



**Advanced
Math and
Science
Academy Charter School**

AND AMSA CHARTER SCHOOL FOUNDATION, INC.

**COMBINED GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

**ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL AND
AMSA CHARTER SCHOOL FOUNDATION, INC.**

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JUNE 30, 2011 AND 2010**

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CERTIFIED PUBLIC ACCOUNTANTS
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**UNQUALIFIED OPINION ON COMBINED GENERAL PURPOSE FINANCIAL
STATEMENTS AND SUPPLEMENTAL INFORMATION --
GOVERNMENTAL ENTITY**

Independent Auditor's Report

To the Boards of Trustees of
Advanced Math and Science Academy Charter School and
AMSA Charter School Foundation, Inc.:

We have audited the accompanying combined statements of net assets of Advanced Math and Science Academy Charter School (a Massachusetts charter school) (the School) and AMSA Charter School Foundation, Inc. (a Massachusetts corporation, not for profit) (the Foundation) as of June 30, 2011 and 2010, and the related combined statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These combined general purpose financial statements are the responsibility of the School's and the Foundation's management. Our responsibility is to express an opinion on these combined general purpose financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and those 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 combined general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined general purpose financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined general purpose financial statements referred to above present fairly, in all material respects, the combined financial position of Advanced Math and Science Academy Charter School and AMSA Charter School Foundation, Inc. as of June 30, 2011 and 2010, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2011, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Boards of Trustees of
Advanced Math and Science Academy Charter School and
AMSA Charter School Foundation, Inc.
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The Management's Discussion and Analysis on pages 2 through 4 are not a required part of the basic combined general purpose financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Additionally, the accompanying *Schedule of 20% Excess Carryover Calculation* is presented for purposes of additional analysis and is not a required part of the combined general purpose financial statements. The *Schedule of 20% Excess Carryover Calculation* has not been subjected to the auditing procedures applied in the audit of the combined general purpose financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Alexander, Aronson, Finning & Co., P.C.

Westborough, Massachusetts
October 7, 2011

**ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL AND
AMSA CHARTER SCHOOL FOUNDATION, INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Our discussion and analysis of the Advanced Math and Science Academy Charter School's (the School) financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the School's financial statements and the related notes to the financial statements.

The School as a Whole

The School received their charter on February 24, 2004, to operate as a public charter school in the Commonwealth of Massachusetts. The initial charter is awarded for a five-year period and was subject to renewal by the Commonwealth of Massachusetts Board of Education during fiscal year 2010. During fiscal year 2007, the School operated sixth, seventh and eighth grades and the enrollment was comprised of approximately 400 students. During fiscal year 2008, the School operated grade six through grade nine and the enrollment was approximately 500 students. During fiscal year 2009, the School operated grade six through ten and enrollment was approximately 625 students. During fiscal year 2010, the school operated grade six to eleven and the enrollment was approximately 800 students. The Board of Elementary and Secondary Education approved the renewal of the School's charter. The charter term is five years, beginning July 1, 2010 and expiring June 30, 2015. The Board of Trustees of AMSA requested approval for a charter amendment to increase the school's maximum enrollment from 828 to 966 students, an increase of 138 students. The Board of Elementary and Secondary Education voted on February 23, 2010 to approve the Advanced Math and Science Academy Charter School's request to amend its charter to increase enrollment from 828 to 966 students and to increase grades served from 6-11 to 6-12. The School operated at capacity at the beginning of September, 2010.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the School discretely presents financial information of the AMSA Charter School Foundation, Inc. (the Foundation), a related nonprofit organization, in its financial statements. GASB defines component units as legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship to a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Foundation acts primarily as a fundraising organization to supplement the resources of the School. Although the School does not control the timing or amounts of receipts from the Foundation, the majority of the resources or income thereon that it holds is restricted to the activities of the School. Because these restricted resources can only be used by or for the benefit of the School, the Foundation is considered a component unit of the School and is discretely presented in the School's financial statements

Financial Highlights – Charter School

The following financial highlights are for fiscal year 2011 with comparative information from fiscal year 2010:

- The School held total assets of \$5,059,603 and \$3,433,981 at June 30, 2011 and 2010, respectively, of which \$921,836 and \$886,798 were net capital assets, respectively. The majority of the remaining assets consisted of cash, accounts receivable and prepaid expenses.
- The School held total liabilities of \$909,961 and \$786,208 at June 30, 2011 and 2010, respectively.
- Total net assets for the School were \$4,149,642 and \$2,647,773 at June 30, 2011 and 2010, respectively, of which \$4,149,642 and \$2,647,773 was unrestricted, including \$763,782 and \$886,798 invested in capital assets, respectively. The School also had restricted net assets \$14,038 at June 30, 2011.
- The School earned total revenues of \$12,008,532 and \$10,055,450 for the years ended June 30, 2011 and 2010, of which approximately 99.8% and 99.1%, respectively, were operating revenues and approximately 0.2% and 0.9% respectively, were from general revenues (undesignated grants and contributions, capital grants, etc.).

**ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL AND
AMSA CHARTER SCHOOL FOUNDATION, INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011
(Continued)**

Financial Highlights – Charter School (Continued)

- The School had total expenses of \$10,492,625 and \$8,836,762 for the years ended June 30, 2011 and 2010, respectively.
- The School's changes in net assets were \$1,515,907 and \$1,218,688 for the years ended June 30, 2011 and 2010, respectively.

Using This Annual Report

This annual report consists of a series of financial statements. In accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statement – Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34), the School is considered a special purpose government entity that engages in only business type activities. All of the financial activity of the School is recorded in an enterprise fund within the proprietary fund group. In accordance with GASB No. 34, the School issues a *Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets* and a *Statement of Cash Flows*. These statements provide information about the financial activities of the School, as a whole. This annual report also contains notes to the financial statements which provide additional information that is essential to a full understanding of the information provided in the basic financial statements.

Financial Statements

The Statement of Net Assets presents the assets, liabilities and net assets of the School as a whole, as of the end of the fiscal year. The Statement of Net Assets is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the School to the readers of the financial statements. The Statement of Net Assets includes year-end information concerning current and non-current assets, current and non-current liabilities, and net assets. Net assets represent the difference between assets and liabilities. Net assets are displayed in three components, invested in capital assets net of related debt, restricted net assets and unrestricted net assets. Net assets invested in capital assets net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, contributors, or government laws or regulations of other governments. Unrestricted net assets represent all other net assets that do not meet the definition of restricted or invested in capital assets net of related debt. Over time, readers of the financial statements will be able to evaluate the School's fiscal health (liquidity and solvency) or financial position by analyzing the increases and decreases in net assets to determine if the School's financial health is improving or deteriorating. The reader will also need to consider other non-financial factors such as changes in economic conditions and new or amended charter school legislation when evaluating the overall financial health of the School. This statement is also a good source for readers to determine how much the School owes to vendors and creditors and the available assets that can be used to satisfy those liabilities.

The Statement of Revenues, Expenses and Changes in Net Assets report the financial (revenue and expenses) activities of the School and divide revenue into two categories: Operating activities and general revenue. Operating activities include all financial activities associated with the operation of the School and its related programs. General revenue includes all revenue received which is not fee generated or designated for a specific purpose with the exception of capital grants. Capital grants are reported as general revenue as the related cost has been capitalized. Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in this statement. This statement helps to determine whether the School had sufficient revenues to cover expenses during the year and its net increase or decrease in net assets based on current year operations.

**ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL AND
AMSA CHARTER SCHOOL FOUNDATION, INC.**

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

(Continued)

Financial Statements (Continued)

The Statement of Cash Flows provides information about the School's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and non-capital financing activities and provides answers to such questions as "from where did cash come?," "for what was cash used?," and "what was the change in the cash balance during the reporting period?" This statement also is an important tool in helping users assess the School's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

Budgetary Highlights

For the fiscal year ended June 30, 2011 the School incurred \$10,492,625 in actual expenditures compared to budgeted expenditures of \$11,226,045.

For the fiscal year ended June 30, 2010, the School incurred \$8,836,762 in actual expenditures compared to budgeted expenditures of \$8,830,236.

For the School fiscal year ended June 30, 2011 the School received tuition \$10,730,986 compared to budgeted tuition of \$10,285,933.

For the fiscal year ended June 30, 2010, the School received tuition \$8,897,220 compared to budgeted tuition of \$8,018,367

The School's Financial Activities

The majority of the School's funding is received from the Commonwealth of Massachusetts Department of Elementary and Secondary Education and is based on a standard rate per pupil. The School received \$10,730,986 in per-pupil funding in fiscal year 2011 and \$8,897,220 in fiscal year 2010.

This represents 89.4 % of the School's total revenue for fiscal year 2011 and 88.5% for fiscal year 2010. In addition, the School received various Federal, Commonwealth of Massachusetts and private grants, which totaled \$349,258 and \$362,257 for fiscal years 2011 and 2010, respectively.

Other Financial Factors

In December, 2004, the School entered into an operating lease agreement with the 201 Forest Street Realty Trust for a term of twenty-five years for the location at 201 Forest Street. The lease agreement was amended in August 1, 2009 to include additional space at 199 Forest Street, which includes payments ranging from \$21,667 per month in the first year to \$91,000 per month in the twenty-fifth year. In accordance with the lease terms, the School is also liable for all common area maintenance expenses incurred at the premises.

Contacting the School's Financial Management

This financial report is designed to provide the reader with a general overview of the School's finances and to show the accountability for the funds received. If you have questions about this report or need additional financial information, contact the Business Office of the School.

ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL AND
AMSA CHARTER SCHOOL FOUNDATION, INC.

