

CONEY ISLAND PREPARATORY
PUBLIC CHARTER SCHOOL
(A Not-For-Profit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2016

(with comparative financial information for June 30, 2015)

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Organization)
FINANCIAL STATEMENTS
JUNE 30, 2016
(with comparative financial information for June 30, 2015)

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 – 2
FINANCIAL STATEMENTS:	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	5
Statements of cash flows	6
Notes to financial statements	7 – 13
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	14 – 15

FRUCHTER ROSEN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

156 WEST 56TH STREET

NEW YORK, NEW YORK 10019

TEL: (212) 957-3600

FAX: (212) 957-3696

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES OF
CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL

Report on the Financial Statements

We have audited the accompanying financial statements of Coney Island Preparatory Public Charter School (the "School") (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the School's 2015 financial statements, and our report dated September 15, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2016, on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.


FRUCHTER ROSEN & COMPANY, P.C.
Certified Public Accountants

New York, New York
September 20, 2016

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016
(with comparative financial information for June 30, 2015)

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,923,953	\$ 3,262,192
Grants and contracts receivable	278,736	180,518
Due from affiliate	74,750	68,705
Prepaid expenses and other current assets	137,265	123,648
Total current assets	4,414,704	3,635,063
Other assets:		
Property and equipment, net of accumulated depreciation and amortization of \$1,826,500 and \$1,174,948, respectively	3,307,999	3,654,179
Restricted cash	70,388	70,344
Security deposits	45,740	45,740
Total other assets	3,424,127	3,770,263
TOTAL ASSETS	\$ 7,838,831	\$ 7,405,326
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 458,155	\$ 355,353
Accrued payroll and payroll taxes	726,714	572,747
Refundable advances	21,936	7,904
Total current liabilities	1,206,805	936,004
Deferred rent	182,346	149,404
Total liabilities	1,389,151	1,085,408
Net assets:		
Unrestricted	5,554,865	5,252,274
Temporarily restricted	894,815	1,067,644
Total net assets	6,449,680	6,319,918
TOTAL LIABILITIES AND NET ASSETS	\$ 7,838,831	\$ 7,405,326

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

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Corporation)
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(with summarized comparative financial information for the year ended June 30, 2015)

	2016			2015
	Unrestricted	Temporarily Restricted	Total All Funds	Total All Funds
Revenue and support:				
State and local per pupil operating revenue	\$ 13,169,301	\$ -	\$ 13,169,301	\$ 10,708,400
State and local per pupil facilities funding	420,505	-	420,505	251,750
Federal grants	707,721	-	707,721	672,158
Federal grants - E-Rate and IDEA	224,683	-	224,683	184,587
State and city grants	62,000	15,000	77,000	231,246
Contributions and grants	71,000	-	71,000	1,150,000
Interest income	2,681	-	2,681	2,645
Net assets released from restriction - satisfaction of purpose restriction	187,829	(187,829)	-	-
Total revenue and support	<u>14,845,720</u>	<u>(172,829)</u>	<u>14,672,891</u>	<u>13,200,786</u>
Expenses:				
Program services				
Regular education	9,972,838	-	9,972,838	7,680,560
Special education	2,823,572	-	2,823,572	1,968,042
Total program services	<u>12,796,410</u>	<u>-</u>	<u>12,796,410</u>	<u>9,648,602</u>
Supporting services				
Management and general	1,741,229	-	1,741,229	1,706,072
Fundraising	5,490	-	5,490	5,296
Total expenses	<u>14,543,129</u>	<u>-</u>	<u>14,543,129</u>	<u>11,359,970</u>
Changes in net assets	302,591	(172,829)	129,762	1,840,816
Net assets - beginning of year	<u>5,252,274</u>	<u>1,067,644</u>	<u>6,319,918</u>	<u>4,479,102</u>
Net assets - end of year	<u>\$ 5,554,865</u>	<u>\$ 894,815</u>	<u>\$ 6,449,680</u>	<u>\$ 6,319,918</u>

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

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
(with summarized comparative financial information for the year ended June 30, 2015)

