1,023,486
Interfund receivables	725,670	23,998	749,668
Security deposit	42,000	-	42,000
Capital assets, net	7,307,927	-	7,307,927
Total Assets	$ 10,117,759	$ 148,573	$ 10,266,332
Liabilities			
Accounts payable	$ 571,813	$ 23,496	$ 595,309
Accrued salaries and benefits	783,920	2,953	786,873
Intergovernmental payables:			
State	113,596	-	113,596
Other	-	-	-
Interfund payables	794,743	-	794,743
Compensated absences payable	984,562	-	984,562
Noncurrent portion of long-term obligations	7,000,000	-	7,000,000
Total Liabilities	10,248,634	26,449	10,275,083
Net Assets			
Invested in capital assets, net of related debt	307,927	-	307,927
Unrestricted	(438,802)	122,124	(316,678)
Total Net Assets	(130,875)	122,124	(8,751)
Total Liabilities and Net Assets	$ 10,117,759	$ 148,573	$ 10,266,332

See notes to financial statements.

JERSEY CITY COMMUNITY CHARTER SCHOOL
(HUDSON COUNTY)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

EXHIBIT A-2

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Totals
Governmental Activities						
Instruction						
Salaries	$ 3,323,568		$ 359,095	$ (2,964,473)		$ (2,964,473)
Professional /Technical service	149,026		148,026	(1,000)		(1,000)
Other purchased services	23,437		3,680	(19,757)		(19,757)
General educational supplies and textbooks	84,211		1,155	(83,056)		(83,056)
Other instructional expenses	19,075		3,500	(15,575)		(15,575)
Administrative & Support Services						
Salaries	906,146		20,000	(886,146)		(886,146)
Unallocated benefit costs	1,384,285		57,683	(1,326,602)		(1,326,602)
Professional /Technical service	411,668		302,766	(108,902)		(108,902)
Other purchased services	200,424		4,672	(195,752)		(195,752)
Rent on land and buildings	285,648		-	(285,648)		(285,648)
Communications and telephones	13,657		-	(13,657)		(13,657)
Insurance-fidelity, liability property	72,446		-	(72,446)		(72,446)
Supplies and materials	115,689		28,728	(86,961)		(86,961)
Transportation	53,730		-	(53,730)		(53,730)
Energy costs	109,099		-	(109,099)		(109,099)
Interest on long term debt	543,321		-	(543,321)		(543,321)
Miscellaneous expenses	53,244		500	(52,744)		(52,744)
Unallocated depreciation	572,673		-	(572,673)		(572,673)
Total Governmental Activities	8,321,347		929,805	(7,391,542)		(7,391,542)
Business-type Activities						-
Food service	278,182	$ 83,373	275,987		$ 81,178	81,178
Total Business-type Activities	278,182	83,373	275,987	-	81,178	81,178
Total Primary Government	$ 8,599,529	$ 83,373	$ 1,205,792	$ (7,391,542)	$ 81,178	$ (7,310,364)
General Revenues, Transfers and Special Items						
Local sources				1,426,209	-	1,426,209
State sources				5,449,539	-	5,449,539
Miscellaneous				152,786	-	152,786
Total general revenues, transfers and special items				7,028,534	-	7,028,534
Change in net assets				(363,008)	81,178	(281,830)
Net assets - beginning				232,133	40,946	273,079
Net assets - ending				$ (130,875)	$ 122,124	$ (8,751)

See notes to financial statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

JERSEY CITY COMMUNITY CHARTER SCHOOL
(HUDSON COUNTY)
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2010

EXHIBIT B-1

	General Fund	Special Revenue Fund	Totals Governmental Funds
Assets			
Cash and cash equivalents	$ 1,077,516	$ -	$ 1,077,516
Accounts receivable:			-
State	50,410	-	50,410
Federal	-	885,013	885,013
Local	29,223	-	29,223
Interfund	725,670	-	725,670
Security deposit	42,000	-	42,000
Total Assets	$ 1,924,819	$ 885,013	$ 2,809,832
Liabilities and Fund Balances			
Liabilities:			
Accounts payable & accrued expenses	$ 528,389	$ 43,424	$ 571,813
Accrued salaries and benefits	737,074	46,846	783,920
Intergovernmental payables:			
State	113,596	-	113,596
Other	-	-	-
Interfund payables	-	794,743	794,743
Total liabilities	1,379,059	885,013	2,264,072
Fund balances:			
Unreserved, General Fund	545,760	-	545,760
Total fund balances	545,760	-	545,760
Total liabilities and fund balances	$ 1,924,819	$ 885,013	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Cost of capital assets	9,273,443
Accumulated depreciation	(1,965,516)
	7,307,927

Long-term liabilities, including capital leases and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Compensated absences payable	(984,562)
Long-term obligations	(7,000,000)
	(7,984,562)

Net assets of governmental activities - A-1	$ (130,875)

See notes to financial statements.

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT B-2**
(HUDSON COUNTY)
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Total
Revenues			
Local Sources:			
Local tax levy	$ 1,426,209	$ -	$ 1,426,209
Interest income	13,827	-	13,827
Miscellaneous	138,959	-	138,959
Total revenues -local sources	1,578,995	-	1,578,995
State sources	5,449,539	-	5,449,539
Federal sources	-	929,805	929,805
Total revenues	7,028,534	929,805	7,958,339
Expenditures			
Instruction	3,083,861	515,456	3,599,317
Administrative	2,434,947	-	2,434,947
Support services	1,137,628	414,349	1,551,977
Capital outlay	319,650	-	319,650
Total expenditures	6,976,086	929,805	7,905,891
Surplus of revenues over expenditures	52,448	-	52,448
Fund balances, July 1, 2009	493,312	-	493,312
Fund balances, June 30, 2010	$ 545,760	$ -	$ 545,760

See notes to financial statements.

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT B-3**
(HUDSON COUNTY)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

Total net change in fund balances - governmental funds (B-2)		$ 52,448
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expenses in the period. Additionally, in the Statement of Activities gains or (losses) are recognized upon disposition.		
Depreciation expense	(572,673)	
Capital outlays	319,650	
		(253,023)
In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation, when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.		
Amount of compensated absences paid in excess of earned amount	(162,433)	
		(162,433)
Change in net assets of governmental activities (A-2)		$ (363,008)

See notes to financial statements.

PROPRIETARY FUNDS

JERSEY CITY COMMUNITY CHARTER SCHOOL
(HUDSON COUNTY)
PROPRIETARY FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

EXHIBIT B-4

Assets		
Current assets:		
Cash and cash equivalents	$	65,735
Accounts receivable:		
State		2,359
Federal		56,481
Interfund receivable		23,998
Total current assets	$	148,573
Liabilities		
Current liabilities		
Accounts payable	$	23,496
Accrued salaries & benefits		2,953
Total current liabilities	$	26,449
Net Assets		
Unrestricted	$	122,124
Total net assets	$	122,124

See notes to financial statements.

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT B-5**
(HUDSON COUNTY)
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30, 2010

Operating revenues:	
Charges for services:	
Daily sales - nonreimbursable programs & miscellaneous revenue	$ 83,373
Total Operating revenues	83,373
Operating expenses:	
Cost of sales	227,631
Professional /Technical service	50,551
Other costs	-
Miscellaneous	-
Total operating expenses	278,182
Operating income (loss)	(194,809)
Nonoperating revenues:	
State sources:	
State School Breakfast Program	2,932
State School Lunch Program	8,072
Federal sources:	
National School Lunch Program	209,549
National School Breakfast Program	48,278
After School Snacks	7,156
Total nonoperating revenues	275,987
Change in net assets	81,178
Total net assets-beginning of year	40,946
Total net assets-end of year	$ 122,124

See notes to financial statements.

JERSEY CITY COMMUNITY CHARTER SCHOOL
(HUDSON COUNTY)
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010

EXHIBIT B-6

Cash flows from operating activities		
Operating loss	$	(194,809)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Increase in accounts receivable		(9,832)
Increase in interfund receivable		(23,998)
Increase in accounts payable		23,496
Increase in accrued salaries & benefits		155
Decrease in interfund payable - General Fund		(50,194)
Net cash used in operating activities		(255,182)
Cash flows from noncapital financing activities		
Cash received from state reimbursements		11,004
Cash received from federal reimbursements		264,983
Net cash provided by noncapital financing activities		275,987
Net increase in cash and cash equivalents		20,805
Cash and cash equivalents, beginning		44,930
Cash and cash equivalents, ending	$	65,735

See notes to financial statements.

FIDUCIARY FUNDS

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT B-7**
(HUDSON COUNTY)
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2010

	Agency Fund Student Activity	Agency Fund Payroll	Total
Assets			
Cash and cash equivalents	$ 34,124	$ 20,600	$ 54,724
Interfund receivable		45,075	45,075
Total Assets	$ 34,124	$ 65,675	99,799
Liabilities and fund balances			
Liabilities:			
Payroll deductions and withholdings	$ -	$ 65,675	$ 65,675
Due to student groups	34,124	-	34,124
Total Liabilities	34,124	65,675	99,799
Net Assets			
Restricted			
Total Net Assets	-	-	-
Total Liabilities and Net Assets	$ 34,124	$ 65,675	$ 99,799

See notes to financial statements.

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT B-8**
(HUDSON COUNTY)
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30, 2010

	Expendable Trust Fund New Jersey Unemployment Benefits
Revenues:	
General fund appropriation	$ -
Total revenues	-
Expenditures:	
Payments to NJ Unemployment Compensation Fund	-
Total expenditures	-
Excess(deficiency) of revenue over(under) expenditures	-
Fund balance, beginning	-
Fund balance, ending	$ -

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

Jersey City Community Charter School (the "Charter School") was incorporated in the State of New Jersey on March 13, 1997 as a not-for-profit corporation for the purpose of operating and maintaining a public school under a charter granted by the State of New Jersey, which promotes comprehensive educational reform by infusing innovation into the public education system. Jersey City Community Charter School is exempt from income taxes under Section 501(C)(3) of the Internal Revenue Code.

