

BRONX COMMUNITY CHARTER SCHOOL
(A Not-For-Profit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

BRONX COMMUNITY CHARTER SCHOOL
(A Not-For-Profit Corporation)
FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES OF
BRONX COMMUNITY CHARTER SCHOOL

Report on the Financial Statements

We have audited the accompanying financial statements of Bronx Community 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 September 28, 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 September 16, 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
September 16, 2013

BRONX COMMUNITY CHARTER SCHOOL
(A Not-For-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION
JUNE 30,

	<u>2013</u>	<u>2012</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,959,730	\$ 1,999,603
Grants and contracts receivable	34,417	48,409
Prepaid expenses and other current assets	<u>119,182</u>	<u>54,456</u>
Total current assets	2,113,329	2,102,468
Property and equipment, net of accumulated depreciation and amortization of \$34,044 and \$19,657, respectively	985,482	158,620
Restricted cash	75,206	75,018
Security deposits	<u>256,658</u>	<u>226,657</u>
TOTAL ASSETS	<u>\$ 3,430,675</u>	<u>\$ 2,562,763</u>
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 135,210	\$ 130,415
Accrued payroll and payroll taxes	<u>274,419</u>	<u>214,719</u>
Total current liabilities	409,629	345,134
Unrestricted net assets	<u>3,021,046</u>	<u>2,217,629</u>
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	<u>\$ 3,430,675</u>	<u>\$ 2,562,763</u>

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

BRONX COMMUNITY 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	\$ 4,376,003	\$ 3,733,886
Federal grants	373,619	192,157
State and city grants	143,381	19,159
Contribution and grants	94,235	122,876
Fundraising	19,068	24,645
Donated services	33,244	33,200
Interest and other income	5,205	4,762
	<u>5,044,755</u>	<u>4,130,685</u>
Total revenue and support		
Expenses:		
Program services		
Regular education	3,268,597	2,191,369
Special education	667,727	568,871
Total program services	<u>3,936,324</u>	<u>2,760,240</u>
Supporting services		
Management and general	255,030	298,146
Fundraising	49,984	48,282
	<u>4,241,338</u>	<u>3,106,668</u>
Total expenses		
Changes in unrestricted net assets	803,417	1,024,017
Unrestricted net assets - beginning of year	<u>2,217,629</u>	<u>1,193,612</u>
Unrestricted net assets - end of year	<u>\$ 3,021,046</u>	<u>\$ 2,217,629</u>

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

BRONX COMMUNITY CHARTER SCHOOL
(A Not-For-Profit Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in unrestricted net assets	\$ 803,417	\$ 1,024,017
Adjustments to reconcile changes in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	14,387	10,425
Changes in assets and liabilities:		
Decrease (Increase) in grants and contracts receivable	13,992	(21,435)
(Increase) in prepaid expenses and other current assets	(64,726)	(11,351)
(Increase) in security deposits	(30,001)	(11,000)
(Increase) in restricted cash	(188)	(24,777)
Increase in accounts payable and accrued expenses	4,795	70,869
Increase in accrued payroll and payroll taxes	<u>59,700</u>	<u>11,531</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	801,376	1,048,279
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property and equipment	<u>(841,249)</u>	<u>(81,257)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(39,873)	967,022
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,999,603</u>	<u>1,032,581</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,959,730</u></u>	<u><u>\$ 1,999,603</u></u>

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

BRONX COMMUNITY CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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

Nature of Organization

Bronx Community Charter School (the "School") is a New York State, not-for-profit educational corporation that was incorporated on January 15, 2008 to operate a charter school pursuant to Article 56 of the Education Law of the State of New York. The School was granted a provisional charter on January 15, 2008 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. During 2012, the Board Regents extended the School's charter through June 30, 2015. The School is a small learning community founded on the principle that children learn best when they are active participants in their own learning. The students raise questions about the world around them, engage with a wide range of materials, and learn through their interactions with each other and all of the adults in the School community. Classes commenced in the Bronx, New York, in August 2008 and the School provided education to approximately 296 students in kindergarten through fifth grade in the 2012-2013 academic year.

Food and Transportation

The New York City Department of Education provides free lunches directly to some of the School's students. Such costs are not included in these financial statements. The School covers the unreimbursed cost of lunches for children not entitled to the free lunches. The Office of Pupil Transportation provides free transportation to the majority of the students during the district's school days.

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 any 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 positions 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.

BRONX COMMUNITY CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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

Basis of Presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board ("FASB") in its Accounting Standards Codification ("ASC") No. 958-205 which provides guidance for the classification of net assets. The amounts for each of the three classes of net assets are based on the existence or absence of donor-imposed restrictions described as follows:

Unrestricted

Net assets of the School whose use has not been restricted by an outside donor or by law. They are available for any use in carrying out the operations of the School.

Temporarily Restricted

Net assets of the School whose use has 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

Net assets of the School 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 temporarily or permanently restricted net assets at June 30, 2013 and 2012.

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.

BRONX COMMUNITY CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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 an escrow 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. 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. Maintenance and repairs are expensed as incurred. No depreciation and amortization is recorded on construction-in-progress until property and equipment is placed into service. Depreciation and amortization is provided on the straight line method over the estimated useful lives as follows:

Computers and equipment	3 and 5 years
Furniture and fixtures	7 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.

BRONX COMMUNITY CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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

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 statement 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. The School expects to collect these receivables within one year.

NOTE 3 - PROPERTY AND EQUIPMENT

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

	<u>2013</u>	<u>2012</u>
Computer equipment	\$ 60,836	\$ 28,048
Furniture and fixture	31,767	17,460
Construction in progress	<u>926,923</u>	<u>132,769</u>
	1,019,526	178,277
Less: Accumulated depreciation and amortization	<u>34,044</u>	<u>19,657</u>
	<u>\$ 985,482</u>	<u>\$ 158,620</u>

Depreciation and amortization expense was \$14,387 and \$10,425 for the years ended June 30, 2013 and 2012, respectively.

Construction in progress consists of architect fees and hard costs associated with the development of permanent school facilities which was completed in July 2013.

BRONX COMMUNITY CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 4 - COMMITMENTS

The School was obligated under a non-cancelable operating sublease for office and classroom space that expired June 30, 2012. In May 2012, the School and the Sub-landlord mutually agreed to extend the sublease for a period of one year through June 30, 2013.

In August 2011, the School entered into a non-cancelable operating sublease for additional classroom space at a second location for 10 months beginning September 1, 2011 through June 30, 2012. In August 2012, the School and the Sub-landlord mutually agreed to extend the sublease for a period of 10 months ended June 30, 2013.

On May 18, 2011, and as amended at various subsequent dates, the School entered into an agreement to construct permanent office and classroom space at 3170 Webster Avenue, Bronx, New York for a period of 15 years expiring on June 30, 2028. The lease calls for three 5 year options for an additional fifteen years through June 30, 2043. The lease provides for rent escalations and the School is responsible for utilities, real estate taxes and other operating expenses.

The future minimum lease payments are as follows:

For the year ending	
June 30, 2014	\$ 586,522
2015	619,107
2016	619,107
2017	782,030
2018	782,030
Thereafter	<u>8,913,554</u>
	<u>\$ 12,302,350</u>

Rent expense was \$263,920 and \$238,765 for the years ended June 30, 2013 and 2012, respectively.

For the year ended June 30, 2014, the School will recognize rent expense on a straight-line basis. Rent expense in excess of payments will be recorded as deferred rent in the statement of financial position.

BRONX COMMUNITY CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 5 - CONTINGENCY

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursements. 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 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 - 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 of (b) require specialized skills, are performed by people with those skills, and would otherwise be purchases 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 market value of \$33,244 and \$33,200 for the years ended June 30, 2013 and 2012, respectively.

