

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 – 2
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION:	
Statements of financial position	3
Statements of activities	4
Statements of cash flows	5
Notes to financial statements	6 – 12
Independent auditors' report on supplementary information	13
Schedule of functional expenses	14
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	15 – 16

FRUCHTER ROSEN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

156 WEST 56<sup>TH</sup> STREET

NEW YORK, NEW YORK 10019

---

TEL: (212) 957-3600

FAX: (212) 957-3696

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES OF  
LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL

***Report on the Financial Statements***

We have audited the accompanying financial statements of Launch Expeditionary Learning Charter School (the "School") (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2014, 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 School'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 School'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, 2014, 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 2013 financial statements, and our report dated September 9, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of June 30, 2013 and for the period from December 14, 2010 (inception) to June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2014, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

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

New York, New York  
August 28, 2014

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30,

	2014	2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,346,530	\$ 501,050
Grants and contracts receivable	47,060	75,674
Prepaid expenses and other current assets	84,334	111,358
Total current assets	1,477,924	688,082
Property and equipment, net of accumulated depreciation and amortization of \$148,443 and \$42,902, respectively	418,022	189,558
Restricted cash	75,103	75,015
<b>TOTAL ASSETS</b>	<b>\$ 1,971,049</b>	<b>\$ 952,655</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 58,001	\$ 30,898
Accrued payroll and payroll taxes	102,201	71,903
Refundable advances	-	9,184
Total current liabilities	160,202	111,985
Net assets:		
Unrestricted	1,807,717	839,331
Temporarily restricted	3,130	1,339
Total net assets	1,810,847	840,670
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,971,049</b>	<b>\$ 952,655</b>

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

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
STATEMENTS OF ACTIVITIES

	For the year ended June 30, 2014			For the period from December 14, 2010 (inception) to June 30, 2013
	Unrestricted	Temporarily Restricted	Total	
Revenue and support:				
State and local per pupil operating revenue	\$ 3,642,810	\$ -	\$ 3,642,810	\$ 1,929,119
Federal grants	295,167	-	295,167	576,420
State and city grants	15,523	-	15,523	157,127
Contributions and grants	4,850	81,000	85,850	294,738
Donated goods and services	168,653	-	168,653	162,693
Interest and other income	622	-	622	84
Net assets released from restriction	79,209	(79,209)	-	-
 Total revenue and support	 <u>4,206,834</u>	 <u>1,791</u>	 <u>4,208,625</u>	 <u>3,120,181</u>
Expenses:				
Program services				
Regular education	1,837,854	-	1,837,854	1,293,049
Special education	1,095,537	-	1,095,537	757,810
Total program services	<u>2,933,391</u>	<u>-</u>	<u>2,933,391</u>	<u>2,050,859</u>
Supporting services				
Management and general	278,517	-	278,517	215,686
Fundraising	26,540	-	26,540	12,966
Total expenses	<u>3,238,448</u>	<u>-</u>	<u>3,238,448</u>	<u>2,279,511</u>
Change in net assets	968,386	1,791	970,177	840,670
Net assets - beginning of period	<u>839,331</u>	<u>1,339</u>	<u>840,670</u>	<u>-</u>
Net assets - end of period	<u>\$ 1,807,717</u>	<u>\$ 3,130</u>	<u>\$ 1,810,847</u>	<u>\$ 840,670</u>

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

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
STATEMENTS OF CASH FLOWS

	<u>For the year ended June 30, 2014</u>	<u>For the period from December 14, 2010 (inception) to June 30, 2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 970,177	\$ 840,670
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	108,874	42,902
Loss on disposal of property and equipment	2,019	-
(Increase) Decrease in certain assets:		
Grants and contracts receivable	28,614	(75,674)
Prepaid expenses and other current assets	27,024	(111,358)
Restricted cash	(88)	(75,015)
Increase (Decrease) in certain liabilities:		
Accounts payable and accrued expenses	27,103	30,898
Accrued payroll and payroll taxes	30,298	71,903
Refundable advances	(9,184)	9,184
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,184,837</u>	<u>733,510</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property and equipment	2,000	-
Purchase of property and equipment	(341,357)	(232,460)
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<u>(339,357)</u>	<u>(232,460)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	845,480	501,050
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>	<u>501,050</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<u>\$ 1,346,530</u>	<u>\$ 501,050</u>

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

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

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

Nature of Organization

Launch Expeditionary Learning Charter School (the “School”) is a New York State, not-for-profit educational corporation that was incorporated 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 December 14, 2010 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. The School was created to offer a world-class education to students and families living in Bedford-Stuyvesant, Crown Heights and the surrounding communities in Brooklyn. The School is part of the Expeditionary Learning network of over 150 member schools nationwide. Its mission is to provide sixth to twelfth grade students with an education that would help them to develop the academic skills and strength of character necessary to thrive in college, contribute to their communities, and excel in their careers. During the 2013-2014 academic year, the School provided education to approximately 209 students in the sixth and seventh grades.

The School has an agreement with the New York City Department of Education (“NYCDOE”) to share public school space at no annual cost. The School occupies approximately 14,000 square feet on one floor of a public school building. The School also shares the gymnasium, auditorium and cafeteria with the public school which approximate 4,488 square feet. The School is not responsible for rent, utilities, custodial services, and school safety services other than those required for days and times the School operates outside of the traditional NYCDOE schedule. The School was unable to determine a value for the contributed space and related services and did not record any value for use of donated facilities.

Food Services

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 cost of lunches for children not entitled to the 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 any unrelated business income for the year ended June 30, 2014 and for the period from December 14, 2010 (inception) to June 30, 2013.



LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

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

Tax Status (Continued)

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 Form 990 filed by the School are subject to examination by the Internal Revenue Service for up to three years from the extended due date of each return. All Forms 990 filed by the School are subject to examination.

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

Unrestricted net assets are 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

Temporarily restricted net assets are 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

Permanently restricted net assets are 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 permanently restricted net assets at June 30, 2014 and 2013.

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

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

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.

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 agencies.

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.

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 is recorded on construction-in-progress until property and equipment is placed into service.

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

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

Property and Equipment (Continued)

Depreciation is provided on the straight line method over the estimated useful lives as follows:

Computers	4 years
Equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	useful life or related lease

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.

Refundable Advances

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

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 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 2013 financial statements from which the summarized information was derived.

Reclassifications

Certain 2013 accounts have been reclassified to the 2014 financial statements presentation. The reclassification has no effect on 2013 total assets, liabilities, net assets, and change in net assets.

NOTE 2 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consist of federal, state and city entitlements and grants. The School expects to collect these receivables within one year.

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE 3 - PROPERTY AND EQUIPMENT

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

	2014	2013
Computers	\$ 236,249	\$ 155,655
Equipment	77,612	48,868
Furniture and fixtures	72,239	27,937
Leasehold improvements	180,365	-
	566,465	232,460
Less: accumulated depreciation and amortization	(148,443)	(42,902)
	\$ 418,022	\$ 189,558

Depreciation and amortization expense was \$108,874 and \$42,902 for the year ended June 30, 2014 and for the period from December 14, 2010 (inception) to June 30, 2013, respectively.

NOTE 4 - COMMITMENTS

The School entered into a 36 month copier lease agreement expiring on July 15, 2015.

The future minimum lease payments are as follows:

Year ending June 30, 2015	\$ 9,041
2016	753
	\$ 9,794

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 - DONATED GOODS AND SERVICES

Donated Goods

The School received software licenses and associated installation and support services at no charge. The service provider agreed to waive fees for the first five years through June 30, 2017. The value of these goods and associated services meets the criteria for recognition in the financial statements and are recorded at fair value.

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE 6 - DONATED GOODS AND SERVICES (Continued)

Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958-605, "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. The value of these services meets the criteria for recognition in the financial statements and is recorded at fair value.

As part of the national Expeditionary Learning network of schools, the School receives in-kind services including professional development and school design services through its institutional partner, NYC Outward Bound, to achieve the objectives of the Expeditionary Learning model.

For the year ended June 30, 2014 and for the period from December 14, 2010 (inception) to June 30, 2013, the value of various donated goods and services are as follows:

	<u>2014</u>	<u>2013</u>
Software license and support services	\$ 7,875	\$ 8,745
Legal services	-	12,930
Board development services	55,000	-
Professional development and school design	<u>105,778</u>	<u>141,018</u>
	<u>\$ 168,653</u>	<u>\$ 162,693</u>

NOTE 7 - 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 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, General and Fundraising expenses include 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 - EMPLOYMENT CONTRACT

The School entered into a co-employment arrangement with TriNet Group, Inc. ("TriNet"), a professional employment organization, effective May 1, 2013. Under the co-employment arrangement, TriNet assumes certain employment responsibilities, including the payment and reporting employees' wages and payroll taxes.

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS

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

	2014	2013
Community Garden	\$ -	\$ 1,339
Community Outreach Program	3,130	-
	\$ 3,130	\$ 1,339

Temporarily restricted net assets in the amount of \$1,339 for the community garden were released during the year ended June 30, 2014.

NOTE 11 - SUBSEQUENT EVENTS

The School has evaluated its subsequent events through August 28, 2014, the date that the accompanying financial statements were issued. The School has no material events requiring disclosure.

FRUCHTER ROSEN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
156 WEST 56<sup>TH</sup> STREET  
NEW YORK, NEW YORK 10019

TEL: (212) 957-3600  
FAX: (212) 957-3696

INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION

TO THE BOARD OF TRUSTEES OF  
LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL

We have audited the financial statements of Launch Expeditionary Learning Charter School as of and for the year ended June 30, 2014, and have issued our report thereon dated August 28, 2014, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

New York, New York  
August 28, 2014

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
SCHEDULE OF FUNCTIONAL EXPENSES

	For the year ended June 30, 2014						For the period from December 14, 2010 (inception) to June 30, 2013
	Program Services			Management and General		Fundraising	Total
	Regular Education	Special Education	Total	General	Fundraising	Total	Total
Salaries and wages	\$ 1,118,492	\$ 731,331	\$ 1,849,823	\$ 145,775	\$ 11,804	\$ 2,007,402	\$ 1,352,280
Employee benefits and payroll taxes	199,671	131,173	330,844	26,279	2,127	359,250	254,775
Audit and accounting fees	-	-	-	22,750	-	22,750	30,000
Legal fees - pro-bono	-	-	-	-	-	-	12,930
Financial management services	-	-	-	4,798	-	4,798	28,812
Professional fees - other	107,867	44,034	151,901	9,564	269	161,734	97,059
Professional services - in-kind	80,004	25,154	105,158	45,569	10,051	160,778	141,018
Staff development	28,440	12,113	40,553	910	81	41,544	61,793
Travel and meals	399	295	694	41	4	739	753
Office supplies and expense	17,290	12,646	29,936	9,627	1,043	40,606	21,966
Insurance	14,265	8,934	23,199	1,214	105	24,518	20,404
Classroom supplies and expense	146,134	41,287	187,421	-	-	187,421	117,450
Communications	25,828	19,099	44,927	2,633	234	47,794	27,395
Marketing and recruiting	15,430	7,329	22,759	663	59	23,481	38,697
Postage, printing and copying	11,533	8,528	20,061	1,176	105	21,342	13,477
Dues and subscriptions	3,622	2,678	6,300	369	33	6,702	5,913
Non-capitalized furniture and equipment	7,483	5,534	13,017	763	68	13,848	6,600
Depreciation and amortization	58,350	43,870	102,220	6,110	544	108,874	42,902
Loss on disposal of assets	1,575	444	2,019	-	-	2,019	-
Repairs and maintenance	596	441	1,037	61	5	1,103	365
Miscellaneous expense	875	647	1,522	215	8	1,745	4,922
Total	<u>\$ 1,837,854</u>	<u>\$ 1,095,537</u>	<u>\$ 2,933,391</u>	<u>\$ 278,517</u>	<u>\$ 26,540</u>	<u>\$ 3,238,448</u>	<u>\$ 2,279,511</u>



FRUCHTER ROSEN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

156 WEST 56<sup>TH</sup> STREET

NEW YORK, NEW YORK 10019

---

TEL: (212) 957-3600

FAX: (212) 957-3696

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*

TO THE BOARD OF TRUSTEES OF  
LAUNCH EXPEDITIONARY LEARNING 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 Launch Expeditionary Learning Charter School (the "School"), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 28, 2014.

***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  
LAUNCH EXPEDITIONARY LEARNING 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 August 28, 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

New York, New York  
August 28, 2014