COMBINED STATEMENTS OF NET ASSETS
JUNE 30, 2011 AND 2010

ASSETS	2011				2010			
	ENTERPRISE FUND SCHOOL							
	OPERATING AND FIXED ASSET FUNDS	RESTRICTED PROGRAM FUNDS	TOTAL	COMPONENT UNIT FOUNDATION	(Memorandum Only) TOTAL	ENTERPRISE FUND SCHOOL	COMPONENT UNIT FOUNDATION	(Memorandum Only) TOTAL
CURRENT ASSETS:								
Cash	\$ 3,990,922	\$ 14,038	\$ 4,004,960	\$ 135,222	\$ 4,140,182	\$ 2,409,211	\$ 92,627	\$ 2,501,838
Grants and accounts receivable	33,214	-	33,214	289	33,503	28,893	-	28,893
Prepaid expenses	62,594	-	62,594	-	62,594	68,946	-	68,946
Due (to) from	17,704	-	17,704	(17,704)	-	6,800	(6,800)	-
Total current assets	4,104,434	14,038	4,118,472	117,807	4,236,279	2,513,850	85,827	2,599,677
FIXED ASSETS, net	921,836	-	921,836	-	921,836	886,798	-	886,798
SECURITY DEPOSIT	33,333	-	33,333	-	33,333	33,333	-	33,333
Total assets	\$ 5,059,603	\$ 14,038	\$ 5,073,641	\$ 117,807	\$ 5,191,448	\$ 3,433,981	\$ 85,827	\$ 3,519,808
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES:								
Current portion of note payable	\$ 15,948	\$ -	\$ 15,948	\$ -	\$ 15,948	\$ -	\$ -	\$ -
Accounts payable	268,866	-	268,866	-	268,866	342,377	26,373	368,750
Accrued expenses	546,431	-	546,431	-	546,431	443,831	-	443,831
Deferred revenue	7,255	-	7,255	-	7,255	-	-	-
Total current liabilities	838,500	-	838,500	-	838,500	786,208	26,373	812,581
NOTE PAYABLE, net of current portion	71,461	-	71,461	-	71,461	-	-	-
Total liabilities	909,961	-	909,961	-	909,961	786,208	26,373	812,581
NET ASSETS:								
Unrestricted:								
Operating	3,385,860	-	3,385,860	117,807	3,503,667	1,760,975	59,454	1,820,429
Invested in capital	763,782	-	763,782	-	763,782	886,798	-	886,798
Total unrestricted	4,149,642	-	4,149,642	117,807	4,267,449	2,647,773	59,454	2,707,227
Restricted program	-	14,038	14,038	-	14,038	-	-	-
Total net assets	4,149,642	14,038	4,163,680	117,807	4,281,487	2,647,773	59,454	2,707,227
Total liabilities and net assets	\$ 5,059,603	\$ 14,038	\$ 5,073,641	\$ 117,807	\$ 5,191,448	\$ 3,433,981	\$ 85,827	\$ 3,519,808

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

**ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL AND
AMSA CHARTER SCHOOL FOUNDATION, INC.**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

	ENTERPRISE FUND SCHOOL			COMPONENT UNIT FOUNDATION	(Memorandum Only) TOTAL		
	OPERATING AND FIXED ASSET FUNDS	RESTRICTED PROGRAM FUNDS	TOTAL	OPERATING AND FIXED ASSET FUNDS	OPERATING AND FIXED ASSET FUNDS	RESTRICTED PROGRAM FUNDS	TOTAL
OPERATING REVENUE:							
Per-pupil tuition	\$ 10,730,986	\$ -	\$ 10,730,986	\$ -	\$ 10,730,986	\$ -	\$ 10,730,986
Program service fees	713,260	-	713,260	-	713,260	-	713,260
Grants - government	312,686	-	312,686	-	312,686	-	312,686
In-kind transportation	198,000	-	198,000	-	198,000	-	198,000
Program specific grants - private	12,042	14,038	26,080	-	12,042	14,038	26,080
Total operating revenue	<u>11,966,974</u>	<u>14,038</u>	<u>11,981,012</u>	<u>-</u>	<u>11,966,974</u>	<u>14,038</u>	<u>11,981,012</u>
OPERATING EXPENSES:							
Personnel and related costs:							
Salaries	5,804,090	-	5,804,090	-	5,804,090	-	5,804,090
Payroll taxes and fringe benefits	740,769	-	740,769	-	740,769	-	740,769
Staff development and recruitment	36,584	-	36,584	-	36,584	-	36,584
Staff travel	8,378	-	8,378	-	8,378	-	8,378
Total personnel and related costs	<u>6,589,821</u>	<u>-</u>	<u>6,589,821</u>	<u>-</u>	<u>6,589,821</u>	<u>-</u>	<u>6,589,821</u>
Direct student costs:							
Program expenses	1,097,257	-	1,097,257	-	1,097,257	-	1,097,257
Student transportation	347,696	-	347,696	-	347,696	-	347,696
Curriculum development	370	-	370	-	370	-	370
Total direct student costs	<u>1,445,323</u>	<u>-</u>	<u>1,445,323</u>	<u>-</u>	<u>1,445,323</u>	<u>-</u>	<u>1,445,323</u>
Occupancy:							
Rent and related	1,542,163	-	1,542,163	-	1,542,163	-	1,542,163
Repairs and maintenance	151,888	-	151,888	-	151,888	-	151,888
Utilities	136,140	-	136,140	-	136,140	-	136,140
Equipment rental	21,594	-	21,594	-	21,594	-	21,594
Insurance	15,829	-	15,829	-	15,829	-	15,829
Storage	1,360	-	1,360	-	1,360	-	1,360
Total occupancy	<u>1,868,974</u>	<u>-</u>	<u>1,868,974</u>	<u>-</u>	<u>1,868,974</u>	<u>-</u>	<u>1,868,974</u>
Other operating costs:							
Professional fees	86,982	-	86,982	7,441	94,423	-	94,423
Office supplies	61,759	-	61,759	14	61,773	-	61,773
Miscellaneous	50,091	-	50,091	4,931	55,022	-	55,022
Bad debt	25,406	-	25,406	-	25,406	-	25,406
Grant expense	-	-	-	20,400	20,400	-	20,400
Telephone	18,556	-	18,556	-	18,556	-	18,556
Printing and postage	4,803	-	4,803	-	4,803	-	4,803
Travel	-	-	-	3,886	3,886	-	3,886
Event expense	-	-	-	2,135	2,135	-	2,135
Total other operating costs	<u>247,597</u>	<u>-</u>	<u>247,597</u>	<u>38,807</u>	<u>286,404</u>	<u>-</u>	<u>286,404</u>
Depreciation	<u>340,910</u>	<u>-</u>	<u>340,910</u>	<u>-</u>	<u>340,910</u>	<u>-</u>	<u>340,910</u>
Total operating expenses	<u>10,492,625</u>	<u>-</u>	<u>10,492,625</u>	<u>38,807</u>	<u>10,531,432</u>	<u>-</u>	<u>10,531,432</u>
Changes in net assets from operations	<u>1,474,349</u>	<u>14,038</u>	<u>1,488,387</u>	<u>(38,807)</u>	<u>1,435,542</u>	<u>14,038</u>	<u>1,449,580</u>
GENERAL REVENUE:							
Grants and contributions	10,492	-	10,492	96,980	107,472	-	107,472
Interest and other	17,028	-	17,028	180	17,208	-	17,208
Total general revenue	<u>27,520</u>	<u>-</u>	<u>27,520</u>	<u>97,160</u>	<u>124,680</u>	<u>-</u>	<u>124,680</u>
Changes in net assets	<u>1,501,869</u>	<u>14,038</u>	<u>1,515,907</u>	<u>58,353</u>	<u>1,560,222</u>	<u>14,038</u>	<u>1,574,260</u>
NET ASSETS, beginning of year	<u>2,647,773</u>	<u>-</u>	<u>2,647,773</u>	<u>59,454</u>	<u>2,707,227</u>	<u>-</u>	<u>2,707,227</u>
NET ASSETS, end of year	<u>\$ 4,149,642</u>	<u>\$ 14,038</u>	<u>\$ 4,163,680</u>	<u>\$ 117,807</u>	<u>\$ 4,267,449</u>	<u>\$ 14,038</u>	<u>\$ 4,281,487</u>

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

ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL AND
AMSA CHARTER SCHOOL FOUNDATION, INC.