	2016						2015
	Program Services			Supporting Services			
	Regular Education	Special Education	Total	Management and General	Fundraising	Total	
Salaries and wages	\$ 6,204,608	\$ 1,756,687	\$ 7,961,295	\$ 1,041,078	\$ 3,849	\$ 9,006,222	\$ 6,458,216
Employee benefits and payroll taxes	1,135,131	321,385	1,456,516	192,592	712	1,649,820	1,220,441
Professional and consulting services	144,438	40,894	185,332	93,156	30	278,518	331,191
Accounting fees	-	-	-	20,250	-	20,250	27,500
Professional development	126,603	35,845	162,448	11,148	41	173,637	179,909
Curriculum and classroom supplies	504,519	142,843	647,362	-	-	647,362	570,389
Supplies and materials	61,330	17,364	78,694	10,407	38	89,139	86,817
Postage and delivery	6,028	1,707	7,735	1,022	4	8,761	6,217
Travel and conferences	196	56	252	33	-	285	253
Student meals	422,043	119,492	541,535	-	-	541,535	492,533
Insurance	68,634	19,432	88,066	109	-	88,175	62,781
Dues and subscriptions	3,944	1,117	5,061	667	2	5,730	2,334
Marketing and recruiting	29,425	8,331	37,756	155,985	18	193,759	115,647
Technology and communications	131,410	37,206	168,616	22,297	82	190,995	159,035
Occupancy	450,524	127,555	578,079	76,437	283	654,799	657,550
Repairs and maintenance	199,684	56,534	256,218	33,876	127	290,221	323,418
Equipment leasing	36,031	10,201	46,232	6,114	23	52,369	70,475
Depreciation and amortization	448,290	126,923	575,213	76,058	281	651,552	595,264
Total expenses	\$ 9,972,838	\$ 2,823,572	\$ 12,796,410	\$ 1,741,229	\$ 5,490	\$ 14,543,129	\$ 11,359,970

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

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(with summarized comparative financial information for the year ended June 30, 2015)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 129,762	\$ 1,840,816
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	651,552	595,264
Changes in certain assets and liabilities:		
(Increase) in grants and contracts receivable	(98,218)	(41,587)
(Increase) in due from affiliate	(6,045)	(74,598)
(Increase) Decrease in prepaid expenses and other current assets	(13,617)	6,743
Increase (Decrease) in accounts payable and accrued expenses	102,802	(60,053)
Increase in accrued payroll and payroll taxes	153,967	130,064
Increase in refundable advances	14,032	7,904
Increase in deferred rent	32,942	50,615
NET CASH PROVIDED BY OPERATING ACTIVITIES	967,177	2,455,168
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(305,372)	(1,320,369)
(Increase) in restricted cash	(44)	(88)
NET CASH (USED IN) INVESTING ACTIVITIES	(305,416)	(1,320,457)
NET INCREASE IN CASH AND CASH EQUIVALENTS	661,761	1,134,711
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,262,192	2,127,481
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,923,953	\$ 3,262,192

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

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(with comparative financial information for June 30, 2015)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Coney Island Preparatory Public Charter School (the “School”) is a New York State, not-for-profit educational corporation that operates as a charter school in the borough of Brooklyn, New York. On February 12, 2009, the Board of Regents of the University of the State of New York for and on behalf of the State Education Department granted the School a provisional charter valid for a term of five years from the effective date of December 16, 2008 and renewable upon expiration. The School renewed its charter for an additional five-year term expiring on June 30, 2018. The School’s mission is that students will develop the academic skills and character necessary for success in selective colleges and universities, and the career of their choice. Students will learn through a rigorous academic program, with a strong focus on writing, in a supportive and structured school community. Classes commenced in Brooklyn, New York, in August 2009 and the School provided education to approximately 774 students in grades kindergarten through second and fifth through eleventh during the 2015-2016 academic year.

Food and Transportation Services

The School uses an outside vendor to serve breakfast and lunch to its students and files for reimbursement of qualified expenses through the National School Lunch Program and the School Breakfast Program. The New York City Department of Education provides Metrocards to a majority of the School’s students.

