CONEY ISLAND PREPATORY
PUBLIC CHARTER SCHOOL

(A Not-For-Profit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2010
CONTENTS

INDEPENDENT AUDITORS' REPORT 1

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION:

  Statement of financial position 2
  Statement of activities 3
  Statement of cash flows 4
  Notes to financial statements 5 – 10
  Independent auditors’ report on additional information 11
  Schedule of functional expenses 12

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 13 – 14
INDEPENDENT AUDITORS’ REPORT

TO THE BOARD OF TRUSTEES
CON IFAL SEI ON PREP A RATORY PUBLIC CHARTER SCHOOL

We have audited the accompanying statement of financial position of Coney Island Preparatory Public Charter School (the “School”) (a not-for-profit corporation) as of June 30, 2010 and the related statements of activities, and cash flows for the period from December 16, 2008 (inception) to June 30, 2010. These financial statements are the responsibility of the School’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 audits 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 provide a reasonable basis for our 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, 2010, and the changes in its net assets and its cash flows for the period from December 16, 2008 (inception) to June 30, 2010, 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 October 19, 2010 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 on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

New York, New York
October 19, 2010
CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010

ASSETS
Current assets:
Cash and cash equivalents $ 544,341
Grants and contracts receivable 87,367
Prepaid expenses and other current assets 43,160
Total current assets 674,868

Other assets:
Property and equipment, net of accumulated depreciation and amortization of $29,924 117,014
Restricted cash 10,008
Total other assets 127,022

TOTAL ASSETS $ 801,890

LIABILITIES AND NET ASSETS
Current liabilities:
Accounts payable and accrued expenses $ 77,423
Accrued payroll and payroll taxes 110,401
Total current liabilities 187,824

Net assets:
Unrestricted 599,391
Temporarily restricted 14,675

TOTAL NET ASSETS 614,066

TOTAL LIABILITIES AND NET ASSETS $ 801,890

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

- 2 -
CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
STATEMENT OF ACTIVITIES  
FROM DECEMBER 16, 2008 (INCEPTION) TO JUNE 30, 2010

<table>
<thead>
<tr>
<th>Revenue and support:</th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>State and local per pupil operating revenue</td>
<td>$ 1,438,688</td>
<td>$</td>
<td>$ 1,438,688</td>
</tr>
<tr>
<td>Federal grants</td>
<td>409,123</td>
<td>-</td>
<td>409,123</td>
</tr>
<tr>
<td>State and city grants</td>
<td>89,787</td>
<td>-</td>
<td>89,787</td>
</tr>
<tr>
<td>Contributions and grants</td>
<td>133,018</td>
<td>452,000</td>
<td>585,018</td>
</tr>
<tr>
<td>Interest income</td>
<td>1,185</td>
<td>-</td>
<td>1,185</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>437,325</td>
<td>(437,325)</td>
<td>-</td>
</tr>
<tr>
<td>Total revenue and support</td>
<td>2,509,126</td>
<td>14,675</td>
<td>2,523,801</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regular education</td>
<td>1,039,891</td>
<td>-</td>
<td>1,039,891</td>
</tr>
<tr>
<td>Special education</td>
<td>426,192</td>
<td>-</td>
<td>426,192</td>
</tr>
<tr>
<td>Total program services</td>
<td>1,466,083</td>
<td>-</td>
<td>1,466,083</td>
</tr>
<tr>
<td>Supporting services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>438,338</td>
<td>-</td>
<td>438,338</td>
</tr>
<tr>
<td>Fundraising</td>
<td>4,477</td>
<td>-</td>
<td>4,477</td>
</tr>
<tr>
<td>Total expenses</td>
<td>1,908,898</td>
<td>-</td>
<td>1,908,898</td>
</tr>
</tbody>
</table>

| Changes in net assets                                    | 600,228      | 14,675                 | 614,903 |

| Loss on disposal of assets                               | (837)        | -                      | (837)  |

| Net assets - beginning of period                         | -            | -                      | -      |

| Net assets - end of period                               | $ 599,391    | $ 14,675               | $ 614,066 |

The accompanying notes are an integral part of the financial statements.
CASH FLOWS FROM OPERATING ACTIVITIES:
Increase in net assets $ 614,066
Adjustments to reconcile increase in net assets to net cash provided by operating activities:
  Depreciation and amortization 30,064
  Loss on disposal of assets 837
Changes in certain assets and liabilities:
  (Increase) in grants and contracts receivable (87,367)
  (Increase) in prepaid expenses and other current assets (43,160)
  Increase in accounts payable and accrued expenses 77,423
  Increase in accrued payroll and payroll taxes 110,401
NET CASH PROVIDED BY OPERATING ACTIVITIES 702,264

CASH FLOWS FROM INVESTING ACTIVITIES:
  Purchase of property and equipment (147,915)
  (Increase) in restricted cash (10,008)
NET CASH (USED IN) INVESTING ACTIVITIES: (157,923)

NET INCREASE IN CASH AND CASH EQUIVALENTS 544,341

CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD -

CASH AND CASH EQUIVALENTS - END OF PERIOD $ 544,341

The accompanying notes are an integral part of the financial statements.
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 realize through a rigorous academic program, with a strong focus on writing, in a supportive and structured school community.

