

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

FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Organization)
FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

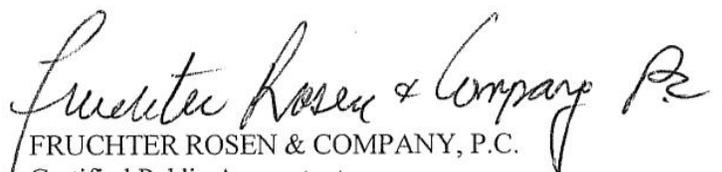
TO THE BOARD OF TRUSTEES
CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL

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, 2012, the related statements of activities, and cash flows for the year then ended. 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 audit. The prior year summarized comparative information has been derived from the School's 2011 financial statements and, in our report dated August 18, 2011, we expressed an unqualified opinion on those financial statements.

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 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 financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2012, and the changes in its net assets and its cash flows 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 August 15, 2012 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 Accountants

New York, New York
August 15, 2012

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

	2012	2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,719,489	\$ 1,357,729
Grants and contracts receivable	58,743	117,707
Due from affiliate	94,525	76,763
Prepaid expenses and other current assets	55,657	33,651
Total current assets	2,928,414	1,585,850
Other assets:		
Property and equipment, net of accumulated depreciation and amortization of \$144,802 and \$79,087, respectively	194,147	170,857
Restricted cash	30,072	30,027
Total other assets	224,219	200,884
TOTAL ASSETS	\$ 3,152,633	\$ 1,786,734
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 143,384	\$ 84,610
Accrued payroll and payroll taxes	289,772	194,968
Refundable advances	4,059	-
Total current liabilities	437,215	279,578
Net assets:		
Unrestricted	2,715,418	1,492,156
Temporarily restricted	-	15,000
Total net assets	2,715,418	1,507,156
TOTAL LIABILITIES AND NET ASSETS	\$ 3,152,633	\$ 1,786,734

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,

	2012			2011
	Unrestricted	Temporarily Restricted	Total	
Revenue and support:				
State and local per pupil operating revenue	\$ 4,530,095	\$ -	\$ 4,530,095	\$ 3,024,280
Federal grants	186,390	-	186,390	275,437
State and city grants	15,706	-	15,706	96,557
Contributions and grants	575	-	575	87,440
Donated services	-	-	-	47,290
Interest income	5,808	-	5,808	2,557
Net assets released from restrictions satisfaction of purpose restriction	15,000	(15,000)	-	-
Total revenue and support	<u>4,753,574</u>	<u>(15,000)</u>	<u>4,738,574</u>	<u>3,533,561</u>
Expenses:				
Program services				
Regular education	2,495,065	-	2,495,065	1,541,611
Special education	602,630	-	602,630	637,265
Total program services	<u>3,097,695</u>	<u>-</u>	<u>3,097,695</u>	<u>2,178,876</u>
Supporting services				
Management and general	428,879	-	428,879	457,576
Fundraising	3,738	-	3,738	4,019
Total expenses	<u>3,530,312</u>	<u>-</u>	<u>3,530,312</u>	<u>2,640,471</u>
Changes in net assets	1,223,262	(15,000)	1,208,262	893,090
Net assets - beginning of year	<u>1,492,156</u>	<u>15,000</u>	<u>1,507,156</u>	<u>614,066</u>
Net assets - end of year	<u>\$ 2,715,418</u>	<u>\$ -</u>	<u>\$ 2,715,418</u>	<u>\$ 1,507,156</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 CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 1,208,262	\$ 893,090
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	65,715	49,163
Changes in certain assets and liabilities:		
Decrease (Increase) in grants and contracts receivable	58,964	(30,340)
(Increase) in due from affiliate	(17,762)	(76,763)
(Increase) Decrease in prepaid expenses and other current assets	(22,006)	9,509
Increase in accounts payable and accrued expenses	58,774	7,187
Increase in accrued payroll and payroll taxes	94,804	84,567
Increase in refundable advances	4,059	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,450,810	936,413
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(89,005)	(103,006)
(Increase) in restricted cash	(45)	(20,019)
NET CASH (USED IN) INVESTING ACTIVITIES	(89,050)	(123,025)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,361,760	813,388
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,357,729	544,341
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,719,489	\$ 1,357,729

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

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Organization)
FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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 266 students in grades fifth through seventh during the 2011-2012 academic year.

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 partial 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). 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, 2012 and 2011.

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. All Forms 990 filed by the School are subject to examination.

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Organization)
FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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, 2012 and 2011, 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.

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.

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Organization)
FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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

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. 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 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.

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Organization)
FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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

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 2011 financial statements from which the summarized information was derived.

Reclassifications

Certain 2011 accounts have been reclassified to the 2012 financial statements presentation. The reclassification has no effect on 2011 total assets, liabilities, net assets, and change in net assets.