The Charter School is an instrument of the State of New Jersey, established to function as an educational institution. Its mission is to establish a charter school to serve as a neighborhood resource and as a model for other similar schools. The Charter School is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students. The Charter School integrates a holistic curriculum, utilize learner center techniques, family and caregiver centered approaches, comprehensive community involvement, cutting edge technology and an intimate nurturing environment that will enhance positive self-images.

B. Component Units:

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School 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 combined financial statements include all funds and account groups of the Charter School. Based on the aforementioned criteria, the Charter School has no component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Basis of Presentation

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

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

D. Basic Financial Statements

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

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the Charter School, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Charter School at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental and business-type activities. The governmental activities generally are financed through federal and state awards, taxes and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Basic Financial Statements – Continued

Fund Financial Statements

Fund financial statements of the Charter School are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Charter School.

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

E. Governmental Funds

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

1) As required by the New Jersey Department of Education, the Charter School included budgeted capital outlay in this fund. Generally accepted accounting principles, as they pertain to governmental entities, state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

2) Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of ground, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Governmental Funds – Continued

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2010 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, bonds issued to finance major property acquisitions, construction, and improvement programs. As of June 30, 2010 there was no debt service fund.

F. Proprietary Funds

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

Enterprise Funds

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. Proprietary Funds – Continued

Enterprise Funds – Continued

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

Internal Service (Self-Insurance) Fund

The Self-Insurance Fund is used to cover the self-insured limits of the various insurance policies for all funds. Jersey City Community Charter School does not use self insurance fund.

G. Fiduciary Funds

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

Expendable Trust Funds - Expendable Trust Funds are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent.

Nonexpendable Trust Funds - Nonexpendable Trust Funds are used to account for assets held under the terms of a formal trust agreement, whereby the Charter School is under obligations to maintain the trust principal.

Agency Funds – Agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involved measurement of results of operations. Agency funds include payroll and student activities funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

H. Measurement Focus and Basis of Accounting

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

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

Basis of Accounting

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. Budgets/Budgetary Control

Annual appropriated budgets are prepared prior to July 1, for the General Fund. The budget is prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A. 2(m)1. All budget amendments must be approved by the State Department of Education. Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below.

Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental funds types. Unencumbered appropriations lapse at fiscal year end. The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognized encumbrances as expenditures and also recognized the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

J. Cash, Cash Equivalent and Investments

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Cash, Cash Equivalent and Investments – Continued

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

K. Tuition Payable

The Charter School did not send any of its students to any other Charter Schools during the fiscal year ended June 30, 2010.

L. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first- in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

M. Interfund Assets/Liabilities

On the fund financial statement, receivable and payables resulting from short-term Interfund loans are classified as Interfund Receivable/Payable. Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide Statements of Net Assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

N. Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Charter School as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the governmental fund capital assets. Capitalization threshold used by Charter Schools in the State of New Jersey is $2,000, as required by the State of New Jersey's Department of Education.

Donated capital assets are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded using the straight-line method. Estimated useful lives of the various classes of the depreciable capital assets are as follows:

Description	Estimated Lives
Land Improvements	15 years
Building and Building Improvements	15 years
Furniture and Equipment	5 years

O. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and they are not contingent on specific events that are outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on specific events that are outside the control of the Charter School and its employees, are accounted for in the period in which such service is rendered or in which such events take place. In governmental and similar trust funds, compensated absences that are expected to be liquidated with the expendable available financial resources are reported as expenditure and fund liability in the fund that will pay for the compensated absences. In proprietary and similar trust funds, compensated absences are required as an expense and liability of the fund that will pay for them.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

P. Deferred Revenue

Deferred revenue in special revenue fund represents cash that has been received but not yet earned.

Q. Accrued Liabilities and Long Term Obligation

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payable, accrued liabilities, and long term-obligations payable from the enterprises fund are reported and the enterprises fund 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 payments during the current year.

R. Fund Balance

In the fund financial statements, governmental fund report reservation of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for specific future use. Designated fund balance represents plans for future use of financial resources.

S. Net Assets

Net Assets on the *Statement of Net Assets* include the following:

Invested in Capital Assets, Net of Related Debt - the component of net asset that reports the differences between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributed to the acquisition, construction or improvement of those assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

S. Net Assets

Restricted for Specific Purposes – the component of net assets that reports the difference between assets and liabilities of the certain programs that consist of assets with constraints placed on their use by either external parties and /or enabling legislation.

Restricted for Debt Service – the component of net assets that reports the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by creditors.

Unrestricted - the difference between the assets and liabilities that is not reported in Net Assets Invested in Capital Assets, net of Related Debt, Net Assets Restricted for Specific Purposes or Net Assets Restricted for Debt Service.

T. Contributed Capital

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds.

U. Interfund Transactions

Interfund transfers are defined as the flow of assets, such as cash or goods, without equivalent flows of assets in return. Interfund borrowings are reflected as "Due from/to Other Funds" on the accompanying financial statements. All other interfund transfers are reported as operating transfers.

V. Use of Estimates

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

W. On-Behalf Payments

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

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization on maturity of any discount or premium. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 3 requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments. Category 1 includes deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 2 includes uninsured and unregistered deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 3 includes uninsured or unregistered deposits/investments held by a broker or dealer, or held by the Board's custodial bank trust department or agent but not in the Board's name. These categories are not broad representations that deposits or investments are "safe" or "unsafe".

Deposits

New Jersey statutes require that Charter Schools deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the Untied States that insures deposits made in public depositories. Charter Schools are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

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

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

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

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

Investments

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

a. Bonds or other obligations of the United States or obligations guaranteed by the United States.

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

c. Bonds or other obligations of the Charter School.

As of June 30, 2010, cash and cash equivalents and investments of the Charter School consisted of the following:

	General Fund	Food Service	Agency Fund	Total
Operating Account	$ 448,623	$ 65,735	$ 54,724	$ 569,082
Money Market Account	74,167	-	-	74,167
Certificate Deposit	554,726	-	-	554,726
Total	$ 1,077,516	$ 65,735	$ 54,724	$ 1,197,975

The investments recorded in the Charter School-wide statements have been recorded at amortized cost. In accordance with GASB 31, participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost. For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the Charter School-wide statements. All bank balances were covered by the federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey Statutes.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

Risk Category

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

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

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

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

As of June 30, 2010, the Charter School has funds invested and on deposit in checking accounts. These funds constitute deposits with financial institutions as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

New Jersey Cash Management Fund

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2010, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

3. RECEIVABLES

Receivables at June 30, 2010 consisted of accounts (tuition), intergovernmental, grants, and miscellaneous.

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

State Aid	$	52,769
Federal Aid		941,494
Other		29,223
Total Receivables	$	1,023,486

REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK

4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2010 was as follows:

Governmental Activities	Beginning Balance	Net Additions (Deletions)	Ending Balance
Capital assets not depreciated:			
Land	$ 395,423	$ -	$ 395,423
Renovation in progress	-	284,650	284,650
Total	395,423	284,650	680,073
Capital assets being depreciated:			
Buildings	8,020,266	-	8,020,266
Buildings improvements	248,980	-	248,980
Machinery and equipment	268,515	35,000	303,515
Furniture	20,609	-	20,609
Total at Historical Cost	8,558,370	35,000	8,593,370
Less: accumulated depreciation			
Buildings	1,061,915	534,684	1,596,599
Buildings improvements	107,194	10,395	117,589
Machinery and equipment	203,125	27,594	230,719
Furniture	20,609	-	20,609
Total Accumulated depreciation	1,392,843	572,673	1,965,516
Total Capital Assets being Depreciated Net of Accumulated Depreciation	7,165,527	(537,673)	6,627,854
Total Capital Assets Net	$ 7,560,950	$ (253,023)	$ 7,307,927

Depreciation expense of $572,673 was charged to an unallocated function.

5. PENSION PLANS

a) Description of Plans

All eligible employees of the Charter School are covered by either the Public Employee's Retirement System or the Teacher's Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefit (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirements System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

i. Teachers Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as a January 1,1995, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirements health care to substantially all full time certified teachers or professional staff of the public school systems in the State. The Teacher's Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the systems other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

ii. Public Employees' Retirement System (PERS)

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

5. PENSION PLANS – CONTINUED

b) Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A 43:15a and 4303B and N.J.S.A. 18A:for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determine to be 1/55 of the final average salary for each year of service credit as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the First day of the month after the member attains normal retirement age.

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

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

c) Significant Legislation

Two pieces of legislation passed during fiscal year 2001 having significant impact on the benefit provisions under PERS and TPAF. Chapter 133, P.L.2001, increases retirement benefits for service, deferred and early retirements by changing the formula from 1/60 to 1/55 of final compensation for each year of service. The legislation also increases the retirement benefit for veteran member with 35 years or more of service and reduces age qualification from 60 to 55. The legislation further provides that existing retirees and beneficiaries would also receive a comparable percentage increase in their retirement allowance. The benefit enhancements are effective with the November 1, 2001 benefit checks. Chapter 120, P.L 2001, established an additional retirement option for plan members. Under the new option, a retiree's actuarially reduced allowance (to provide a benefit to the retiree's beneficiary upon the death of the retiree) would "pop-up" to the maximum retirement allowance if the beneficiary predeceases the retiree.

5. PENSION PLANS – CONTINUED

c) Significant Legislation – Continued

Chapter 4, P.L 2001 provides increased benefit to certain members of PERS who retired prior to December 29, 1989 with at least 25 years of creditable service. The maximum amount of the increase is 5 percent of the retiree's final compensation. For those with 30 or more years of service, the total pension would increase from 65 to 71 percent of final compensation.

Due to the enactment of 1997 legislation, Chapter 114, P.L. 1997 and Chapter 115, P.L 1997, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated. In addition, excess valuation assets were available to fund, in full or in part, the State of New Jersey's normal contribution from 1997 to 2001, excluding the contribution for post-retirement medical benefits in the PERS and TPAF.

d) Contribution Requirement

The contribution policy is set by laws of the State of New Jersey and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 4.5 % and 3%, respectively 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 adjustment, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Charter School is a non-contributing employer of the TPAF.

The Charter School's contribution to PERS for the year ended June 30, 2010 was $152,563.