In fiscal year 2010, the School operated classes for approximately 88 students in the fifth grade.

Food and Transportation Services
The New York City Department of Education provides lunches and student Metrocards to a majority of the School’s students. Such costs are not included in these financial statements. The School receives reimbursement from parents who are not eligible for free lunches.

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).

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

Basis of Presentation (continued)

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 statement 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.

The School had no permanently restricted net assets at June 30, 2010.

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.

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

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.

Cash and Cash Equivalents
For the purpose of the Statement of Cash Flows, the School considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

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. 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

Refundable Advances
The school records certain government operating revenue as refundable advances until related services are performed, at which time they are recognized as revenue.
NOTE 1 -  PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements
In June 2009, the FASB issued FASB Accounting Standards Codification (“ASC”) 105, Generally Accepted Accounting Principles (“GAAP”), which establishes the FASB Accounting Standards Codification as the sole resource of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the School has updated references to GAAP in its financial statements issued for the year ended June 30, 2010. The adoption of FASB ASC 105 did not impact the School’s financial position or results of operations.

The School adopted the provisions of ASC 740-10, Income Taxes, as of July 1, 2009. This standard clarifies the accounting for uncertainty in income taxes recognized in an organization’s financial statements and prescribes a recognition threshold and measurement standard for the financial statement recognition and measurement of income tax positions taken or expected to be taken in a tax return. The School has reviewed its tax position for open tax years and has concluded that the adoption of this standard did not have an impact on the financial statements of the School.

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, 2010:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and Fixtures</td>
<td>$ 45,222</td>
</tr>
<tr>
<td>Computers and Equipment</td>
<td>97,749</td>
</tr>
<tr>
<td>Software</td>
<td>3,967</td>
</tr>
<tr>
<td></td>
<td>146,938</td>
</tr>
</tbody>
</table>

Less: Accumulated depreciation and amortization  29,924
Total Property and equipment, net              $117,014

Depreciation and amortization expense was $30,064 for the period from December 16, 2008 (inception) to June 30, 2010.
NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are those contributions and grants that have been restricted for certain activities and start-up expenditures. As of June 30, 2010 the School had $14,675 in temporarily restricted net assets from the Brocklyn Community Foundation Grant.

NOTE 5 - COMMITMENTS

School Facility
The School has entered into a lease agreement with the New York City Housing Authority for the rental of space on the 2nd floor of a Public Housing facility located in Brooklyn, New York. The lease is for a period of two years that commenced on August 1, 2009 and expires on July 31, 2011. The lease also stipulates that the School pay for utilities in the annual amount of $20,280 for the first year and an increased amount of 3% in the second year for an annual amount of $20,888.

Rent expense for the period from December 16, 2008 (inception) to June 30, 2010 was $61,967. As of June 30, 2010 the future minimum obligation under this operating lease is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$69,459</td>
</tr>
<tr>
<td>2012</td>
<td>$5,802</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$75,261</strong></td>
</tr>
</tbody>
</table>

Leased Equipment
The School leases office equipment under an operating lease that commenced on June 18, 2009 for a period of 39 months. The monthly installments are $1,091. As of June 30, 2010, the future minimum obligation under this lease is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$13,092</td>
</tr>
<tr>
<td>2012</td>
<td>$13,092</td>
</tr>
<tr>
<td>2013</td>
<td>$3,273</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$29,457</strong></td>
</tr>
</tbody>
</table>

Equipment rental expense for the period from December 16, 2008 (inception) to June 30, 2010 was $15,586.
NOTE 6 - 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, reducing or eliminating these revenues, the School’s finances could be materially adversely affected.

NOTE 7 - 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 8 - 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 9 - RELATED PARTY TRANSACTIONS

The School is an affiliate of Coney Island Builders, a New York State not-for-profit corporation. Coney Island Builders supports the School through financial, fundraising and development efforts. For the period from December 16, 2008 (inception) to June 30, 2010, Coney Island Builders provided start-up expenditures on behalf of the School in the amount of $85,222. There were no balances due/from the affiliate at June 30, 2010.