NOTE 2 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consist of federal entitlements and private 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,:

	2012	2011
Furniture and fixtures	\$ 117,576	\$ 69,677
Computers and equipment	212,300	172,209
Software	9,073	8,058
	338,949	249,944
Less: Accumulated depreciation and amortization	144,802	79,087
	\$ 194,147	\$ 170,857

Depreciation and amortization expense was \$65,715 and \$49,163 for the years ended June 30, 2012 and 2011, respectively.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30,:

	2012	2011
Field trip program	\$ -	\$ 15,000

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Organization)
FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Net assets for the years ended June 30, 2012 and 2011, were released from donor restrictions by satisfying the purpose specified by donor as follows:

	2012	2011
Field trip program	\$ 15,000	\$ -
Leveled literacy intervention program	-	14,675
	\$ 15,000	\$ 14,675

NOTE 5 - COMMITMENTS

School Facility

The School had 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 was for a period of two years that commenced on August 1, 2009 and expired on July 31, 2011.

The School began sharing space with a New York City public school in July 2011. The School is not responsible for rent, 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.

Occupancy expense for the years ended June 30, 2012 and 2011 was \$7,543 and \$90,297, 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, 2012, the future minimum obligation under this lease is as follows:

For the year ending June 30, 2013	\$ 31,668
2014	31,668
2015	26,390
	\$ 89,726

Equipment rental expense for the years ended June 30, 2012 and 2011 was \$31,668 and \$16,651, respectively.

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 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)
FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

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 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, 2012 and 2011, the School charged Builders \$75,379 and \$38,005, respectively, for salary and benefits of one shared employee and \$3,812 and \$1,393, respectively, for various operating expenses. In addition, various deposits totaling \$15,334 and \$37,365 were incorrectly deposited into Builders during the years ended June 30, 2012 and 2011, respectively.

Net balance due from Builders at June 30, 2012 and 2011 amounted to \$94,525 and \$76,763, respectively. The balance due at June 30, 2012 was paid in full prior to the issuance of this report.

NOTE 10 - DONATED SERVICES

Donated services are recognized as contributions in accordance with FASB ASC 605, "Accounts for Contributions Received and Contributions Made," if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School.

One entity provided legal services to the School at no charge. The value of these services meets the criteria for recognition in the financial statements and was recorded at fair value of \$-0- and \$47,290 for the years ended June 30, 2012 and 2011, respectively.

CONEY ISLAND PREPARATORY PUBLIC CHARTER SCHOOL
(A Not-For-Profit Organization)
FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 11 - 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 \$84,636 and \$44,923 for the years ended June 30, 2012 and 2011, respectively.

NOTE 12 - SUBSEQUENT EVENTS

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through August 15, 2012, 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

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INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

TO THE BOARD OF TRUSTEES
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, 2012, and have issued our report thereon dated August 15, 2012, which contained an unqualified 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 function 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 15, 2012

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

2012

	Program Services			Supporting Services			2011
	Regular Education	Special Education	Total	Management and General	Fundraising	Total	
Salaries and wages	\$ 1,533,302	\$ 371,685	\$ 1,904,987	\$ 280,955	\$ 2,635	\$ 2,188,577	\$ 1,372,939
Employee benefits and payroll taxes	312,259	74,981	387,240	57,899	543	445,682	280,020
Professional and consulting services	98,460	23,643	122,103	21,253	87	143,443	297,391
Accounting fees	-	-	-	18,250	-	18,250	18,225
Donated services	-	-	-	-	-	-	47,290
Professional development	78,082	18,750	96,832	14,478	136	111,446	48,138
Curriculum and classroom supplies	242,664	58,270	300,934	-	-	300,934	150,167
Supplies and materials	22,622	5,432	28,054	4,195	39	32,288	31,335
Postage and delivery	3,201	769	3,970	593	6	4,569	4,330
Travel and conferences	271	65	336	51	-	387	152
Student meals	35,895	8,619	44,514	-	-	44,514	6,922
Insurance	15,700	3,770	19,470	2,912	27	22,409	15,028
Dues and subscriptions	779	187	966	145	1	1,112	14,339
Marketing and recruiting	23,379	5,614	28,993	4,335	41	33,369	49,877
Technology and communications	23,004	5,524	28,528	4,264	40	32,832	40,264
Occupancy	5,285	1,269	6,554	980	9	7,543	90,297
Repairs and maintenance	33,989	8,162	42,151	6,297	59	48,507	79,913
Equipment leasing	20,125	4,833	24,958	3,731	35	28,724	40,648
Non-capitalized equipment	-	-	-	-	-	-	3,701
Depreciation and amortization	46,042	11,056	57,098	8,537	80	65,715	49,163
Miscellaneous	6	1	7	4	-	11	332
Total	\$ 2,495,065	\$ 602,630	\$ 3,097,695	\$ 428,879	\$ 3,738	\$ 3,530,312	\$ 2,640,471

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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 year ended June 30, 2012 and have issued our report thereon dated August 15, 2012. 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
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 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 matter that was reported to the management of the School in a separate letter dated August 15, 2012.

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
August 15, 2012