In accordance with N.J.S.A 18A:66-66 the State of New Jersey reimbursed the Charter School $178,929 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the general-purpose financial statements.

6. POST EMPLOYMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2009 there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The state made post-retirement (PRM) contributions of $1.38 billion for fiscal year 2009 and $3.22 million for fiscal year 2008.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.

The state paid $116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009. The amount attributable to the Charter School is not known.

7. DEFERRED COMPENSATION

The Charter School offered its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Service 403(b). The Plan is administered by AXA Equity, Inc. and it permits participants to defer a portion of their salary. Amounts deferred under the plan are not available to employees until termination, death or unforeseeable emergency.

8. COMPENSATED ABSENCES

Charter School employees are granted sick and vacation leave in varying amounts under the Charter School's personnel policies and according to negotiated contracts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave. Vacation days not used during the year may only be carried forward with approval from the Head of School.

8. COMPENSATED ABSENCES – CONTINUED

The entire liability for vested compensated absences of governmental activities is recorded in the Charter School-wide financial statement. The current portion of the governmental activities compensated absences balance is not considered material to the applicable funds total liabilities; therefore it is not shown in the fund financial statement.

The liabilities for vested compensated absences of the proprietary fund types are recorded within those funds as the benefits accrued to employees. As of June 30, 2010, Charter School-wide compensated absences amounted to $984,562.

9. RISK MANAGEMENT

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

Property and Liability Insurance

The Charter School maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report (Exhibit J-20).

a) New Jersey Unemployment Compensation

The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund For benefits paid to its former employees and charged to its account with the State. The Charter School is billed quarterly for amounts due to the State.

10. INTERFUND RECEIVABLES AND PAYABLES

Amount reported in the governmental funds as interfund receivable and payable from/to other governmental funds are eliminated in the governmental activities column. The remaining internal receivable and payable between the governmental funds and enterprise fund have been eliminated in the total Charter School-wide Statement of Net Asset. At June 30, 2010, the interfund balances consisted of the following components:

Fund	Interfund Receivable	Interfund Payable
General fund	$ 725,670	
Special Revenue Fund		$ 794,743
Enterprise Fund	23,998	
Fiduciary Fund		(45,075)
Total	749,668	749,668
GASB No 34 mandated eliminations within governmental activities		
Special Revenue	(794,743)	(794,743)
External - Due to Trust and Agency Fund	$ (45,075)	$ (45,075)

11. MORTGAGE PAYABLE

On February 27, 2007, JCCCS entered into two (2) mortgage agreements with The Reinvestment Fund for a total financing in the total amount of $7,000,000 a senior Note in the amount of $5,740,000 and a subordinated Note in the amount of $1,260,000. A portion of the loan proceeds was used to pay off the two outstanding loan balances owed to Bayonne Community Bank and New Jersey Community Loan Fund. The remaining proceeds were designated for the Charter School's expansion project – construction of additional 14 classrooms.

Both mortgages are collateralized by the land, building and building improvements and are due on February 27, 2024. The terms of the mortgages requires principal payments requires no monthly principal payments, only monthly interest payments.

11. MORTGAGE PAYABLE – CONTINUED

The interest rate on the $5,740,000 Note is a variable equal to the 90-day LIBOR plus 230 basis points per annum ("LIBOR-Base Rate") as determined by the payee prior to the commencement of each 90 day Interest Period. Interest shall be calculated daily on the basis of the actual number of days elapsed over a 360 day year. The interest rate on the $1,260,000 is a fixed rate at 3.39% per annum. The mortgages cannot be prepaid prior to January 1, 2014.

The following are the future maturities of The Reinvestment Fund Loans:

Year Ending June 30,	TRF Loans
2011	$ -
2012	-
2013	-
2014	-
2015	-
Thereafter	7,000,000
Total	$ 7,000,000

Interest paid in 2010 charged to operations is $543,321.

12. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2010, the following changes occurred in liabilities reported in the *Statement of Net Assets*:

	Balance June 30, 2009	Additions	Retired	Balance June 30, 2010
Compensated Absences	$ 822,129	$ -	$ -	$ 822,129
Mortgage obligations	7,000,000	-	-	7,000,000
Total long-term debt	$ 7,822,129	$ -	$ -	$ 7,822,129

13. RENTAL LEASE

During the year ended June 30, 2010, the Charter School had a lease for a space at 199-201 Summit Avenue, Jersey City, New Jersey. It should be noted that the lease was terminated as of June 30, 2010 because alternative facilities were negotiated by the School. The arrangement was the purchase of a building at 30 Bentley Avenue in Jersey City, New Jersey. Rent expense in 2009-2010 under the Summit Avenue lease amounted to $285,648.

14. EQUIPMENT LEASE

The Charter School is currently leasing the following:

- Three (3) copiers commencing July 2007 for a period of sixty (60) months in the amount of $2,495 per month.
- A printer commencing October 2006 for a period of thirty six (36) months in the amount of $185 per month.
- A water purification equipment commencing May and July 2007 for sixty (60) months in the amount of $300 per month.

The above leases are recorded as operating leases by the Charter School. Total lease payments amounted to $34,278 for the fiscal year ended June 30, 2010. Future minimum lease payments on equipment lease are as follows:

Year Ending June 30,	Equipment Lease
2011	$ 33,538
2012	33,088
2013	5,970
Thereafter	-
Total	$ 72,596

15. LITIGATIONS AND CONTINGENCIES

State and Federal Aid Receipts

State and Federal awards are generally subject to review by the responsible governmental agencies for compliance with the agencies" regulations governing the aid. In the opinion of the Charter School's management and legal counsel, any potential adjustments to the Federal or State Aid recorded by the Charter School through June 30, 2010, resulting from a review by a responsible government agency will not have a material effect on the Charter School financial statements at June 30, 2010

Department of Education Violation

In 2003, the New Jersey Department of Education Office of Accountability and Compliance reviewed the renovation work done at 128 Danforth Avenue, Jersey City, New Jersey and assessed a penalty to the charter school in the amount of $400,000 for non-competitive bidding for major construction. NJDOE agreed to accept payment in 14 Installments of payments of 28,571 per quarter commencing March 31, 2007. Total payments of $114,284 were made for the years ended June 30,2010 and additional $114,290 has been recorded as a liability for the balance of the amount due.

Transportation Issue

The transportation of the Charter School's students (to and from school) is provided by the Jersey City Public Schools (JCPS) as part of the administrative fee (10%) that goes to the resident school district. The Charter School's transportation has been provided by the JCPS since 1997 as part of a bidding process which the JCPS conduct. It should be noted that the Jersey City Community Charter School does not directly transport any of its students to and from school.

It should also be noted that New Jersey Statute – Title 18A:39-1 states as follows: "Whenever in any district there are elementary school pupils who live more than two (2) miles from their public school of attendance or secondary school pupils who live more than two and a half (2 ½) miles from their public school of attendance, the district shall provide transportation to and from school for these pupils."

It is the understanding of the Charter School that Jersey City Public Schools has complied and continues to comply with NJ Title 18A:39-1 in carrying out their obligations under the transportation agreement they have with the Charter School.

15. LITIGATIONS AND CONTINGENCIES – CONTINUED

Transportation Issue – Continued

The Charter School maintains that the "to and from" school transportation that the JCPS provide is only for eligible students.

Further, by their letter dated July 31, 2008 to the Charter School, the Jersey City Public Schools acknowledged a dispute (by the Charter School) of their billings. The Charter School is disputing billings submitted by the School District for several years. Pursuant to the dispute, the Charter School has accrued liabilities in its financial statements in the amount of $197,972 through June 30, 2010. This is to recognize the liabilities, pending the complete resolution of all disputes.

16. SUBSEQUENT EVENTS

In July 2010, subsequent to year end, the Charter School closed on the purchase of a building located at 16 Bentley Avenue, Jersey City, New Jersey. The building is designated for the Middle School. The purchase/renovations was financed by a six-month, $3,228,200 renovation loan provide by the joint lenders – Community Loan Fund of New Jersey as the Lead Lender and Bayonne Community Bank as the Sub-Lender. The renovation loan is interest only at 7.25% for the six-month period. On or before the expiration of the six-month renovation period the agreement provides for the Charter School to pay down the $3,228,200 loan by $500,000. The balance of $2,728,200 converts to a term loan payable at 7.25% fully amortizing over 25 years.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

JERSEY CITY COMMUNITY CHARTER SCHOOL
(HUDSON COUNTY)
GENERAL FUND
BUDGET COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2010

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Revenues					
Local Sources:					
Local tax levy	$ 1,438,542	$ -	$ 1,438,542	$ 1,426,209	$ (12,333)
Interest income	64,906	-	64,906	13,827	(51,079)
Miscellaneous	58,455	-	58,455	138,959	80,504
Total revenues -local sources	1,561,903	-	1,561,903	1,578,995	17,092
State sources	5,314,391	-	5,314,391	5,270,610	(43,781)
TPAF-Social Security	155,535	-	155,535	178,929	23,394
Total revenues	7,031,829	-	7,031,829	7,028,534	(3,295)
Expenditures					
Current expense:					
Instruction					
Salaries of teachers	2,231,166	(97,851)	2,133,315	2,109,177	24,138
Other salaries of instruction	888,920	55,921	944,841	855,296	89,545
Professional /Technical service	3,000	24,250	27,250	1,000	26,250
Other purchased services	4,000	40,308	44,308	19,757	24,551
General educational supplies	125,000	(75,849)	49,151	27,770	21,381
Instructional text and books	67,000	(10,930)	56,070	55,286	784
Other instructional expenses	8,500	6,269	14,769	15,575	(806)
Total current expense	3,327,586	(57,882)	3,269,704	3,083,861	185,843
Administrative cost:					
Salaries	390,055	-	390,055	389,853	202
Total benefit costs	1,121,133	28,089	1,149,222	985,240	163,982
Professional /Technical service	112,388	(21,336)	91,052	107,002	(15,950)
Other purchased services	81,286	35,223	116,509	104,878	11,631
Communications and Telephones	29,775	(16,414)	13,361	13,657	(296)
Supplies and materials	49,500	15,038	64,538	59,655	4,883
Mortgage payments - interest	554,700	(11,379)	543,321	543,321	-
Miscellaneous expenses	64,032	(11,011)	53,021	52,412	609
Total administrative cost	2,402,869	18,210	2,421,079	2,256,018	165,061
Support services:					
Salaries	558,993	(25,000)	533,993	496,293	37,700
Purchased Professional /Technical service	52,500	(27,779)	24,721	1,900	22,821
Other purchased services	29,300	56,655	85,955	90,874	(4,919)
Rent on land and buildings	289,555	(3,907)	285,648	285,648	-
Insurance-fidelity, liability property	85,500	(13,054)	72,446	72,446	-
Supplies and materials	28,526	(1,606)	26,920	27,306	(386)
Non-mandated transport - to and fro school	30,000	1,500	31,500	31,500	-
Transportation costs	31,500	(18,310)	13,190	22,230	(9,040)
Energy costs	88,500	15,224	103,724	109,099	(5,375)
Miscellaneous	3,500	(3,168)	332	332	-
Total support services	1,197,874	(19,445)	1,178,429	1,137,628	40,801
Capital outlay:					
Instructional equipment	15,000	20,000	35,000	35,000	-
Non-instructional equipment	7,500	(7,500)	-	-	-
Purchased land/improvements	68,000	59,616	127,616	284,650	(157,034)
Miscellaneous	3,000	(3,000)	-	-	-
Total capital outlay	93,500	69,116	162,616	319,650	(157,034)
TPAF-Social Security	155,535	-	155,535	178,929	(23,394)
Total expenditures	7,177,364	9,999	7,187,363	6,976,086	211,277
Excess of expenditures over revenues	(145,535)	(9,999)	(155,534)	52,448	(207,982)
Fund balances, beginning	493,312	-	493,312	493,312	-
Fund balances, ending	$ 347,777	$ (9,999)	$ 337,778	$ 545,760	$ (207,982)

JERSEY CITY COMMUNITY CHARTER SCHOOL
(HUDSON COUNTY)
SPECIAL REVENUE FUND
COMBINING BUDGET COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2010

EXHIBIT C-2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Revenues					
Federal sources	$1,366,741	$ -	$ 1,366,741	$ 929,805	$ (436,936)
Total revenues -all sources	1,366,741	-	1,366,741	929,805	(436,936)
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	405,018	-	405,018	349,018	56,000
Purchased Prof. and technical services	174,225	-	174,225	148,026	26,199
Other Purchased Prof. services	3,680	-	3,680	3,680	-
Instructional Supplies / Textbooks	149,173	-	149,173	10,077	139,096
General supplies	1,155	-	1,155	1,155	-
Miscellaneous expenditures	3,500	-	3,500	3,500	-
Total instruction	736,751	-	736,751	515,456	221,295
Support services					
Support salaries	20,000	-	20,000	20,000	-
Employee benefits	68,883	-	68,883	57,683	11,200
Purchased professional educational services	321,205	-	321,205	302,766	18,439
Other purchased services	4,672	-	4,672	4,672	-
Supplies	34,728	-	34,728	28,728	6,000
Support miscellaneous	500	-	500	500	-
Total support services	449,988	-	449,988	414,349	35,639
Capital Outlay					
Building / Renovation	180,002	-	180,002	-	180,002
Total capital outlay	180,002	-	180,002	-	180,002
Total expenditures	$1,366,741	$ -	$ 1,366,741	$ 929,805	$ 436,936

JERSEY CITY COMMUNITY CHARTER SCHOOL
(HUDSON COUNTY)
SPECIAL REVENUE FUND
BUDGET COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2010

EXHIBIT C-2a

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Revenues					
Federal sources	$ 800,074	$ -	$ 800,074	$ 797,978	$ (2,096)
Total revenues -all sources	800,074	-	800,074	797,978	(2,096)
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	349,018	-	349,018	349,018	-
Purchased Prof. and technical services	78,026	-	78,026	78,026	-
Other Purchased Prof. services	3,680	-	3,680	3,680	-
Instructional Supplies / Textbooks	12,173	-	12,173	10,077	2,096
General supplies	1,155	-	1,155	1,155	-
Miscellaneous expenditures	3,500	-	3,500	3,500	-
Total instruction	447,552	-	447,552	445,456	2,096
Support services					
Support salaries	20,000	-	20,000	20,000	-
Employee benefits	57,683	-	57,683	57,683	-
Purchased professional educational services	240,939	-	240,939	240,939	-
Other purchased services	4,672	-	4,672	4,672	-
Supplies	28,728	-	28,728	28,728	-
Support miscellaneous	500	-	500	500	-
Total support services	352,522	-	352,522	352,522	-
Capital Outlay					
Building / Renovation	-	-	-	-	-
Total capital outlay	-	-	-	-	-
Total expenditures	$ 800,074	$ -	$ 800,074	$ 797,978	$ 2,096

JERSEY CITY COMMUNITY CHARTER SCHOOL
(HUDSON COUNTY)
AMERICAN RECOVERY AND REINVESTMENT ACT
BUDGET COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2010

EXHIBIT C-2b

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Revenues					
Federal sources	$ 566,667	$ -	$ 566,667	$ 131,827	$ (434,840)
Total revenues -all sources	566,667	-	566,667	131,827	(434,840)
Expenditures					
Current Expenditures:					
Instruction:					
Salaries of teachers	56,000	-	56,000	-	56,000
Purchased Prof. and technical services	96,199	-	96,199	70,000	26,199
Other Purchased Prof. services	-	-	-	-	-
Instructional Supplies / Textbooks	137,000	-	137,000	-	137,000
General supplies	-	-	-	-	-
Miscellaneous expenditures	-	-	-	-	-
Total instruction	289,199	-	289,199	70,000	219,199
Support services					
Support salaries	-	-	-	-	-
Employee benefits	11,200	-	11,200	-	11,200
Purchased professional educational services	80,266	-	80,266	61,827	18,439
Other purchased services	-	-	-	-	-
Supplies	6,000	-	6,000	-	6,000
Support miscellaneous	-	-	-	-	-
Total support services	97,466	-	97,466	61,827	35,639
Capital Outlay					
Building / Renovation	180,002	-	180,002	-	180,002
Total capital outlay	180,002	-	180,002	-	180,002
Total expenditures	$ 566,667	$ -	$ 566,667	$ 131,827	$ 434,840

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JERSEY CITY COMMUNITY CHARTER SCHOOL
(HUDSON COUNTY)
BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2010

EXHIBIT C-3

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:	[C-1]	$ 7,028,534	[C-2]	$ 929,805
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	7,028,534	[B-2]	929,805
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	$ 6,976,086	[C-2]	$ 929,805
Differences - budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.				-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfer (outflows) to general fund		-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	$ 6,976,086	[B-2]	$ 929,805

Note 1) The general fund budget basis of the use/outflow of resources is GAAP, therefore no reconciliation is required.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

JERSEY CITY COMMUNITY CHARTER SCHOOL
(HUDSON COUNTY)
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2010

EXHIBIT E-1

	Title 1 C/Year	Title 1A C/fwd	Title 1 ARRA C/Year	Title IIA C/Year	Title IID C/Year	Title IV C/Year	I.D.E.A C/Year	I.D.E.A C/fwd	Total
Revenues									
Federal sources	$ 622,393	$ 7,675	$ 131,827	$ 41,810	$ 6,112	$ 7,912	$ 110,311	$ 1,765	$ 929,805
Total revenues -all sources	622,393	7,675	131,827	41,810	6,112	7,912	110,311	1,765	929,805
Expenditures									
Current Expenditures:									
Instruction:									
Salaries of teachers	254,577	-	-	23,400	-	-	71,041	-	349,018
Purchased Prof. and technical services	61,950	7,675	70,000	5,000	-	3,401	-	-	148,026
Other Purchased Prof. services	500	-	-	-	2,017	1,163	-	-	3,680
Instructional Supplies / Textbooks	6,000	-	-	1,250	-	-	1,062	1,765	10,077
General supplies	-	-	-	-	-	1,155	-	-	1,155
Miscellaneous expenditures	-	-	-	3,500	-	-	-	-	3,500
Total instruction	323,027	7,675	70,000	33,150	2,017	5,719	72,103	1,765	515,456
Support services									
Support salaries	-	-	-	-	-	-	20,000	-	20,000
Employee benefits	39,475	-	-	-	-	-	18,208	-	57,683
Purchased professional educational services	230,191	-	61,827	8,160	1,528	1,060	-	-	302,766
Other purchased services	4,000	-	-	-	672	-	-	-	4,672
Supplies	25,200	-	-	500	1,895	1,133	-	-	28,728
Support miscellaneous	500	-	-	-	-	-	-	-	500
Total support services	299,366	-	61,827	8,660	4,095	2,193	38,208	-	414,349
Total expenditures	$ 622,393	$ 7,675	$ 131,827	$ 41,810	$ 6,112	$ 7,912	$ 110,311	$ 1,765	$ 929,805

CAPITAL PROJECTS FUND

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by propriety funds.

At June 30, 2010, there was no capital project fund.

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the Charter School is that the costs of providing goods and services be financed through user charges. Food Service Fund - provides for the operation of food services for the Charter School.

