

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

FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Organization)
FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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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, 2013, 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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2013, 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 2012 financial statements, and our report dated August 15, 2012, 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, 2012, 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 August 14, 2013, 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
August 14, 2013

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION
JUNE 30,

| | 2013 | 2012 |
|--|---------------------|---------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 4,097,246 | \$ 2,719,489 |
| Grants and contracts receivable | 36,933 | 58,743 |
| Due from affiliate | 84,344 | 94,525 |
| Prepaid expenses and other current assets | 96,880 | 55,657 |
| Total current assets | 4,315,403 | 2,928,414 |
| Other assets: | | |
| Property and equipment, net of accumulated depreciation and amortization of \$239,228 and \$144,802, respectively | 413,736 | 194,147 |
| Restricted cash | 70,170 | 30,072 |
| Security deposit | 45,740 | - |
| Total other assets | 529,646 | 224,219 |
| TOTAL ASSETS | \$ 4,845,049 | \$ 3,152,633 |
| LIABILITIES AND UNRESTRICTED NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 238,635 | \$ 143,384 |
| Accrued payroll and payroll taxes | 329,995 | 289,772 |
| Refundable advances | 10,774 | 4,059 |
| Total current liabilities | 579,404 | 437,215 |
| Deferred rent | 19,758 | - |
| Total liabilities | 599,162 | 437,215 |
| Unrestricted net assets | 4,245,887 | 2,715,418 |
| TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS | \$ 4,845,049 | \$ 3,152,633 |

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

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Corporation)
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

| | 2013 | 2012 |
|---|--------------|--------------|
| Revenue and support: | | |
| State and local per pupil operating revenue | \$ 5,889,106 | \$ 4,530,095 |
| Federal grants | 469,443 | 186,390 |
| State and city grants | 20,432 | 15,706 |
| Contributions and grants | 4,703 | 575 |
| Interest income | 8,856 | 5,808 |
| Total revenue and support | 6,392,540 | 4,738,574 |
| Expenses: | | |
| Program services | | |
| Regular education | 3,394,351 | 2,495,065 |
| Special education | 967,297 | 602,630 |
| Total program services | 4,361,648 | 3,097,695 |
| Supporting services | | |
| Management and general | 496,409 | 428,879 |
| Fundraising | 4,014 | 3,738 |
| Total expenses | 4,862,071 | 3,530,312 |
| Changes in unrestricted net assets | 1,530,469 | 1,208,262 |
| Unrestricted net assets - beginning of year | 2,715,418 | 1,507,156 |
| Unrestricted net assets - end of year | \$ 4,245,887 | \$ 2,715,418 |

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 YEARS ENDED JUNE 30,

| | 2013 | 2012 |
|--|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Changes in unrestricted net assets | \$ 1,530,469 | \$ 1,208,262 |
| Adjustments to reconcile changes in unrestricted net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 94,426 | 65,715 |
| Changes in certain assets and liabilities: | | |
| Decrease in grants and contracts receivable | 21,810 | 58,964 |
| Decrease (Increase) in due from affiliate | 10,181 | (17,762) |
| (Increase) in prepaid expenses and other current assets | (41,223) | (22,006) |
| (Increase) in security deposit | (45,740) | - |
| Increase in accounts payable and accrued expenses | 95,251 | 58,774 |
| Increase in accrued payroll and payroll taxes | 40,223 | 94,804 |
| Increase in refundable advances | 6,715 | 4,059 |
| Increase in deferred rent | 19,758 | - |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 1,731,870 | 1,450,810 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property and equipment | (314,015) | (89,005) |
| (Increase) in restricted cash | (40,098) | (45) |
| NET CASH (USED IN) INVESTING ACTIVITIES | (354,113) | (89,050) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 1,377,757 | 1,361,760 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 2,719,489 | 1,357,729 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 4,097,246 | \$ 2,719,489 |

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, 2013 AND 2012

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY 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. Students at the School 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 346 students in grades fifth through eighth during the 2012-2013 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 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, 2013 and 2012.

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, 2009, and prior.

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board ("FASB") in its Accounting Standards Codification ("ASC") 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 and changes in net assets, 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.

As of June 30, 2013 and 2012, the School had no temporarily or 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, 2013 AND 2012

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY 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

For the purpose of the statements of cash flows, the School considers all highly liquid debt 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 may exceed the FDIC insured levels of \$250,000 per institution at various times during the year. 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 | 4 and 5 years |
| Software | 3 years |
| Leasehold improvements | Useful life on related lease |

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Refundable Advances and Deferred Revenue

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

Comparative Financial Information

The accompanying statements of activities and schedule of 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 schedule of functional expenses. Accordingly, such information should be read in conjunction with the School's 2012 financial statements from which the summarized information was derived.

NOTE 2 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consist of federal 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,:

| | 2013 | 2012 |
|---|------------|------------|
| Furniture and fixtures | \$ 150,695 | \$ 117,576 |
| Computers and equipment | 362,247 | 212,300 |
| Software | 18,598 | 9,073 |
| Leasehold improvements | 121,424 | - |
| | 652,964 | 338,949 |
| Less: Accumulated depreciation and amortization | 239,228 | 144,802 |
| | \$ 413,736 | \$ 194,147 |

Depreciation and amortization expense was \$94,426 and \$65,715 for the years ended June 30, 2013 and 2012, respectively.