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 - PENSION PLAN

The School maintains a pension plan qualified under Internal Revenue Code 401(k) for the benefit of its eligible employees. Under the plan, the School will match employee contributions up to 4% of annual compensation. The amount charged for matching contributions to this plan was \$47,017 and \$38,062 for the years ended June 30, 2013 and 2012, respectively. In addition, the amount charged to operations for administrative fees under the plan amounted to \$2,550 and \$1,524 for the years ended June 30, 2013 and 2012, respectively.

BRONX COMMUNITY CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 10 - SUBSEQUENT EVENTS

The School has evaluated its subsequent events through September 16, 2013 the date that the accompanying financial statements were issued. The School has no material events requiring disclosure.

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INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

TO THE BOARD OF TRUSTEES OF
BRONX COMMUNITY CHARTER SCHOOL

We have audited the financial statements of Bronx Community Charter School as of and for the year ended June 30, 2013, and have issued our report thereon dated September 16, 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
September 16, 2013

BRONX COMMUNITY CHARTER SCHOOL
(A Not-For-Profit Corporation)
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30,

	2013						2012
	Program Services			Management and			Total
	Regular Education	Special Education	Total	General	Fundraising	Total	
Salaries and wages	\$ 2,133,891	\$ 461,471	\$ 2,595,362	\$ 146,890	\$ 24,405	\$ 2,766,657	\$ 1,976,717
Payroll taxes and employee benefits	415,061	87,465	502,526	43,974	7,007	553,507	438,925
Consultants - educational	21,810	2,923	24,733	-	-	24,733	50,236
Consultants - other	2,277	484	2,761	7,489	3	10,253	2,445
Staff training and development	25,690	3,578	29,268	4,144	62	33,474	22,453
Donated legal services	24,933	5,984	30,917	2,327	-	33,244	33,200
Legal fees	10,888	1,210	12,098	-	-	12,098	-
Audit and accounting fees	-	-	-	18,845	-	18,845	17,895
Travel and entertainment	1,073	159	1,232	65	4	1,301	271
Field trips	2,686	429	3,115	-	-	3,115	2,911
Student food service	5,535	767	6,302	-	-	6,302	9,016
Parent/Student involvement	25,620	3,001	28,621	-	-	28,621	18,406
Books and curriculum	129,826	13,931	143,757	-	-	143,757	44,640
Classroom supplies	76,353	8,475	84,828	-	-	84,828	49,380
Student transportation	-	-	-	-	-	-	5,291
Office expense	16,362	4,945	21,307	3,527	135	24,969	19,483
Equipment lease and maintenance	5,716	1,280	6,996	472	68	7,536	7,805
Repairs and maintenance	22,231	5,162	27,393	1,945	303	29,641	30,533
Telephone and internet service	5,213	1,239	6,452	478	69	6,999	10,453
Postage and delivery	1,584	214	1,798	331	274	2,403	4,502
Insurance	46,560	11,139	57,699	3,944	636	62,279	42,459
Facility expense	246,608	42,661	289,269	14,653	1,640	305,562	263,429
Information technology	37,597	8,566	46,163	4,196	459	50,818	31,316
Fundraising expense	-	-	-	-	14,758	14,758	12,553
Depreciation and amortization	10,791	2,590	13,381	862	144	14,387	10,425
Miscellaneous	292	54	346	888	17	1,251	1,924
Total	<u>\$ 3,268,597</u>	<u>\$ 667,727</u>	<u>\$ 3,936,324</u>	<u>\$ 255,030</u>	<u>\$ 49,984</u>	<u>\$ 4,241,338</u>	<u>\$ 3,106,668</u>

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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
BRONX COMMUNITY 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 Bronx Community 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 September 16, 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
BRONX COMMUNITY 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 certain matter that was reported to the management of the School in a separate letter dated September 16, 2013.

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 16, 2013