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT G-1**
(HUDSON COUNTY)
FOOD SERVICES ENTERPRISE FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

Assets		
Current assets:		
Cash and cash equivalents	$	65,735
Accounts receivable:		
State		2,359
Federal		56,481
Interfund receivable		23,998
Total current assets	$	148,573
Liabilities		
Current liabilities		
Accounts payable		23,496
Accrued salaries & benefits		2,953
Total current liabilities		26,449
Net assets		
Unrestricted		122,124
Total net assets		122,124
Total Liabilities and Net Assets	$	148,573

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT G-2**
(HUDSON COUNTY)
FOOD SERVICES ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30, 2010

Operating revenues:	
Charges for services:	
Daily sales - nonreimbursable programs & miscellaneous revenue	$ 83,373
Total Operating revenues	83,373
Operating expenses:	
Cost of sales	227,631
Professional /Technical service	50,551
Other costs	-
Miscellaneous	-
Total operating expenses	278,182
Operating income (loss)	(194,809)
Nonoperating revenues:	
State sources:	
State School Breakfast Program	2,932
State School Lunch Program	8,072
Federal sources:	
National School Lunch Program	209,549
National School Breakfast Program	48,278
After School Snacks	7,156
Total nonoperating revenues	275,987
Change in net assets	81,178
Total net assets-beginning of year	40,946
Total net assets-end of year	$ 122,124

JERSEY CITY COMMUNITY CHARTER SCHOOL
(HUDSON COUNTY)
FOOD SERVICES ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010

EXHIBIT G-3

Cash flows from operating activities		
Operating loss	$	(194,809)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Increase in accounts receivable		(9,832)
Increase in interfund receivable		(23,998)
Increase in accounts payable		23,496
Increase in accrued salaries & benefits		155
Decrease in interfund payable - General Fund		(50,194)
Net cash used in operating activities		(255,182)
Cash flows from noncapital financing activities		
Cash received from state reimbursements		11,004
Cash received from federal reimbursements		264,983
Net cash provided by noncapital financing activities		275,987
Net increase in cash and cash equivalents		20,805
Cash and cash equivalents, beginning		44,930
Cash and cash equivalents, ending	$	65,735

FIDUCIARY FUNDS

Trust funds are used to account for gifts and bequests to the Charter School for specific purposes.

Unemployment Compensation Insurance Trust Fund is an expendable trust fund used to account for unemployment transactions of the Charter School.

At June 30, 2010 there was no non-expendable trust fund utilized by the Charter School.

Agency funds are used to account for assets held by the Charter School as an agent for individuals, private organizations, governmental and/or other funds.

Payroll Fund - This agency fund is used to account for the payroll transactions of the Charter School.

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT H-1**
(HUDSON COUNTY)
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2010

	Agency Fund Student Activity	Agency Fund Payroll	Total
Assets			
Cash and cash equivalents	$ 34,124	$ 20,600	$ 54,724
Interfund receivable	-	45,075	45,075
Total assets	$ 34,124	$ 65,675	$ 99,799
Liabilities and fund balances			
Liabilities:			
Payroll deductions and withholdings	$ -	$ 65,675	$ 65,675
Due to student groups	34,124	-	34,124
Total liabilities	34,124	65,675	99,799
Net Assets			
Restricted	-	-	-
Total net assets	-	-	-
Total liabilities and net assets	$ 34,124	$ 65,675	$ 99,799

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT H-2**
(HUDSON COUNTY)
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30, 2010

	New Jersey Unemployment Benefits
Revenues:	
General fund appropriation	$ -
Total revenues	-
Expenditures:	
Payments to NJ Unemployment Compensation Fund	-
Total expenditures	-
Excess(deficiency) of revenue over(under) expenditures	-
Fund balance, beginning	-
Fund balance, ending	$ -

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT H-3**
(HUDSON COUNTY)
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Cash Receipts	Cash Disbursements	Balance June 30, 2010
Assets				
Cash	$ 6,892	$ 65,069	$ 37,837	$ 34,124
Total Assets	$ 6,892	$ 65,069	$ 37,837	$ 34,124
Liabilities				
Due to student groups	$ 6,892	$ 65,069	$ 37,837	$ 34,124
Total Liabilities	$ 6,892	$ 65,069	$ 37,837	$ 34,124

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT H-4**
(HUDSON COUNTY)
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Cash Receipts	Cash Disbursements	Balance June 30, 2010
Assets				
Cash and cash equivalents	$ 48,014	$ 4,662,723	$ 4,690,137	$ 20,600
Interfund receivable	19,991	25,084	-	45,075
Total Assets	$ 68,005	$ 4,687,807	$ 4,690,137	$ 65,675
Liabilities				
Accounts payable, payroll deductions and withholdings	$ 68,005	$ 4,687,807	$ 4,690,137	$ 65,675
Total Liabilities	$ 68,005	$ 4,687,807	$ 4,690,137	$ 65,675

LONG-TERM DEBT

The long-term debt is used to record the outstanding principal balances of the long term liabilities of the charter school. This includes the outstanding principal balance on capital lease, the accrued liability for insurance claims and the liability for compensated absences and the outstanding principal balance on certificates of participation outstanding.

JERSEY CITY COMMUNITY CHARTER SCHOOL
(HUDSON COUNTY)
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS
YEAR ENDED JUNE 30, 2010

EXHIBIT I-2

Mortgage	Interest Rate Payable	Amount of Original Issue	Amount Outstanding June 30, 2009	Acquired Current Year	Retired Current Year	Amount Outstanding June 30, 2010
The Reinvestment Fund - Senior Loan						
Interest Only						
Old Loan Refinance and Renovation/ Construction of Premises - 128 Danforth Avenue - School Building	Libor plus 230 basis points	$ 5,740,000	$ 5,740,000	$ -	$ -	$ 5,740,000
The Reinvestment Fund - Subordinate Loan						
Interest Only						
Old Loan Refinance and Renovation/ Construction of Premises - 128 Danforth Avenue - School Building	3.39%	$ 1,260,000	1,260,000	-	-	1,260,000
			$ 7,000,000	$ -	$ -	$ 7,000,000

STATISTICAL SECTION (UNAUDITED)

The Charter School has been in operation for eleven years. While GASB requires that 10 years of statistical data be presented, the Charter School is not required by GASB to report years prior to the implementation date of GASB 44. However, the Charter School opted to report retroactively to the date of GASB 34 in June 30, 2004. State law usually grants charters for less than 10 years. Therefore, only statistical data for five years is available and has been presented. Each year thereafter, an additional year's data will be included up to 10 years.

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT J-1**
(HUDSON COUNTY)
NET ASSETS BY COMPONENT
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2010	2009	2008	2007	2006	2005	2004
Governmental Activities							
Invested in capital assets, net of related debt	$ 307,927	$ 560,949	$ 2,163,087	$ 638,110	$ 623,962	$ 524,963	$ 525,641
Unrestricted	(438,802)	(328,816)	(276,384)	1,286,043	1,083,010	690,100	372,563
Total Governmental Activities Net Assets	$ (130,875)	$ 232,133	$ 1,886,703	$ 1,924,153	$ 1,706,972	$ 1,215,063	$ 898,204
Business-type Activities							
Unrestricted	$ 122,124	$ 40,946	$ 17,748	$ 29,657	$ 49,384	$ 76,785	$ 76,350
Total Business-type Activities Net Assets	$ 122,124	$ 40,946	$ 17,748	$ 29,657	$ 49,384	$ 76,785	$ 76,350
School-wide							
Invested in capital assets, net of related debt	$ 307,927	$ 560,949	$ 2,163,087	$ 638,110	$ 623,962	$ 524,963	$ 525,641
Unrestricted	(316,678)	(287,870)	(258,636)	1,315,700	1,132,394	766,885	448,913
Total Charter School Net Assets	$ (8,751)	$ 273,079	$ 1,904,451	$ 1,953,810	$ 1,756,356	$ 1,291,848	$ 974,554

Notes:

The Exhibit J-1 should contain information for the last 10 years. The Charter School is not required by GASB to report years prior to the implementation date of Statement 44. However, the Charter School opted to report retroactively to the date of its GASB 34 implementation in 2004. Each year thereafter an additional year will be presented.

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT J-2**
(HUDSON COUNTY)
CHANGE IN NET ASSETS
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,						
	2010	2009	2008	2007	2006	2005	2004
Expenses							
Governmental Activities							
Instruction:							
Regular	$ 3,599,317	$ 4,325,367	$ 3,392,605	$ 2,670,253	$ 2,475,798	$ 2,327,328	$ 2,009,528
Support Services:							
General administration	2,225,742	2,819,512	1,726,335	1,701,977	1,270,128	1,357,024	1,069,799
Other support services	1,380,294	697,856	1,267,699	1,022,591	819,864	613,053	724,852
Interest on long-term debt	543,321	511,993	507,743	163,968	70,549	77,753	-
Unallocated depreciation	572,673	575,159	130,151	134,085	133,812	136,390	130,591
Total Governmental Activities Expenses	8,321,347	8,929,887	7,024,533	5,692,874	4,770,151	4,511,548	3,934,770
Business-type Activities							
Food service	278,182	324,040	302,699	319,439	322,754	272,058	262,893
Total Business-type Activities Expense	278,182	324,040	302,699	319,439	322,754	272,058	262,893
Total District Expenses	$ 8,599,529	$ 9,253,927	$ 7,327,232	$ 6,012,313	$ 5,092,905	$ 4,783,606	$ 4,197,663
Program Revenues							
Governmental Activities:							
Operating grants and contributions	$ 929,805	$ 40,472	$ 647,207	$ 803,575	$ 548,459	$ 573,586	$ 500,104
Total Governmental Activities Program Revenues	929,805	40,472	647,207	803,575	548,459	573,586	500,104
Business-type Activities:							
Charges for services							
Food service	83,373	76,092	49,151	77,984	67,414	79,996	80,611
Operating grants and contributions	275,987	271,146	241,639	221,728	227,939	192,497	180,245
Total Business-type Activities Program Revenues	359,360	347,238	290,790	299,712	295,353	272,493	260,856
Total District Program Revenues	$ 1,289,165	$ 387,710	$ 937,997	$ 1,103,287	$ 843,812	$ 846,079	$ 760,960
Net (Expense)/Revenue							
Governmental activities	$(7,391,542)	$(8,889,415)	$(6,377,326)	$(4,889,299)	$(4,221,692)	$(3,937,962)	$(3,434,666)
Business-type activities	81,178	23,198	(11,909)	(19,727)	(27,401)	435	(2,037)
Total District-wide Net Expense	$(7,310,364)	$(8,866,217)	$(6,389,235)	$(4,909,026)	$(4,249,093)	$(3,937,527)	$(3,436,703)
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Property taxes levied for general purposes, net	$ 1,426,209	$ 1,262,595	$ 1,616,213	$ 1,092,558	$ 1,037,269	$ 929,762	$ 967,433
Grants and contributions	5,449,539	5,718,432	4,470,194	3,774,115	3,664,137	3,260,324	2,689,477
Miscellaneous income	152,786	253,820	363,570	129,706	12,195	64,735	16,196
Total Governmental Activities	7,028,534	7,234,847	6,449,977	4,996,379	4,713,601	4,254,821	3,673,106
Business-type Activities:							
Total business-type activities	-	-	-	-	-	-	-
Total District-wide	$ 7,028,534	$ 7,234,847	$ 6,449,977	$ 4,996,379	$ 4,713,601	$ 4,254,821	$ 3,673,106
Change in Net Assets							
Governmental activities	$ (363,008)	$(1,654,568)	$ 72,651	$ 107,080	$ 491,909	$ 316,859	$ 238,440
Business-type activities	81,178	23,198	(11,909)	(19,727)	(27,401)	435	(2,037)
Total District	$ (281,830)	$(1,631,370)	$ 60,742	$ 87,353	$ 464,508	$ 317,294	$ 236,403

Notes:

The Exhibit J-2 should contain information for the last 10 years. The Charter School is not required by GASB to report years prior to the implementation date of Statement 44. However, the Charter School opted to report retroactively to the date of its GASB 34 implementation in 2004. Each year thereafter an additional year will be presented.