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	ENTERPRISE FUND SCHOOL			COMPONENT UNIT FOUNDATION	(Memorandum Only) TOTAL		
	OPERATING AND FIXED ASSET FUNDS	RESTRICTED PROGRAM FUNDS	TOTAL	OPERATING AND FIXED ASSET FUNDS	OPERATING AND FIXED ASSET FUNDS	RESTRICTED PROGRAM FUNDS	TOTAL
OPERATING REVENUE:							
Per-pupil tuition	\$ 8,897,220	\$ -	\$ 8,897,220	\$ -	\$ 8,897,220	\$ -	\$ 8,897,220
Program service fees	624,106	-	624,106	-	624,106	-	624,106
Grants - government	222,077	-	222,077	-	222,077	-	222,077
In-kind transportation	158,400	-	158,400	-	158,400	-	158,400
Program specific grants - private	63,799	-	63,799	-	63,799	-	63,799
Transfers between funds	40,622	(40,622)	-	-	40,622	(40,622)	-
Total operating revenue	10,006,224	(40,622)	9,965,602	-	10,006,224	(40,622)	9,965,602
OPERATING EXPENSES:							
Personnel and related costs:							
Salaries	4,578,634	-	4,578,634	-	4,578,634	-	4,578,634
Payroll taxes and fringe benefits	612,228	-	612,228	-	612,228	-	612,228
Staff development and recruitment	57,618	-	57,618	-	57,618	-	57,618
Staff travel	6,812	-	6,812	-	6,812	-	6,812
Total personnel and related costs	5,255,292	-	5,255,292	-	5,255,292	-	5,255,292
Direct student costs:							
Program expenses	834,806	-	834,806	-	834,806	-	834,806
Student transportation	312,710	-	312,710	-	312,710	-	312,710
Curriculum development	30,739	-	30,739	-	30,739	-	30,739
Total direct student costs	1,178,255	-	1,178,255	-	1,178,255	-	1,178,255
Occupancy:							
Rent and related	1,470,191	-	1,470,191	-	1,470,191	-	1,470,191
Repairs and maintenance	222,470	-	222,470	-	222,470	-	222,470
Utilities	134,392	-	134,392	-	134,392	-	134,392
Equipment rental	21,278	-	21,278	-	21,278	-	21,278
Insurance	16,612	-	16,612	-	16,612	-	16,612
Storage	4,324	-	4,324	-	4,324	-	4,324
Total occupancy	1,869,267	-	1,869,267	-	1,869,267	-	1,869,267
Other operating costs:							
Professional fees	82,082	-	82,082	9,734	91,816	-	91,816
Office supplies	49,902	-	49,902	-	49,902	-	49,902
Miscellaneous	63,537	-	63,537	-	63,537	-	63,537
Bad debt	39,133	-	39,133	-	39,133	-	39,133
Grant expense	-	-	-	117,383	117,383	-	117,383
Telephone	21,075	-	21,075	-	21,075	-	21,075
Printing and postage	5,295	-	5,295	-	5,295	-	5,295
Total other operating costs	261,024	-	261,024	127,117	388,141	-	388,141
Depreciation	272,924	-	272,924	-	272,924	-	272,924
Total operating expenses	8,836,762	-	8,836,762	127,117	8,963,879	-	8,963,879
Changes in net assets from operations	1,169,462	(40,622)	1,128,840	(127,117)	1,042,345	(40,622)	1,001,723
GENERAL REVENUE:							
Grants and contributions	76,381	-	76,381	158,508	234,889	-	234,889
Interest and other	13,467	-	13,467	805	14,272	-	14,272
Total general revenue	89,848	-	89,848	159,313	249,161	-	249,161
Changes in net assets	1,259,310	(40,622)	1,218,688	32,196	1,291,506	(40,622)	1,250,884
NET ASSETS, beginning of year	1,388,463	40,622	1,429,085	27,258	1,415,721	40,622	1,456,343
NET ASSETS, end of year	\$ 2,647,773	\$ -	\$ 2,647,773	\$ 59,454	\$ 2,707,227	\$ -	\$ 2,707,227

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

ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL AND
AMSA CHARTER SCHOOL FOUNDATION, INC.

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011			2010		
	ENTERPRISE FUND SCHOOL	COMPONENT UNIT FOUNDATION	(Memorandum Only) TOTAL	ENTERPRISE FUND SCHOOL	COMPONENT UNIT FOUNDATION	(Memorandum Only) TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts for tuition	\$ 10,730,986	\$ -	\$ 10,730,986	\$ 8,897,220	\$ -	\$ 8,897,220
Receipts from government grants	305,065	-	305,065	213,880	-	213,880
Receipts from private grants and contributions	33,572	96,691	130,263	138,380	158,508	296,888
Receipts from other sources	488,765	180	488,945	496,663	805	497,468
Employee compensation and related costs	(6,476,488)	-	(6,476,488)	(5,023,261)	-	(5,023,261)
Payments for supplies and services	(3,271,257)	(54,276)	(3,325,533)	(2,751,100)	(98,944)	(2,850,044)
Net cash provided by operating activities	<u>1,810,643</u>	<u>42,595</u>	<u>1,853,238</u>	<u>1,971,782</u>	<u>60,369</u>	<u>2,032,151</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Acquisition of fixed assets	<u>(302,303)</u>	<u>-</u>	<u>(302,303)</u>	<u>(500,284)</u>	<u>-</u>	<u>(500,284)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:						
Proceeds from note payable	87,409	-	87,409	-	-	-
Principal payments on note payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,538)</u>	<u>-</u>	<u>(1,538)</u>
Net cash provided by (used in) financing activities	<u>87,409</u>	<u>-</u>	<u>87,409</u>	<u>(1,538)</u>	<u>-</u>	<u>(1,538)</u>
NET INCREASE IN CASH	1,595,749	42,595	1,638,344	1,469,960	60,369	1,530,329
CASH, beginning of year	<u>2,409,211</u>	<u>92,627</u>	<u>2,501,838</u>	<u>939,251</u>	<u>32,258</u>	<u>971,509</u>
CASH, end of year	<u><u>\$ 4,004,960</u></u>	<u><u>\$ 135,222</u></u>	<u><u>\$ 4,140,182</u></u>	<u><u>\$ 2,409,211</u></u>	<u><u>\$ 92,627</u></u>	<u><u>\$ 2,501,838</u></u>
CASH FLOWS FROM OPERATING ACTIVITIES:						
Changes in net assets	\$ 1,515,907	\$ 58,353	\$ 1,574,260	\$ 1,218,688	\$ 32,196	\$ 1,250,884
Adjustments to reconcile changes in net assets to net cash provided by operating activities:						
Depreciation	340,910	-	340,910	272,924	-	272,924
Bad debt	25,406	-	25,406	39,133	-	39,133
Donated equipment	(3,000)	-	(3,000)	-	-	-
Changes in operating assets and liabilities:						
Grants and accounts receivable	(29,727)	(289)	(30,016)	(50,650)	-	(50,650)
Prepaid expenses	6,352	-	6,352	110,298	-	110,298
Due to/from	(10,904)	10,904	-	(1,800)	1,800	-
Accounts payable	(144,156)	(26,373)	(170,529)	237,781	26,373	264,154
Accrued expenses	102,600	-	102,600	145,408	-	145,408
Deferred revenue	7,255	-	7,255	-	-	-
Net cash provided by operating activities	<u>\$ 1,810,643</u>	<u>\$ 42,595</u>	<u>\$ 1,853,238</u>	<u>\$ 1,971,782</u>	<u>\$ 60,369</u>	<u>\$ 2,032,151</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:						
Accounts payable - fixed assets	<u>\$ 70,645</u>	<u>\$ -</u>	<u>\$ 70,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL AND
AMSA CHARTER SCHOOL FOUNDATION, INC.**

**NOTES TO COMBINED GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

(1) ORGANIZATION, OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND OPERATIONS

On February 24, 2004, Advanced Math and Science Academy Charter School (the School) was granted its charter by the Commonwealth of Massachusetts under Chapter 71, Section 89 of the General Laws of Massachusetts. The School's charter is subject to renewal every five years. During fiscal year 2010, the School's charter was renewed through June 30, 2015.

The School's primary purpose is to offer an academically rigorous education, emphasizing mathematics and science to students. The School is located in Marlborough, Massachusetts. The School operates as a middle and high school with grades 6 through 12. During the fiscal years 2011 and 2010, the School had 966 and 796 students, respectively. As a state chartered organization, the School is not subject to Federal or state income taxes. Donors may deduct contributions made to the School within Internal Revenue Code (IRC) regulations.

AMSA Charter School Foundation, Inc. (the Foundation) was formed in March, 2004, to develop programs and enhance the educational opportunities for the children in Massachusetts by supporting the School. The Foundation solicits, receives, and administers funds for the operation and maintenance of the School. The Foundation is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the IRC. Donors may deduct contributions made to the Foundation within the requirements of the IRC. The Foundation is also exempt from state income taxes.

The School and the Foundation each appoint their respective Boards of Trustees. The Foundation's activities consist of raising funds on behalf of the School. Due to this factor, the general purpose financial statements of the School and the Foundation are presented on a combined basis.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - GASB Standards

The accompanying combined general purpose financial statements were prepared on the accrual basis. Because the School is a quasi-public corporation, its accounting policies and financial statement presentation are governed by standards issued by the Governmental Accounting Standards Board (GASB). The School has adopted GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. GASB Statement No. 34 outlines financial reporting requirements for state and local governments. The School is considered a special purpose government organization that conducts only business-type activities within the meaning of GASB Statement No. 34.

Consistent with the provisions of GASB Statement Nos. 14 and 39, the Foundation is presented in the combined general purpose financial statements as a component unit of the School. The uncombined financial statements of the Foundation are accounted for in accordance with the provisions of FASB Statements Nos. 116 and 117. The "Memorandum Only Total" is presented in accordance with GASB Statement No. 14. This represents the combined totals of the School and the Foundation without the elimination of inter-agency balances and transactions.

**ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL AND
AMSA CHARTER SCHOOL FOUNDATION, INC.**

**NOTES TO COMBINED GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(Continued)**

(1) ORGANIZATION, OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The accrual method of accounting is used for all governmental entities that operate as business-type entities. Accordingly, revenue is recognized when earned and capital assets and expenditures are recorded when received and incurred, respectively. Grants and contributions are recognized when all eligible requirements are met.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the School has elected to apply the provisions of all relevant pronouncements of Financial Accounting Standards Board (FASB) that do not conflict with or contradict GASB pronouncements.

Classification of Net Assets

Operating Net Assets - represent the portion of expendable funds that are used to support the operations, including funds for which donor-imposed restrictions have been met in accordance with funding agreements.

Invested in Capital Net Assets - represent the net book value of fixed assets, net of related debt.

Restricted Program Net Assets - include all funds received or committed to fund specific programs which have not yet been expended.

Revenue Recognition

Per-pupil tuition, program service fees and grant revenue are recorded as services are provided and costs are incurred. The Commonwealth of Massachusetts, Executive Office of Administration and Finance, calculates per-pupil tuition reimbursement which is paid to the School by the Massachusetts Department of Elementary and Secondary Education (DESE).

Unrestricted grants and contributions are recorded when they are received or unconditionally committed. Gifts of cash and other assets are recorded as restricted program funds if they are received or unconditionally committed with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reported in the combined statements of revenues, expenses and changes in net assets as a transfer between funds.

Donor restricted amounts received and expended in the same period are recorded as unrestricted activity. Donor restricted resources are utilized to the extent permissible before unrestricted resources are used. All other revenue is recorded when earned.

**ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL AND
AMSA CHARTER SCHOOL FOUNDATION, INC.**

**NOTES TO COMBINED GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(Continued)**

(1) ORGANIZATION, OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets and Depreciation

Fixed assets are recorded at cost, if purchased, or fair market value at the time of donation (see Note 2). Depreciation is computed using the straight line method over the following estimated useful lives:

Furniture and equipment	3 - 5 years
Computers and software	3 - 5 years
Leasehold improvements	Life of the lease
Vehicles	7 years

The School purchases classroom supplies which include textbooks, literature and other materials to carry on educational activities. These purchases are expensed in the year of acquisition.

Marketing and Advertising Costs

Costs related to marketing and advertising are expensed in the period incurred.

Deferred Revenue

Deferred revenue consists of program service fees received in advance of services being provided.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is based on management's collection experience with their funders. Amounts are charged off as uncollectible when management determines that the receivable will not be collected. There was no allowance for doubtful accounts deemed necessary as of June 30, 2011 or 2010.

In-Kind Services and In-Kind Transportation

The School and the Foundation receive donated services from a variety of volunteers. No amounts have been recorded in the accompanying combined general purpose financial statements, since the services do not meet the criteria for recording in accordance with accounting principles generally accepted in the United States of America.

The School also receives donated transportation from the City of Marlborough for certain students, as required by DESE. The value of these services, as estimated by DESE, is \$198,000 and \$158,400 for the years ended June 30, 2011 and 2010, respectively, and is included as in-kind transportation revenue and student transportation expense in the accompanying combined general purpose financial statements. During the year ended June 30, 2011, the School also received donated equipment valued at \$3,000 as determined by the donor.

**ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL AND
AMSA CHARTER SCHOOL FOUNDATION, INC.**

**NOTES TO COMBINED GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(Continued)**

(1) ORGANIZATION, OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of combined general purpose financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the combined general purpose financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

(2) FIXED ASSETS

Changes in fixed assets are as follows:

<u>SCHOOL</u>	<u>Balance June 30, 2009</u>	<u>2010 Additions</u>	<u>Balance June 30, 2010</u>	<u>2011 Additions</u>	<u>Balance June 30, 2011</u>
Cost:					
Furniture and equipment	\$ 444,864	\$207,517	\$ 652,381	\$110,211	\$ 762,592
Computers and software	386,937	225,521	612,458	98,132	710,590
Leasehold improvements	210,028	67,246	277,274	80,196	357,470
Vehicles	-	-	-	87,409	87,409
Total cost	<u>1,041,829</u>	<u>500,284</u>	<u>1,542,113</u>	<u>375,948</u>	<u>1,918,061</u>
Less - accumulated depreciation:					
Furniture and equipment	161,688	132,966	294,654	153,533	448,187
Computers and software	180,437	121,395	301,832	161,046	462,878
Leasehold improvements	40,266	18,563	58,829	20,087	78,916
Vehicles	-	-	-	6,244	6,244
Total accumulated depreciation	<u>382,391</u>	<u>272,924</u>	<u>655,315</u>	<u>340,910</u>	<u>996,225</u>
Fixed assets, net	<u>\$ 659,438</u>	<u>\$227,360</u>	<u>\$ 886,798</u>	<u>\$ 35,038</u>	<u>\$ 921,836</u>
 <u>FOUNDATION</u>	 <u>Balance June 30, 2009</u>	 <u>2010 Additions</u>	 <u>Balance June 30, 2010</u>	 <u>2011 Additions</u>	 <u>Balance June 30, 2011</u>
Cost:					
Computers and software	\$ 1,627	\$ -	\$ 1,627	\$ -	\$ 1,627
Less - accumulated depreciation:					
Computers and software	<u>1,627</u>	<u>-</u>	<u>1,627</u>	<u>-</u>	<u>1,627</u>
Fixed assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL AND
AMSA CHARTER SCHOOL FOUNDATION, INC.**

**NOTES TO COMBINED GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(Continued)**

(3) FUNDING

The School receives significant funding from DESE for its tuition revenue and grants - government. This funding is subject to audit by the appropriate governmental agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the School as of June 30, 2011 and 2010, or on the changes in net assets for the years then ended. The School received approximately 92% and 91% of its operating revenue from the Commonwealth of Massachusetts for the years ended June 30, 2011 and 2010, respectively.

(4) LEASES

In December, 2004, the School entered into a twenty-five year lease agreement, beginning in August, 2005, with monthly rent escalating in accordance with the agreement. The lease may be cancelled by the School, without penalty, in the event that the School's charter is revoked or funding is substantially reduced. The School is also responsible for certain operating costs and real estate taxes. During 2008, this lease was amended to include additional space on the landlord's premises. Under the lease, the School has the option to extend this lease for eight additional three-year periods and one last option for one year. The School also has the first right of refusal for additional space on the landlord's premises. If the School exercises this option, the School will be granted the right to purchase the entire property at a mutually agreed upon price. Total rent expense paid under this agreement for fiscal years 2011 and 2010 was \$858,000 and \$844,285, respectively.