Tax Status

The School is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and a similar provision under New York State income tax laws. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in section 170(b) (1) (A) (ii). The School is subject to income taxes only on net unrelated business income. The School did not have net unrelated business income for the years ended June 30, 2016 and 2015.

The School’s accounting policy provides that a tax expense or benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. The School has no uncertain tax position resulting in an accrual of tax expense or benefit.

IRS Forms 990 filed by the School are subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Forms 990 filed by the School are no longer subject to examination for the fiscal years ended June 30, 2012, and prior.

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(with comparative financial information for June 30, 2015)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Basis of Presentation

The School's financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Accounting Standards Codification ("ASC") No. 958-205. Under ASC 958-205, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The net assets classifications are described as follows:

Unrestricted

Unrestricted net assets of the School consists of cash and otherwise unrestricted amounts that are available for use in carrying out the objectives of the School and include those expendable resources, which have been designated for special use by the School or the Board of Trustees.

Temporarily Restricted

Temporarily restricted net assets of the School represent those amounts that have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the School. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities, as net assets released from restrictions.

Permanently Restricted

Permanently restricted net assets of the School result from contributions whose use has been permanently limited by donor-imposed restrictions. Such assets include contributions required to be invested in perpetuity, the income from which is available to support charitable purposes designated by the donors.

At June 30, 2016 and 2015, the School had no permanently restricted net assets.

Revenue and Support

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as temporarily restricted support if they are received with donor stipulations. Restricted contributions and grants that are made to support the School's current year activities are recorded as unrestricted revenue. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL

(A Not-For-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

(with comparative financial information for June 30, 2015)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Revenue and Support (Continued)

Revenue from the state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency.

Cash and Cash Equivalents

The School considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments which potentially subject the School to concentrations of credit risk are cash and cash equivalents. The School places its cash and cash equivalents on deposit in what it believes to be highly credited financial institutions. Cash balances exceeded the FDIC insured levels of \$250,000 per institution at various times during the year. At June 30, 2016 account balances exceed insured levels by approximately \$3,744,000. The School believes that there is little risk in any losses and has not experienced any losses in such accounts.

Restricted Cash

Under the provisions of its charter, the School established a restricted cash account to pay for legal and audit expenses that would be associated with a dissolution should it occur.

Property and Equipment

Purchased property and equipment are recorded at cost. Maintenance and repairs are expensed as incurred. Property and equipment acquired with certain government funding are recorded as expenses pursuant to the terms of the contract, in which ownership of such property and equipment is retained by the funding source. No amortization is recorded on construction-in-progress until property is placed into service. Depreciation and amortization is provided on the straight line method over the estimated useful lives as follows:

Furniture and fixtures	7 years
Computers and equipment	3 to 5 years
Software	3 years
Leasehold improvements	Useful life or related lease

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL

(A Not-For-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

(with comparative financial information for June 30, 2015)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Refundable Advances

The School records certain government grants and contracts as refundable advances until related services are performed, at which time it is recognized as revenue.

Comparative Financial Information

The accompanying statements of activities and functional expenses are presented with summarized comparative information. Such prior year information is not presented by net asset class in the statements of activities or by functional category in the statements of functional expenses. Accordingly, such information should be read in conjunction with the School's 2015 financial statements from which the summarized information was derived.

NOTE 2 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consist of federal, state, and city entitlements and grants. The School expects to collect these receivables within one year.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30,:

	<u>2016</u>	<u>2015</u>
Furniture and fixtures	\$ 459,942	\$ 391,504
Computers and equipment	1,088,428	912,900
Software	30,437	30,437
Leasehold improvements	<u>3,555,692</u>	<u>3,494,286</u>
	5,134,499	4,829,127
Less: Accumulated depreciation and amortization	<u>1,826,500</u>	<u>1,174,948</u>
	<u>\$3,307,999</u>	<u>\$3,654,179</u>

Depreciation and amortization expense was \$651,552 and \$595,264 for the years ended June 30, 2016 and 2015, respectively.

NOTE 4 - COMMITMENTS

Elementary School Facility

The School began sharing space with a New York City public school in July 2014. The School is not responsible for rent, real estate taxes, utilities, custodial services, maintenance, and school safety services other than security related to the School's programs that take place outside the district's school day.