JERSEY CITY COMMUNITY CHARTER SCHOOL
(HUDSON COUNTY)
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Seven Fiscal Years
(modified accrual basis of accounting)

EXHIBIT J-3

	Fiscal Year Ending June 30,						
	2010	2009	2008	2007	2006	2005	2004
General Fund							
Reserved	$ -	$ -	$ 1,069,829	$ 638,110	$ 623,962	$ 524,963	$ 525,641
Unreserved	545,760	493,312	1,161,855	1,286,043	1,083,010	690,100	372,563
Total General fund	$ 545,760	$ 493,312	$ 2,231,684	$ 1,924,153	$ 1,706,972	$ 1,215,063	$ 898,204
All Other Governmental Funds							
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:							
Special revenue fund	-	-	-	-	-	-	-
Total All Other Governmental Funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Notes:

The Exhibit J-3 should contain information for the last 10 years. The Charter School is not required by GASB to report years prior to the implementation date of Statement 44. However, the Charter School opted to report retroactively to the date of its GASB 34 implementation in 2004. Each year thereafter an additional year will be presented.

JERSEY CITY COMMUNITY CHARTER SCHOOL
(HUDSON COUNTY)
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Seven Fiscal Years
(Unaudited)

EXHIBIT J-4

Function	2010	2009	2008	2007	2006	2005	2004
Revenues							
Local tax levy	$ 1,426,209	$ 1,262,595	$ 1,616,213	$ 1,092,558	$ 1,037,269	$ 929,762	$ 977,433
Miscellaneous	152,786	77,538	363,570	129,706	12,195	64,735	16,196
State sources	5,449,539	5,115,406	4,470,194	3,774,115	3,668,137	3,260,324	2,689,477
Federal sources	929,805	819,780	647,207	803,575	544,459	573,647	490,104
Total Revenue	$ 7,958,339	$ 7,275,319	$ 7,097,184	$ 5,799,954	$ 5,262,060	$ 4,828,468	$ 4,173,210
Expenditures							
Instruction:							
Salaries	$ 3,323,568	$ 3,240,363	$ 3,005,088	$ 2,419,447	$ 2,271,315	$ 2,113,580	$ 1,734,463
Professional /Technical service	149,026	194,201	143,301	104,196	61,375	62,218	66,055
Other purchased services	23,437	19,684	26,590	32,763	15,273	21,726	12,242
General educational supplies & textbooks	84,211	205,936	201,062	102,116	94,659	114,392	185,536
Other instructional expenses	19,075	15,405	16,564	11,731	33,176	15,412	11,232
Support Services:							
Salaries	906,146	868,688	801,534	671,171	570,705	551,612	496,711
Total benefit costs	1,384,285	1,141,456	850,645	950,310	701,971	635,344	508,814
Professional /Technical service	411,668	298,269	171,013	145,948	106,628	169,660	127,498
Other purchased services	200,424	238,946	260,494	127,992	182,398	245,437	138,558
Rent on land and buildings	285,648	283,253	327,142	268,298	176,139	145,863	222,408
Communications and telephones	13,657	13,921	15,354	11,801	9,439	12,033	8,851
Insurance-fidelity, liability property	72,446	79,758	76,682	77,022	83,097	66,917	53,471
Supplies and materials	115,689	116,887	76,721	69,243	63,872	60,471	60,134
Transportation	53,730	42,427	62,727	122,770	62,360	-	44,144
Energy costs	109,099	117,011	87,130	77,227	57,417	45,190	20,619
Interest on long term debt	543,321	511,993	507,743	163,968	70,549	77,753	-
Miscellaneous expenses	53,244	268,674	161,865	61,536	35,730	37,611	10,906
Capital outlay	319,650	1,356,818	340,960	179,382	232,811	135,712	1,101,418
Total Expenditures	$ 8,068,324	$ 9,013,690	$ 7,132,615	$ 5,596,921	$ 4,828,914	$ 4,510,931	$ 4,803,060
Excess of expenditures over revenues	(109,985)	(1,738,371)	(35,431)	203,033	433,146	317,537	(629,850)
Other financing sources/(uses):							
Long term debt	-	-	-	7,000,000	-	-	1,400,000
Operating transfers in/(out)	-	-	-	(1,513,084)	-	-	-
Total other financing sources/(uses)	-	-	-	5,486,916	-	-	1,400,000
Net change in fund balances	$ (109,985)	$ (1,738,371)	$ (35,431)	$ 5,689,949	$ 433,146	$ 317,537	$ 770,150
Debt service as a percentage of noncapital expenditures	7.54%	7.17%	8.08%	3.12%	1.56%	1.81%	0.00%

Source: Charter school's records.

Note:
Noncapital expenditures are total expenditures less capital outlay.

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT J-9**
(HUDSON COUNTY)
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Seven Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities Mortgaged Loans	Total Charter School	Percentage of Personal Income	Per Capita
2004	$ 1,400,000	$ 1,400,000	0.02%	$ 42
2005	1,327,200	1,327,200	0.02%	37
2006	1,256,363	1,256,363	0.01%	33
2007	7,000,000	7,000,000	0.07%	161
2008	7,000,000	7,000,000	0.15%	361
2009	7,000,000	7,000,000	0.15%	361
2010	7,000,000	7,000,000	0.08%	161

Note:

Details regarding the Charter School's outstanding debt can be found in the notes to the financial statements.

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT J-14**
(HUDSON COUNTY)
DEMOGRAPHICS AND ECONOMIC STATISTICS
Last Seven Fiscal Years

Year	Population [a]	Personal Income [b]	Per Capita Personal Income [c]	Unemployment Rate [d]
2004	236,587	$ 7,884,025,188	$ 33,324	7.10%
2005	236,808	8,407,394,424	35,503	6.00%
2006	238,109	9,137,909,093	38,377	6.00%
2007	238,702	9,864,121,448	41,324	5.40%
2008	239,658	10,412,181,468	43,446	6.60%
2009	242,503	10,535,785,338	43,446 *	10.90%
2010	242,503 *	10,535,785,338	43,446 *	11.10%

Source:

[a] Population information provided by the NJ Dept of Labor and Workforce Development

[b] Personal income has been estimated based upon the municipal population and per capita personal income presented

[c] Per capita personal income by municipality obtained from the US Bureau of Economic Analysis

[d] Unemployment data provided by the NJ Dept of Labor and Workforce Development

* - Not available for this year. Most recent data presented.

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT J-15**
(HUDSON COUNTY)
PRINCIPAL EMPLOYERS
Current Year

	2010		
Employer	**Employees**	**Rank [Optional]**	**Percentage of Total Municipal Employment**
HealthCare Staffing and Consulting	2,000	1	1.67%
Deutsche Bank Trust Co., NJ Ltd	1,833	2	1.53%
Insurance Service Office, Inc.	1,217	3	1.01%
Fleet, NJ Company Development Corp.	1,000	4	0.83%
Equiserve, Inc.	850	5	0.71%
Provident Bank	850	6	0.71%
Bon Secours NJ Health System, Inc.	818	7	0.68%
JP Morgan Chase Bank	600	8	0.50%
Port Authority Trans-Hudson, Inc.	600	9	0.50%
Saint Francis Hospital, Inc.	600	10	0.50%
National Discount Broker Group, Inc.	568	11	0.47%
Lehman Commercial Paper, Inc.	525	12	0.44%
US News World Report, LLC	500	13	0.42%
Top Job Personnel, Inc.	500	14	0.42%
	12,461		10.38%

Source: Web Site: http://www.city-data.com/us-cities/The-Northeast/Jersey-City-Economy.html

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT J-16**
(HUDSON COUNTY)
FULL-TIME EQUIVALENT CHARTER SCHOOL EMPLOYEES BY FUNCTION/PROGRAM
Last Seven Fiscal Years

Function/Program	2010	2009	2008	2007	2006	2005	2004
Instruction:							
Regular	59	57	51	51	51	49	42
Special education	2.5	2.5	2.5	2	1	1	1
Other special education	0.5	0.5	0.5				
Support Services:							
General administration	6	6	5	5	5	5	5
Administrative Information Technology	1	1	1				
Plant operations and maintenance	7	8	8	6	4	4	3
Other support services	5.5	5.5	5.5	5	5	5	4
Food Service	4	4	4	4	2	3	4
Total	86	84	78	73	68	67	59

Source: Charter School Personnel Records

JERSEY CITY COMMUNITY CHARTER SCHOOL
(HUDSON COUNTY)
OPERATING STATISTICS
Last Seven Fiscal Years
(Unaudited)

EXHIBIT J-17

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
						Kindergarten	Elementary				
2004	396	3,701,642	$ 9,348	N/A	44.00	1:11	1:11	396.0	384	N/A	96.97%
2005	437	4,297,466	9,834	5.20%	51.00	1:11	1:11	437.0	419	10.35%	95.88%
2006	478	4,525,544	9,468	-3.73%	58.50	1:11	1:11	478.0	453	9.38%	94.77%
2007	487	4,582,400	9,409	-0.61%	60.00	1:11	1:11	487.0	453	1.88%	93.02%
2008	554	6,283,912	11,343	15.34%	54.50	1:11	1:11	554.0	527	15.90%	95.13%
2009	576	6,101,213	10,592	13.32%	55.50	1:11	1:11	576.0	546	20.50%	94.87%
2010	594	7,205,353	12,130	23.35%	55.50	1:11	1:11	594.0	564	24.27%	95.00%

Sources: District records

Note: Enrollment based on annual October district count.