NOTE 4 - COMMITMENTS

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.

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Organization)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 4 - COMMITMENTS (Continued)

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, | 2014 | \$ 517,700 |
| | 2015 | 546,117 |
| | 2016 | 563,789 |
| | 2017 | 580,703 |
| | 2018 | 598,124 |
| | Thereafter | <u>2,633,634</u> |
| | | <u>\$ 5,440,067</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, 2013 and 2012 was \$154,292 and \$7,543, respectively.

Leased Equipment

The School leases office equipment under an operating lease that expires on April 30, 2015 for a period of 48 months. Monthly installments are \$2,639. As of June 30, 2013, the future minimum obligation under this lease is as follows:

| | | |
|----------------------|------|------------------|
| Year ending June 30, | 2014 | \$ 31,668 |
| | 2015 | <u>26,390</u> |
| | | <u>\$ 58,058</u> |

Equipment rental expense for the years ended June 30, 2013 and 2012 amounted to \$31,668 in both years.

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, 2013 AND 2012

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, 2013 and 2012, the School charged Builders \$80,563 and \$75,379, respectively, for salary and benefits of one shared employee and \$3,781 and \$3,812, respectively, for various operating expenses. In addition, various deposits totaling \$15,334 were incorrectly deposited into Builders during the year ended June 30, 2012.

Net balance due from Builders at June 30, 2013 and 2012 amounted to \$84,344 and \$94,525, respectively. The balance due at June 30, 2013 was paid 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 \$113,030 and \$84,636 for the years ended June 30, 2013 and 2012, respectively.

NOTE 10 - SUBSEQUENT EVENTS

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through August 14, 2013, the date the financial statements were available to be issued.

FRUCHTER ROSEN & COMPANY, P.C.

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INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of Coney Island Preparatory Public Charter School as of and for the year ended June 30, 2013, and have issued our report thereon dated August 14, 2013, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


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

New York, New York
August 14, 2013

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Corporation)
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30,

2013

| | Program Services | | | Supporting Services | | | 2012 |
|--------------------------------------|---------------------|-------------------|---------------------|------------------------|-----------------|---------------------|---------------------|
| | Regular Education | Special Education | Total | Management and General | Fundraising | Total | |
| Salaries and wages | \$ 1,984,909 | \$ 570,066 | \$ 2,554,975 | \$ 313,131 | \$ 2,757 | \$ 2,870,863 | \$ 2,188,577 |
| Employee benefits and payroll taxes | 406,333 | 115,624 | 521,957 | 68,042 | 599 | 590,598 | 445,682 |
| Professional and consulting services | 123,627 | 28,620 | 152,247 | 26,460 | 81 | 178,788 | 143,443 |
| Accounting fees | - | - | - | 18,250 | - | 18,250 | 18,250 |
| Professional development | 44,628 | 12,699 | 57,327 | 7,473 | 66 | 64,866 | 111,446 |
| Curriculum and classroom supplies | 274,687 | 78,891 | 353,578 | - | - | 353,578 | 300,934 |
| Supplies and materials | 28,772 | 8,187 | 36,959 | 4,819 | 42 | 41,820 | 32,288 |
| Postage and delivery | 2,426 | 690 | 3,116 | 406 | 4 | 3,526 | 4,569 |
| Travel and conferences | 143 | 41 | 184 | 23 | - | 207 | 387 |
| Student meals | 218,467 | 62,743 | 281,210 | - | - | 281,210 | 44,514 |
| Insurance | 22,889 | 6,513 | 29,402 | 3,832 | 34 | 33,268 | 22,409 |
| Dues and subscriptions | 522 | 149 | 671 | 87 | 1 | 759 | 1,112 |
| Marketing and recruiting | 45,354 | 12,906 | 58,260 | 7,594 | 67 | 65,921 | 33,369 |
| Technology and communications | 24,848 | 7,071 | 31,919 | 4,161 | 37 | 36,117 | 32,832 |
| Occupancy | 101,153 | 30,206 | 131,359 | 22,777 | 156 | 154,292 | 7,543 |
| Repairs and maintenance | 20,573 | 5,854 | 26,427 | 3,446 | 30 | 29,903 | 48,507 |
| Equipment leasing | 29,916 | 8,513 | 38,429 | 5,010 | 44 | 43,483 | 28,724 |
| Depreciation and amortization | 64,966 | 18,486 | 83,452 | 10,878 | 96 | 94,426 | 65,715 |
| Miscellaneous | 138 | 38 | 176 | 20 | - | 196 | 11 |
| Total | \$ 3,394,351 | \$ 967,297 | \$ 4,361,648 | \$ 496,409 | \$ 4,014 | \$ 4,862,071 | \$ 3,530,312 |

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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, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 14, 2013.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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*.

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
August 14, 2013