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL

(A Not-For-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

(with comparative financial information for June 30, 2015)

NOTE 4 - COMMITMENTS (Continued)

Middle School Facility

The School began sharing space with a New York City public school in July 2011. The School is not responsible for rent, real estate taxes, utilities, custodial services, maintenance, and school safety services other than security related to the School's programs that take place outside the district's school day.

High School Facility

On November 19, 2012, the School entered into a lease agreement with The Roman Catholic Church of SS. Simon and Jude for the rental of space of a two story building located in Brooklyn, New York. The lease term commenced on April 1, 2013 and expires on July 31, 2023. The School is responsible for real estate taxes, utilities, custodial services, and maintenance.

Future minimum lease payments are as follows:

Year ending June 30,	2017	\$ 580,703
	2018	598,124
	2019	616,068
	2020	634,550
	2021	653,586
	Thereafter	<u>729,430</u>
		<u>\$ 3,812,461</u>

The School recognizes rent expense on a straight-line basis. Rent expense in excess of payments is recorded as deferred rent in the accompanying statements of financial position. Occupancy expense for the years ended June 30, 2016 and 2015 was \$654,799 and \$657,550, respectively.

Leased Equipment

The School leases office equipment under one-year purchase orders, pursuant to contract with The New York City Department of Education. There are no future minimum obligations under these leases. Equipment rental expense for the years ended June 30, 2016 and 2015 amounted to \$52,369 and \$69,519, respectively.

NOTE 5 - REVENUE CONCENTRATION

The School receives a substantial portion of its support and revenue from the New York City Department of Education. If the charter school laws were modified to reduce or eliminate these revenues, the School's finances could be materially adversely affected.

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL

(A Not-For-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

(with comparative financial information for June 30, 2015)

NOTE 6 - CONTINGENCY

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE 7 - FUNCTIONAL ALLOCATION OF EXPENSE

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expense includes those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the School.

NOTE 8 - RELATED PARTY TRANSACTIONS

The School is an affiliate of Coney Island Prep Builders, Inc. ("Builders"), a New York State, not-for-profit corporation. Builders supports the School through financial, fundraising, and development efforts.

For the years ended June 30, 2016 and 2015, the School charged Builders \$70,350 and \$67,000, respectively, for salary and benefits of one shared employee and \$4,400 and \$1,705, respectively, for net operating expenses.

Net balance due from Builders at June 30, 2016 and 2015 amounted to \$74,750 and \$68,705, respectively. The balance due at June 30, 2016 was received in full prior to the issuance of this report.

NOTE 9 - PENSION PLAN

The School maintains a pension plan qualified under the Internal Revenue Code 403(b) for the benefit of its eligible employees. Under the plan the School provided matching contributions of 5% to the plan. The amount charged for matching contributions to this plan was \$254,130 and \$205,835 for the years ended June 30, 2016 and 2015, respectively.

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of \$894,815 and \$1,067,644 restricted for facility renovation at June 30, 2016 and 2015, respectively. Depreciation and amortization expense in the amounts of \$187,829 and \$242,356 were released from restriction during the years ended June 30, 2016 and 2015, as a result of the High School facility being placed into service.

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(with comparative financial information for June 30, 2015)

NOTE 11 - SUBSEQUENT EVENTS

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through September 20, 2016, the date the financial statements were available to be issued.

FRUCHTER ROSEN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

156 WEST 56TH STREET

NEW YORK, NEW YORK 10019

TEL: (212) 957-3600

FAX: (212) 957-3696

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

TO THE BOARD OF TRUSTEES OF
CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL

We have audited, in accordance with the 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, the financial statements of Coney Island Preparatory Public Charter School (the "School"), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 20, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

TO THE BOARD OF TRUSTEES OF
CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL

Compliance and Other Matters

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

We noted a certain matter that was reported to the management of the School in a separate letter dated September 20, 2016.

Purpose of this Report

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


FRUCHTER ROSEN & COMPANY, P.C.
Certified Public Accountants

New York, New York
September 20, 2016