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

[b] Teaching staff includes only full-time equivalents of certificated staff.

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

JERSEY CITY COMMUNITY CHARTER SCHOOL
(HUDSON COUNTY)
SCHOOL BUILDING INFORMATION
Last Seven Fiscal Years

EXHIBIT J-18

	2010	2009	2008	2007	2006	2005	2004
Square Feet	42,000	42,000	33,000	24,000	24,000	24,000	24,000
Capacity (students)	594	594	594	500	500	450	400
Enrollment	594	576	553	487	478	437	396

Source: School Records

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT J-19**
(HUDSON COUNTY)
SCHEDULE OF ALLOWABLE MAINTENANCE
BY SCHOOL FACILITY
Last Seven Fiscal Years

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

2004	$ 406,790
2005	478,576
2006	563,878
2007	674,130
2008	855,920
2009	597,429
2010	587,605
	-
Total	$ 4,164,328

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

Source: District records

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT J-20**
(HUDSON COUNTY)
INSURANCE SCHEDULE
JUNE 30, 2010
(Unaudited)

	Coverage		Deductible	
Commercial general liability:				
Bodily injury and property damage	$ 1,000,000	Annual aggregate	$ 1,000	
Sexual abuse	5,000,000	Annual pool aggregate		
Personal injury and advertising injury	1,000,000	Per occurrence/annual aggregate		
Employee benefits liability	1,000,000	Per occurrence/annual aggregate		
Premises medical payments	10,000	Each accident	100	
Terrorism	1,000,000	Per occurrence/annual NJSBAIG aggregate		
Property:				
Blanket real and personal property	$ 10,157,088,555	Per occurrence	$ 1,000	
Blanket extra expense	250,000	Per occurrence	1,000	
Blanket valuable papers and records	50,000	Per occurrence	1,000	
Demolition and increased cost of construction	5,000,000	Per occurrence		
Loss of business income/tuition	1,000,000	Each accident	100	
Fire Department Service Charge	10,000	Each accident		
Arson reward	10,000	Each accident		
Pollutant cleanup and removal	100,000			
Flood Zones Prefix A & V	3,000,000	Per location	500,000	Per building/per content
	10,000,000	NJSBAIG annual aggregate		
Flood Zone B	25,000,000	Per occurrence/annual NJSBAIG aggregate		
All Other Flood Zones	50,000,000	Per occurrence/annual NJSBAIG aggregat	10,000	Per occurrence
Earthquakes	5,000,000	Per occurrence		
Terrorism	1,000,000	NJSBAIG annual aggregate		
Electronic Data Processing:				
Blanket hardware/software	$ 125,000	Per occurrence	$ 1,000	
Blanket extra expense	Included	Per occurrence		
Coverage extensions: Transit	25,000	Per occurrence		
Coverage extensions: Loss of income	10,000	Per occurrence		
Coverage extensions: Terrorism	Included in property	Each accident	500,000	Per building contents
Flood	1,000,000	Each accident		
Crime:				
Public employee dishonesty with faithful performance	$ 100,000	Per occurrence	$ 500	
Theft disappearance and destruction -				
Loss of money & securities - on or off premises	50,000	Per occurrence	500	
Money orders & counterfeit paper currency	50,000	Per occurrence	500	
Forgery or alteration	50,000	Per occurrence	500	
Computer fraud	50,000	Per occurrence	500	
Automobile:				
Combined single limit for bodily injury and property damage	$ 1,000,000	Per accident	$ 500	
Medical payments	5,000	Per accident		
Terrorism	1,000,000	Per occurrence/annual NJSBAIG aggregat	500	
Equipment Breakdown:				
Combined single limit per accident for				
Property Damage and Business Income	$ 100,000,000	Per occurrence	$ 1,000	
Sublimit:				
Property Damage	Included	Per occurrence	1,000	
Off Premises Property Damage	100,000	Per occurrence		
Business Income	Included	Per occurrence		
Extra Expense	10,000,000	Per occurrence		
Service interruption	10,000,000	Per occurrence		
Perishable goods	500,000	Per occurrence		
Data restoration	100,000	Per occurrence		
Contingent business income	100,000	Per occurrence		
Demolition	1,000,000	Per occurrence		
Ordinance or law	1,000,000	Per occurrence		
Expediting expenses	500,000	Per occurrence		
Hazardous substances	500,000	Per occurrence		
Newly acquired locations (60 days notice)	250,000	Per occurrence		
Terrorism	Included	Per occurrence		

Source: Charter School's Records

SINGLE AUDIT SECTION

TCBA Watson Rice LLP
Certified Public Accountants and Advisors

301 Route 17 North
Rutherford, New Jersey 07070
www.tcbawatsonrice.com

Telephone: 201.460.4590
Fascimile: 201.460.7224
tcbawatsonrice@tcbawatsonrice.com

EXHIBIT K-1

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

The Honorable President and
Members of the Board of Trustees
Jersey City Community Charter School
Hudson County, New Jersey

We have audited the financial statements of the Jersey City Community Charter School (the "Charter School") as of and for the year ended June 30, 2010, and have issued our report thereon dated November 4, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, and state of New Jersey.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Charter School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination 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.

INDEPENDENT AUDITOR'S 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* – CONTINUED

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 an instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and recommendations as item 10-01.

We also noted certain matters that we reported to the management of the Charter School in a separate letter dated November 4, 2010.

The Charter school's responses to the findings identified in our audit are described in the accompanying schedule of findings and recommendations. We did not audit the Charter School's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Management, the Board of Trustees, the New Jersey Department of Education, and other federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

TCBA Watson Rice LLP

Bennie Hadnott, CPA, MBA
Licensed Public School Accountant
No. 20CS00247800
TCBA Watson Rice LLP

November 4, 2010.

TCBA Watson Rice LLP
Certified Public Accountants and Advisors

301 Route 17 North
Rutherford, New Jersey 07070
www.tcbawatsonrice.com

Telephone: 201.460.4590
Fascimile: 201.460.7224
tcbawatsonrice@tcbawatsonrice.com

EXHIBIT K-2

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

The Honorable President and
Members of the Board of Trustees
Jersey City Community Charter School
Hudson County, New Jersey

Compliance

We have audited the compliance of the Jersey City Community Charter School ("the Charter School") in the county of Hudson, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 and the New Jersey State Office of Management and Budget Circular Letter 04-04 that are applicable to each of its major federal awards and state financial assistance programs for the year ended June 30, 2010. The Charter School's major federal awards and state financial assistance programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal award and state financial assistance programs is the responsibility of the Charter School's management. Our responsibility is to express an opinion on the Charter School's compliance based on our audit.

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 and OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*; and the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, and New Jersey OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* Those standards 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 major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR LETTER 04-04 – CONTINUED

In our opinion, the Charter School, in the County of Hudson, state of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal awards and state financial assistance programs for the fiscal year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with OMB circular A-133 and which is described in the accompanying schedule of questioned costs as item 10-01.

Internal Control Over Compliance

The management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal award and state financial assistance programs. In planning and performing our audit, we considered the Charter School's internal control over compliance with requirements that could have a direct and material effect on a major federal award and state financial assistance program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the New Jersey OMB's Circular 04-04 but not for the purpose of expressing and opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control over compliance.

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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Charter School's responses to the findings identified in our audit are described in the accompanying schedule of findings and recommendations. We did not audit the Charter school's responses and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR LETTER 04-04 – CONTINUED

This report is intended for the information and use of the management, the Charter School Board of Trustees, the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

TCBA Watson Rice LLP

TCBA Watson Rice LLP

Bennie L. Hadnott, CPA, MBA
Licensed Public School Accountant
No. 20CS00247800

November 4, 2010

JERSEY CITY COMMUNITY CHARTER SCHOOL
(HUDSON COUNTY)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2010

EXHIBIT K-3

Federal Grant/ Pass-Through Grantor/ Program Title	Federal C.F.D.A No.	Program or Award Amount	Grant Period From - To	Balance at June 30, 2009	Adjustments	Carryover Walkover Amount	Cash Received	Budgetary Expenditures	of Prior Years' Balances	Balance at June 30, 2010 Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education:												
Passed-Through State Department of Education												
No Child left Behind												
Title IV - FY 2009-2010	84.186	$ 7,912	9/1/09-8/31/10	$ -	$ -	$ -	$ -	$ (7,912)	$ -	$ (7,912)	$ -	$ -
Title IV - FY 2008-2009	84.186	7,465	9/1/08-8/31/09	(7,465)	-	-	7,465		-	-	-	-
Title II, Part D - FY 2009-2010	84.318	6,112	9/1/09-8/31/10	-	-	-		(6,112)	-	(6,112)	-	-
Title II, Part D - FY 2008-2009	84.318	4,603	9/1/08-8/31/09	(4,603)	-	-	4,603		-	-	-	-
Title II, Part A - FY 2009-2010	84.367	41,810	9/1/09-8/31/10	-	-	-		(41,810)	-	(41,810)	-	-
Title II, Part A - FY 2008-2009	84.367	46,570	9/1/08-8/31/09	(46,570)	-	-	46,570	-	-	-	-	-
Title I SIA - FY 2008-2009	84.281	33,704	9/1/08-8/31/09	(33,704)	-	-	33,704	-	-	-	-	-
Title I SIA - ARRA - FY 2009-2011	84.281ARRA	26,199	7/1/09-8/31/11	-	-	-	-	-	-	-	-	-
Title I ARRA - FY 2009-2011	84.389ARRA	360,466	7/1/09-8/31/11		-	-	-	(131,827)	-	(131,827)	-	-
Title I - FY 2009-2010	84.010	622,393	9/1/09-8/31/10	-	-	-	-	(622,393)	-	(622,393)	-	-
Title I - FY 2008-2009	84.010	551,566	9/1/08-8/31/09	(130,217)	-	-	137,892	(7,675)	-	-	-	-
I.D.E.A Part B Preschool - FY 2008-2009	84.173	1,765	9/1/08-8/31/09	-	-	-	1,765	(1,765)	-	-	-	-
I.D.E.A Part B Basic - FY 2008-2009	84.173	111,062	9/1/08-8/31/09	(32,844)	-	-	32,844	-	-	-	-	-
I.D.E.A FY 2009-2010	84.173	112,407	9/1/09-8/31/10	-	-	-	35,352	(110,311)	-	(74,959)	-	-
I.D.E.A - Part B Basic ARRA FY 2009-2011	84.392ARRA	180,002	7/1/09-8/31/11	-	-	-	-	-	-	-	-	-
Total U.S. Department of Education:		**2,114,036**		**(255,403)**	-	-	**300,195**	**(929,805)**	-	**(885,013)**	-	-
U.S. Department of Agriculture												
Passed-through State Department of Agriculture												
National School breakfast program	10.553	48,278	7/1/09-6/30/10	-	-	-	37,438	(48,278)	-	(10,840)	-	-
National School breakfast program	10.553	53,418	7/1/08-6/30/09	(9,387)	-	-	9,387	-	-	-	-	-
National School lunch program	10.555	209,549	7/1/09-6/30/10	-	-	-	165,844	(209,549)	-	(43,705)	-	-
National School lunch program	10.555	171,783	7/1/08-6/30/09	(36,285)	-	-	36,285	-	-	-	-	-
After school snack	10.555	7,156	7/1/09-6/30/10	-	-	-	5,220	(7,156)	-	(1,936)	-	-
After school snack	10.555	5,509	7/1/08-6/30/09	(1,254)	-	-	1,254	-	-	-	-	-
Total U.S. Department of Agriculture		**495,693**		**(46,926)**	-	-	**255,428**	**(264,983)**	-	**(56,481)**	-	-
Total Expenditures of Federal Awards				**$ (302,329)**	**$ -**	**$ -**	**$555,623**	**$ (1,194,788)**	**$ -**	**$ (941,494)**	**$ -**	**$ -**

See note to the Schedule of Federal Awards and State Financial Assistance.

JERSEY CITY COMMUNITY CHARTER SCHOOL
(HUDSON COUNTY)
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED JUNE 30, 2010

EXHIBIT K-4

State Grantor/Program Title	Grant or State Project Number	Grant Period	Program or Award Amount	Balance at June 30, 2009 Deferred Revenue (Accts Receivable)	Balance at June 30, 2009 Due to Grantor	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2010 (Accounts Receivable)	Balance at June 30, 2010 Deferred Revenue	Balance at June 30, 2010 Due to Grantor	Cumulative Total Expenditures
State Department of Education														
General Fund:														
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	$ 4,843,641	$ -	$ -	$ -	$ -	$ 4,843,641	$ (4,730,045)	$ -	$ -	$ -	$ 113,596	(4,730,045)
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	112,138	-	-	-	-	112,138	(112,138)	-	-	-	-	(112,138)
TPAF-Social Security Reimbursements	10-495-034-5095-002	7/1/09-6/30/10	178,929	-	-	-	-	128,519	(178,929)	-	(50,410)			(178,929)
TPAF-Social Security Reimbursements	09-495-034-5095-002	7/1/08-6/30/09	178,282	(39,735)	-	-	-	39,735	-	-	-	-	-	-
Charter School Aid - Non Public	09-495-034-5120-071	7/1/08-6/30/09	216,917	(51,137)	-	-	-	51,137	-	-	-	-	-	-
Charter School Aid - Security Aid	10-495-034-5120-084	7/1/09-6/30/10	257,348	-	-	-	-	257,348	(257,348)	-	-	-	-	(257,348)
Total General Fund				(90,872)	-	-	-	5,432,518	(5,278,460)	-	(50,410)	-	113,596	(5,278,460)
Enterprise Fund:														
State School breakfast program	10-100-034-3350-021	7/1/09-6/30/10	2,932	-	-	-	-	2,267	(2,932)	-	(665)	-	-	(2,932)
State School breakfast program	09-100-034-3350-021	7/1/08-6/30/09	3,708	(597)	-	-	-	597	-	-	-	-	-	-
State School lunch program	10-100-010-3350-023	7/1/09-6/30/10	8,072		-	-	-	6,378	(8,072)	-	(1,694)	-	-	(8,072)
State School lunch program	09-100-010-3350-023	7/1/08-6/30/09	8,004	(1,485)	-	-	-	1,485	-	-		-	-	-
Total Enterprise Fund				(2,082)	-	-	-	10,727	(11,004)	-	(2,359)	-	-	(11,004)
Totals				$ (92,954)	$ -	$ -	$ -	$ 5,443,245		$ -	$ (52,769)	$ -	$ 113,596	
Total Expenditures of State Financial Assistance									$ (5,289,464)					$ (5,289,464)

See note to the Schedule of Federal Awards and State Financial Assistance.

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT K-5**
(HUDSON COUNTY)
NOTE TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2010

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal award and state financial assistance programs of the Board of Trustees of Jersey City Community Charter School. The board of trustees is defined in Note 1 to the Charter School's general-purpose 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 schedule of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented using the modified accrual basis of accounting with the exception of those recorded in the special revenue, which are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the Board's general-purpose financial statements.

3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with the amounts reported in the Board's general-purpose financial statements. The general-purpose financial statements present the special revenue fund on both GAAP and budgetary 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. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the Board's general-purposes financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	$ -	$ 5,392,056	$ 5,392,056
Special Revenue Fund	929,805	-	929,805
Enterprise Fund	264,983	11,004	275,987
Total	$ 1,194,788	$ 5,403,060	$ 6,597,848

4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

5. ON-BEHALF PAYMENTS

TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010.

JERSEY CITY COMMUNITY CHARTER SCHOOL
(HUDSON COUNTY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

EXHIBIT K-6

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	____Yes ✔ No
Significant deficiency(ies) identified	____Yes ✔ None reported
Noncompliance material to financial statements noted?	____Yes ✔ No

Federal Awards

Internal control over compliance:	
Material weakness(es) identified?	____Yes ✔ No
Significant deficiency(ies) identified	____Yes ✔ None reported
Type of auditor's report on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (Section .510(a))	✔ Yes ____No

Identification of Major Programs

CFDA No.	Federal Agency / Cluster Name / Program
	U.S. Department of Education / Title I, Part A Cluster
84.010	Title I Grants to Local Educational Agencies
84.389	Title I Grants to Local Educational Agencies, Recovery Act

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT K-6**
(HUDSON COUNTY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

SECTION I - SUMMARY OF AUDITOR'S RESULTS – CONTINUED

Identification of Major Programs – Continued

	U.S. Department of Agriculture / Child Nutrition Cluster
10.553	School Breakfast Program
10.555	National School Lunch Program / After School Snack

Dollar threshold used to determine Type A and B programs: $300,000

Auditee qualified as low-risk auditee? ____ Yes ✔ No

State Awards

Dollar threshold used to determine Type A and B programs: $300,000

Auditee qualified as low-risk auditee? ✔ Yes ____ No

Internal control over compliance:

Material weakness(es) identified? ____ Yes ✔ No

Significant deficiency(ies) identified ____ Yes ✔ None reported

Type of auditor's report on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Letter 04-04 ____ Yes ✔ No

Identification of State Major Programs:

State Grant or Project No.	Name of State Program
495-034-5120-078	Equalization Aid

JERSEY CITY COMMUNITY CHARTER SCHOOL **EXHIBIT K-6**
(HUDSON COUNTY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

SECTION II FINANCIAL STATEMENT FINDINGS

None.

SECTION III FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FEDERAL AWARDS

Finding 10-01

Information on federal program:

CFDA No.	Federal Awarding Agency / Program Name
10.553/555	U.S. Department of Agriculture / Child Nutrition Cluster
84.010/349	U.S. Department of Education / Title I, Part A Cluster - Grants to Local Educational Agencies

Criteria or Specific requirement

The OMB Circular A-133 (§__. 320(b)) requires auditees to submit a completed Data Collection Form (SF-SAC), along with other specified reports, to the Federal Clearinghouse designated by OMB (currently the U.S. Bureau of the Census) within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

Condition

During our audit, we noted that the Charter School has not submitted its Data Collection Form for the fiscal year ended June 30, 2009.

Questioned Cost

None.

Context

The Charter School expended more than $500,000 in Federal awards for fiscal year ended June 30, 2009 and failed to submit its Data Collection Form (SF-SAC), along with other specified reports, to the Federal Audit Clearinghouse.

SECTION III FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FEDERAL AWARDS- CONTINUED

Finding 10-01-Continued

Effect

The failure to submit the Data Collection form caused the charter school to be non-compliant with OMB Circular A-133 reporting requirements.

Cause

The predecessor auditor did not initiate the form for submission in the SF-SAC website.

Recommendation

We recommend that the charter school communicate with the predecessor auditor to complete the data collection form. Further, the Charter School should also review the reporting requirements and ensure that all reports are submitted completely and in a timely manner.

Views of response and planned corrective actions

Our prior year's June 30, 2009 single audit report was dated January 7, 2010 which was almost ninety days prior to the OMB Circular A-133 required deadline of nine months. We were very much aware of our responsibility to ensure that the Federal Audit Clearinghouse Data Collection Form be submitted timely. However, the responsibility for preparing the form rests with the auditors.

Page 1 of the Data Collection Form says "As required by OMB Circular A-133, the information in Parts II and III of this form (must be) entered in this form by the Auditor based on information included in the reporting package."

Therefore, our responsibility as the "auditee" was limited to a certification of the Data Collection Form after it has been prepared by the auditor. We made several attempts to persuade the predecessor auditors to fulfill their responsibilities under the OMB Circular A-133 in completing the form. The auditors just flatly refused to prepare the form. The refusal, among others, was the reason we decided to change auditors for the current year June 30, 2010 audit.

STATE FINANCIAL ASSISTANCE

None

SECTION IV - SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS

None.