NOTE 10 - PENSION PLAN

The School maintains a pension plan qualified under the Internal Revenue Code 403(b) for the benefit its eligible employees. Under the plan the School provided matching contributions of 4% to the plan. The amount charged to operations for fees and matching contributions to this plan was $21,211.
INDEPENDENT AUDITORS’ REPORT
ON ADDITIONAL INFORMATION

TO THE BOARD OF TRUSTEES
CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL

Our report on our audit of the basic financial statements of Coney Island Preparatory Public Charter School, (a not-for-profit corporation) as of June 30, 2010 appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

New York, New York
October 19, 2010


CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL  
(A Not-For-Profit Corporation) 
SCHEDULE OF FUNCTIONAL EXPENSES  
FROM DECEMBER 16, 2008 (INCEPTION) TO JUNE 30, 2010

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th></th>
<th>Supporting Services</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regular Education</td>
<td>Special Education</td>
<td>Total Program Service</td>
<td>Management and General</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>$ 548,667</td>
<td>$ 232,381</td>
<td>$ 781,048</td>
<td>$ 183,782</td>
</tr>
<tr>
<td>Employee benefits and payroll taxes</td>
<td>99,562</td>
<td>42,292</td>
<td>141,854</td>
<td>33,483</td>
</tr>
<tr>
<td>Professional and consulting services</td>
<td>59,896</td>
<td>22,153</td>
<td>82,049</td>
<td>142,166</td>
</tr>
<tr>
<td>Accounting fees</td>
<td>-</td>
<td>-</td>
<td>22,500</td>
<td>-</td>
</tr>
<tr>
<td>Non-capitalized equipment</td>
<td>4,121</td>
<td>1,636</td>
<td>5,757</td>
<td>303</td>
</tr>
<tr>
<td>Supplies and materials</td>
<td>3,450</td>
<td>1,370</td>
<td>4,820</td>
<td>22,547</td>
</tr>
<tr>
<td>Donated Services</td>
<td>57,951</td>
<td>23,010</td>
<td>80,961</td>
<td>4,261</td>
</tr>
<tr>
<td>Travel and conferences</td>
<td>-</td>
<td>-</td>
<td>522</td>
<td>-</td>
</tr>
<tr>
<td>Student meals</td>
<td>3,613</td>
<td>1,337</td>
<td>4,950</td>
<td>-</td>
</tr>
<tr>
<td>Professional development</td>
<td>20,254</td>
<td>7,491</td>
<td>27,745</td>
<td>14,502</td>
</tr>
<tr>
<td>Insurance</td>
<td>6,889</td>
<td>2,735</td>
<td>9,624</td>
<td>507</td>
</tr>
<tr>
<td>Occupancy</td>
<td>55,410</td>
<td>22,001</td>
<td>77,411</td>
<td>3,146</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>38,705</td>
<td>15,358</td>
<td>54,073</td>
<td>2,847</td>
</tr>
<tr>
<td>Equipment leasing</td>
<td>10,598</td>
<td>4,208</td>
<td>14,806</td>
<td>780</td>
</tr>
<tr>
<td>Curriculum and classroom supplies</td>
<td>63,128</td>
<td>23,349</td>
<td>86,477</td>
<td>-</td>
</tr>
<tr>
<td>Dues &amp; subscriptions</td>
<td>-</td>
<td>-</td>
<td>2,023</td>
<td>-</td>
</tr>
<tr>
<td>Marketing and recruiting</td>
<td>29,664</td>
<td>11,779</td>
<td>41,443</td>
<td>2,180</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>20,444</td>
<td>8,117</td>
<td>28,561</td>
<td>1,503</td>
</tr>
<tr>
<td>Technology and communications</td>
<td>14,891</td>
<td>5,913</td>
<td>20,804</td>
<td>1,093</td>
</tr>
<tr>
<td>Postage and delivery</td>
<td>2,352</td>
<td>934</td>
<td>3,286</td>
<td>172</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>296</td>
<td>118</td>
<td>414</td>
<td>21</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 1,039,891</strong></td>
<td><strong>$ 426,192</strong></td>
<td><strong>$ 1,466,083</strong></td>
<td><strong>$ 438,338</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
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 the financial statements of Coney Island Preparatory Public Charter School (the “School”) as of and for the period December 16, 2008 (inception) to June 30, 2010 and have issued our report thereon dated October 19, 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the 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 School’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.
TO THE BOARD OF TRUSTEES
CONLEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coney Island Preparatory Public Charter School’s financial statements are free of 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 certain matters that were reported to the management of the School in a separate letter dated October 19, 2010.

This report is intended solely for the information and use of management, Board of Trustees, and federal, state and local awarding agencies, The Department of Education of the City of New York, The State Education Department of the State University of New York, and others within the School and is not intended to be and should not be used by anyone other than these specified parties.

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

New York, New York
October 19, 2010

- 14 -
FRUCHTER, ROSEN & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS