

**GIRLS PREPARATORY CHARTER SCHOOL
OF NEW YORK**

NEW YORK, NEW YORK

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

OTHER CONSOLIDATING FINANCIAL INFORMATION

**REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2014

(With Comparative Totals for 2013)



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Girls Preparatory Charter School of New York

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Girls Preparatory Charter School of New York (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2014 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Girls Preparatory Charter School of New York as of June 30, 2014, and the changes in its net assets, functional expenses 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 Girls Preparatory Charter School of New York's June 30, 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 15, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2014 on our consideration of Girls Preparatory Charter School of New York'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 Girls Preparatory Charter School of New York's internal control over other financial reporting and compliance.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 27, 2014

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2014

(With Comparative Totals for 2013)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 1,427,150	\$ 1,128,016
Grants and other receivables	67,946	375,997
Prepaid expenses and other current assets	95,063	240,140
Related party receivables	16,897	149
TOTAL CURRENT ASSETS	<u>1,607,056</u>	<u>1,744,302</u>
<u>PROPERTY AND EQUIPMENT, net</u>	<u>486,116</u>	<u>414,289</u>
TOTAL ASSETS	<u>\$ 2,093,172</u>	<u>\$ 2,158,591</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 188,900	\$ 116,147
Accrued payroll and benefits	715,202	646,710
Deferred revenue	12,697	10,226
Related party payables	-	949
TOTAL CURRENT LIABILITIES	<u>916,799</u>	<u>774,032</u>
 <u>NET ASSETS</u>		
Unrestricted	1,176,373	1,059,559
Temporarily restricted	-	325,000
TOTAL NET ASSETS	<u>1,176,373</u>	<u>1,384,559</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,093,172</u>	<u>\$ 2,158,591</u>

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

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2014
(With Comparative Totals for 2013)

	Year ended June 30,			
	2014			2013
	Unrestricted	Temporarily restricted	Total	Total
Operating revenue and support:				
State and local per pupil operating revenue	\$ 8,600,895	\$ -	\$ 8,600,895	\$ 8,251,992
Federal grants	302,804	-	302,804	406,906
State and local grants	43,683	-	43,683	43,071
Contributions	41,185	-	41,185	1,104,230
Donated supplies and materials	20,000	-	20,000	50,000
Other income	175	-	175	4,843
Interest income	60	-	60	
Net assets released from restrictions	325,000	(325,000)	-	-
TOTAL OPERATING REVENUE AND SUPPORT	9,333,802	(325,000)	9,008,802	9,861,042
Expenses:				
Program:				
Regular education	6,201,182	-	6,201,182	6,000,244
Special education	2,148,955	-	2,148,955	1,865,331
Management and general	857,894	-	857,894	831,102
Fundraising and special events	8,957	-	8,957	7,375
TOTAL EXPENSES	9,216,988	-	9,216,988	8,704,052
CHANGE IN NET ASSETS	116,814	(325,000)	(208,186)	1,156,990
Net assets at beginning of year	1,059,559	325,000	1,384,559	227,569
NET ASSETS AT END OF YEAR	\$ 1,176,373	\$ -	\$ 1,176,373	\$ 1,384,559

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

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2014
(With Comparative Totals for 2013)

	Year ended June 30,						2013
	2014			2013			
	Program Services			Supporting Services			
Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	Total	Total
Personnel services costs:							
Administrative staff personnel	\$ 218,144	\$ 31,163	\$ 249,307	\$ 456,658	\$ -	\$ 456,658	\$ 721,701
Instructional personnel	2,830,679	1,302,722	4,133,401	-	-	-	3,731,796
Non-instructional personnel	682,486	110,129	792,615	34,853	-	34,853	850,932
Total personnel services costs	3,731,309	1,444,014	5,175,323	491,511	-	491,511	5,304,429
Fringe benefits and payroll taxes	763,021	295,288	1,058,309	100,510	-	100,510	1,034,929
Retirement	129,840	50,248	180,088	17,103	-	17,103	144,414
Management company fees	679,065	118,117	797,182	89,571	8,957	98,528	737,519
Legal services	-	-	-	558	-	558	515
Accounting and auditing services	-	-	-	19,535	-	19,535	18,745
Other professional and consulting services	-	-	-	91,251	-	91,251	120,734
Facility cost	9,046	3,426	12,472	1,234	-	1,234	26,647
Insurance	31,282	11,850	43,132	4,266	-	4,266	41,414
Classroom supplies and materials	211,196	30,668	241,864	-	-	-	380,013
Equipment and furnishings	9,884	3,075	12,959	862	-	862	17,316
Staff development	109,958	21,274	131,232	1,555	-	1,555	170,953
Marketing and recruiting	1,615	281	1,896	-	-	-	4,481
Technology	11,713	2,407	14,120	196	-	196	18,383
Food service	21,635	3,778	25,413	-	-	-	19,157
Student services	216,749	60,355	277,104	2,255	-	2,255	295,964
Office expense	29,642	11,284	40,926	4,047	-	4,047	47,972
Telephone and internet	43,882	16,622	60,504	5,984	-	5,984	33,856
Copier lease	51,263	19,418	70,681	6,990	-	6,990	82,483
Depreciation and amortization	150,082	56,850	206,932	20,466	-	20,466	204,128
	<u>\$ 6,201,182</u>	<u>\$ 2,148,955</u>	<u>\$ 8,350,137</u>	<u>\$ 857,894</u>	<u>\$ 8,957</u>	<u>\$ 866,851</u>	<u>\$ 8,704,052</u>

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

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2014
(With Comparative Totals for 2013)

	<u>Year ended June 30,</u>	
	<u>2014</u>	<u>2013</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ (208,186)	\$ 1,156,990
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	227,398	204,128
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	308,051	(324,921)
Prepaid expenses and other current assets	145,077	(27,508)
Related party receivables	(16,748)	13,166
Accounts payable and accrued expenses	72,753	20,240
Accrued payroll and benefits	68,492	(47,902)
Related party payables	(949)	949
Deferred revenue	<u>2,471</u>	<u>10,226</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	598,359	1,005,368
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	<u>(299,225)</u>	<u>(250,793)</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(299,225)</u>	<u>(250,793)</u>
NET INCREASE IN CASH	299,134	754,575
Cash at beginning of year	<u>1,128,016</u>	<u>373,441</u>
CASH AT END OF YEAR	<u>\$ 1,427,150</u>	<u>\$ 1,128,016</u>

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

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

The accompanying consolidated financial statements include the accounts of Girls Preparatory Charter School of New York (the "School") and Friends of Girls Preparatory Charter School of New York, Inc. ("Friends"), (collectively referred to as the "Organization"). The Organizations are presenting consolidated financial statements because they have a common Board of Trustees and economic interest. All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

The Organization

The School is an educational corporation that operates as a charter school in the borough of Manhattan, New York. On March 23, 2004, the Board of Regents of the University of the State of New York granted the School a provisional charter valid for a term of five years and renewable upon expiration. The School obtained a renewal through July 31, 2015. The School was established to prepare underserved elementary and middle school students for higher education, civic involvement and lifelong success through a structured, caring environment of high academic expectations.

Friends was organized under the laws of the State of New York on September 30, 2003 as a not-for-profit corporation under subparagraph (a)(5) of Section 102 of the Not-For-Profit Corporation Law. Friends was established to create a plan for a charter school in New York City, drafting and revising an application for such a charter, fund-raising, searching for and developing a site, and hiring administrative and teaching personnel.

Financial Statement presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Organization reports 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.

These classes of net assets are defined as follows:

Permanently restricted – Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization had no permanently restricted net assets at June 30, 2014 and 2013.

Temporarily restricted – Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. The Organization had no temporarily restricted net assets at June 30, 2014. The Organization had \$325,000 of temporarily restricted net assets at June 30, 2013 relating to a time restriction of a pledge.

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2014 AND 2013

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Unrestricted – The net assets over which the Governing Board has discretionary control to use in carrying on the Organization's operations in accordance with the guidelines established by the Organization. The Board may designate portions of the current unrestricted net assets for specific purposes, projects or investment.

Revenue and support recognition

Revenue from 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.

Revenue from federal, state and local government grants and contracts are recorded by the School when qualifying expenditures are incurred and billable.

Contributions are recognized as revenue in the year the pledge is received and documented.

Contributions

Contributions and unconditional promises to give are recorded as unrestricted, temporarily or permanently restricted support depending on the existence of any donor restrictions. A contribution that is received and expended in the same year for a specific purpose is classified as unrestricted revenue.

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, 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.

Cash

Cash balances are maintained at certain financial institutions located in New York and are insured by the FDIC up to \$250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Organization has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

Grants and other receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2014 and 2013.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to five years.

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2014 AND 2013

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Tax exempt status

The School and Friends are tax-exempt organizations under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, are exempt from federal and state taxes on income.

The Organizations have filed for and received income tax exemptions in the various jurisdictions where they are required to do so. The School and Friends file Form 990 tax returns in the U.S. federal jurisdiction and Friends files in New York State. With few exceptions, as of June 30, 2014, the Organizations are no longer subject to U.S. federal or state income tax examinations by tax authorities for years ended before June 30, 2011. Years ended June 30, 2011 through June 30, 2014 are still subject to potential audit by the IRS and the taxing authorities in New York State. Management of the Organizations believe they have no material uncertain tax positions and, accordingly, will not recognize any liability for unrecognized tax benefits.

Contributed services

The Organization receives contributed services from volunteers to serve on the Board of Trustees. In addition the Charter School received transportation services, special education services and speech therapy classes for the students from the local district. These services are not valued in the consolidated financial statements.

Marketing and recruiting costs

The Organization expenses marketing and recruiting costs as they are incurred. Total marketing and recruiting costs approximated \$1,900 and \$4,500 for the years ended June 30, 2014 and 2013, respectively.

Deferred revenue

The Organization records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue.

Use of estimates in the preparation of consolidated financial statements

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparatives for year ended June 30, 2013

The consolidated financial statements include certain prior year summarized comparative information in total but not by functional or net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Subsequent events

The Organization has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 27, 2014, which is the date the consolidated financial statements are available to be issued. No subsequent events requiring disclosure were noted.

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2014 AND 2013

NOTE B: RELATED PARTY TRANSACTIONS

The Organization has related party receivables from or payables to three related organizations, Girls Preparatory Charter School of the Bronx, Public Preparatory Network, Inc., and Boys Preparatory Charter School. Public Preparatory Network, Inc. manages the operations of the Organization. Girls Preparatory Charter School of the Bronx has common Board members on its Board of Trustees. Boys Preparatory Charter School has common Board members on its Board of Trustees.

Public Preparatory Network, Inc., a not-for-profit organization provides management and other administrative support services to the organization. The Organization entered into an annual agreement with Public Preparatory Network, Inc., dated August 12, 2009, under which the Organization pays a service fee of a set percentage of the year end student enrollments full time equivalents at the school multiplied by the approved per pupil operating expenses for the school year. The percentage for the elementary school (grades K-4) was 12% and 10% and the percentage for the middle school (grades 5 - 7) was 12% and 10% for the years ended June 30, 2014 and 2013, respectively. The agreement is renewable annually. The fee incurred for the years ended June 30, 2014 and 2013, was \$895,710 and \$737,519 respectively.

Amounts due (to) from these related parties were as follows:

	June 30,	
	2014	2013
Due to Girls Preparatory Charter School of the Bronx	\$ (791)	\$ (791)
Due from (to) Public Preparatory Network, Inc.	16,673	(1,024)
Due from Boys Preparatory Charter School	<u>1,015</u>	<u>1,015</u>
	<u>\$ 16,897</u>	<u>\$ (800)</u>
Related party receivables	\$ 16,897	\$ 149
Related party payables	<u>-</u>	<u>(949)</u>
	<u>\$ 16,897</u>	<u>\$ (800)</u>

NOTE C: SCHOOL FACILITY

As part of the New York City Chancellor's Charter School Initiative, the New York City Department of Education has committed space to the Organization at no charge under a verbal agreement.

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2014 AND 2013

NOTE D: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Furniture and fixtures	\$ 332,082	\$ 300,239
Equipment	368,357	307,529
Computer equipment	566,255	468,291
Web development	5,250	5,250
Leasehold improvements	<u>244,647</u>	<u>136,057</u>
	1,516,591	1,217,366
Less accumulated depreciation and amortization	<u>1,030,475</u>	<u>803,077</u>
	<u>\$ 486,116</u>	<u>\$ 414,289</u>

NOTE E: OPERATING LEASES

The Organization leases office equipment under non-cancelable lease agreements expiring at various dates through June 2019. The future minimum payments on these agreements are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2015	\$ 48,599
2016	31,549
2017	23,503
2018	15,463
2019	<u>7,339</u>
	<u>\$ 126,453</u>

NOTE F: RETIREMENT PLAN

The Organization sponsors a defined contribution 403(b) plan covering all regular employees. The Organization matches employees' contributions up to 5% of base salary. The Organization's total contribution to the Plan for the years ended June 30, 2014 and 2013 was \$197,191 and \$144,414, respectively.

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2014 AND 2013

NOTE G: CONTINGENCY

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

NOTE H: CONCENTRATIONS

At June 30, 2014, approximately 100% of grants and other receivables are due from the federal government relating to certain grants. At June 30, 2013, approximately 86% of grants and other receivables were due from one grantor.

During the years ended June 30, 2014 and 2013, 96% and 84%, respectively of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

NOTE I: MERGER

On April 24, 2014, the Organization's Board of Trustees unanimously approved the merger of Boys Preparatory Charter School of New York, Girls Preparatory Charter School of New York and Girls Preparatory Charter School of the Bronx. On June 4, 2014, the SUNY Board of Trustees approved the merger. The Organization is awaiting approval from the New York State Education Department. The merger is expected to take effect October 1, 2014.

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

OTHER CONSOLIDATING FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATING FINANCIAL INFORMATION

Board of Trustees
Girls Preparatory Charter School of New York

We have audited the consolidated financial statements of Girls Preparatory Charter School of New York as of and for the year ended June 30, 2014, and have issued our report thereon dated October 27, 2014, which contained an unmodified opinion on those consolidated financial statements. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2014 consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements for the year ended June 30, 2014, as a whole.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 27, 2014

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2014

<u>ASSETS</u>	<u>Girls Preparatory Charter School of New York</u>	<u>Friends of Girls Preparatory Charter School of New York, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
<u>CURRENT ASSETS</u>				
Cash	\$ 1,427,150	\$ -	\$ -	\$ 1,427,150
Grants and other receivables	67,946	-	-	67,946
Prepaid expenses and other current assets	95,063	-	-	95,063
Related party receivables	16,748	149	-	16,897
TOTAL CURRENT ASSETS	<u>1,606,907</u>	<u>149</u>	<u>-</u>	<u>1,607,056</u>
<u>PROPERTY AND EQUIPMENT, net</u>	<u>486,116</u>	<u>-</u>	<u>-</u>	<u>486,116</u>
TOTAL ASSETS	<u>\$ 2,093,023</u>	<u>\$ 149</u>	<u>\$ -</u>	<u>\$ 2,093,172</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES</u>				
Accounts payable and accrued expenses	\$ 188,900	\$ -	\$ -	\$ 188,900
Accrued payroll and benefits	715,202	-	-	715,202
Deferred revenue	12,697	-	-	12,697
TOTAL CURRENT LIABILITIES	<u>916,799</u>	<u>-</u>	<u>-</u>	<u>916,799</u>
<u>NET ASSETS</u>				
Unrestricted	1,176,224	149	-	1,176,373
Temporarily restricted	-	-	-	-
TOTAL NET ASSETS	<u>1,176,224</u>	<u>149</u>	<u>-</u>	<u>1,176,373</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,093,023</u>	<u>\$ 149</u>	<u>\$ -</u>	<u>\$ 2,093,172</u>

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2014

	<u>Girls Preparatory Charter School of New York</u>	<u>Friends of Girls Preparatory Charter School of New York, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenue and support:				
State and local per pupil operating revenue	\$ 8,600,895	\$ -	\$ -	\$ 8,600,895
Federal grants	302,804	-	-	302,804
State and local grants	43,683	-	-	43,683
Contributions	41,185	-	-	41,185
Donated supplies and materials	20,000	-	-	20,000
Other income	175	-	-	175
Interest income	60	-	-	60
TOTAL OPERATING REVENUE AND SUPPORT	9,008,802	-	-	9,008,802
Expenses:				
Program:				
Regular education	6,201,182	-	-	6,201,182
Special education	2,148,955	-	-	2,148,955
Management and general	857,894	-	-	857,894
Fundraising and special events	8,957	-	-	8,957
TOTAL EXPENSES	9,216,988	-	-	9,216,988
CHANGE IN NET ASSETS	(208,186)	-	-	(208,186)
Net assets at beginning of year	1,384,410	149	-	1,384,559
NET ASSETS AT END OF YEAR	<u>\$ 1,176,224</u>	<u>\$ 149</u>	<u>\$ -</u>	<u>\$ 1,176,373</u>

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S 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

Board of Trustees
Girls Preparatory Charter School of New York

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 consolidated financial statements of Girls Preparatory Charter School of New York, which comprise the consolidated statement of financial position as of June 30, 2014 and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 27, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Girls Preparatory Charter School of New York'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Girls Preparatory Charter School of New York's internal control. Accordingly, we do not express an opinion on the effectiveness of Girls Preparatory Charter School of New York'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 Charter School's consolidated 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Girls Preparatory Charter School of New York's consolidated 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 matters that we have reported to management of Girls Preparatory Charter School of New York in a separate letter dated October 27, 2014.

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 Organization'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 Organization's internal control over other financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Restricted Use

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

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 27, 2014