During fiscal years 2011 and 2010, the School rented gym space as a tenant-at-will. The School is billed on an hourly basis based on the amount of time the gym is used each day.

The School also leases office equipment under various operating leases expiring at dates through August, 2014. These leases require the School to make aggregate monthly payments totaling approximately \$1,800. The total lease expense for this equipment was \$21,594 and \$21,278 for the years ended June 30, 2011 and 2010, respectively.

Future minimum payments under these lease agreements as of June 30, 2011, are as follows:

	<u>Facility</u>	<u>Estimated Base Real Estate Taxes and Operating Costs</u>	<u>Equipment</u>
2012	\$ 858,000	\$ 364,260	\$16,563
2013	\$ 875,875	\$ 364,260	\$ 9,906
2014	\$ 877,500	\$ 364,260	\$ 9,080
2015	\$ 877,500	\$ 364,260	\$ 1,101
2016	\$ 895,375	\$ 364,260	\$ -
2017-2021	\$4,598,750	\$1,821,300	\$ -
2022-2026	\$4,946,500	\$1,821,300	\$ -
2027-2031	\$5,349,500	\$1,821,300	\$ -

**ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL AND
AMSA CHARTER SCHOOL FOUNDATION, INC.**

**NOTES TO COMBINED GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(Continued)**

(5) RETIREMENT PLAN

The School's teaching staff and certain administrators participate individually in the Massachusetts Teacher Retirement System (MTRS). The School is not legally required to contribute to MTRS. During the years ended June 30, 2011 and 2010, the School contributed \$7,692 and \$10,296, respectively, to MTRS in accordance with requirements of certain grants. All full-time teaching staff and administrators are covered by and must participate in MTRS. The teachers and the School are exempt from Federal social security taxes for these employees. Benefits vest fully after ten years of full-time employment. An employee may receive retirement benefits after twenty years of service or ten years of service having attained the age of 55. Covered employees are required by state statute to contribute 8% to 11% of their salaries, depending on their date of hire. The Commonwealth is required to make actuarially determined contributions to maintain the financial integrity of the retirement system.

(6) ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses are comprised of the following as of June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Accrued salaries and benefits	73%	56%
Payables to vendors	<u>27%</u>	<u>44%</u>
	<u>100%</u>	<u>100%</u>

(7) CONCENTRATION OF CREDIT RISK

The School and the Foundation maintain their cash balances in a credit union and a bank in Massachusetts. The National Credit Union Share Insurance Fund (NCUSIF) insures balances at each credit union up to \$250,000. From December 31, 2010, through December 31, 2012, the Federal Deposit Insurance Corporation (FDIC) insures bank balances up to \$250,000 for interest bearing cash accounts. All non-interest bearing accounts are fully insured regardless of the balance. At certain times during the year, cash balances exceed the insured amounts. The School and the Foundation have not experienced any losses in such accounts. The School and the Foundation believe they are not exposed to any significant credit risk on their cash balances.

As required by GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, the following represents a summary of deposits at June 30:

	<u>2011</u>		<u>2010</u>	
	<u>School</u>	<u>Foundation</u>	<u>School</u>	<u>Foundation</u>
Fully insured	\$ 450,554	\$135,222	\$ 272,201	\$92,627
Uninsured	<u>3,554,406</u>	<u>-</u>	<u>2,137,010</u>	<u>-</u>
	<u>\$4,004,960</u>	<u>\$135,222</u>	<u>\$2,409,211</u>	<u>\$92,627</u>

**ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL AND
AMSA CHARTER SCHOOL FOUNDATION, INC.**

**NOTES TO COMBINED GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(Continued)**

(8) GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable are due from the Commonwealth of Massachusetts at June 30, 2011 and 2010, and are expected to be collected within one year.

(9) LINE OF CREDIT

The School maintained a line of credit agreement with a credit union for fiscal year 2010 and part of fiscal year 2011. The line of credit expired on October 25, 2010, and was not renewed. Under the agreement, the School could borrow up to the lesser of 75% of the quarterly state receivable or \$1,000,000. Principal was due on demand. Interest was at the *Wall Street Journal's* prime rate (3.25% at June 30, 2010), minus 1/2%, with an interest rate floor of 5%. This note was secured by all business assets and was guaranteed by the Foundation. Under the terms of the agreement, the School had to meet certain financial and operating covenants, including paying down the balance to zero for a thirty-day period two times a year. The School was in compliance with these covenants as of June 30, 2010. There were no amounts outstanding under this agreement as of June 30, 2010.

In March, 2011, the School entered into a new line of credit agreement with another credit union. Under this agreement, the School can borrow up to \$1,000,000. Principal is due on demand. Interest accrues at the *Wall Street Journal's* prime rate (3.25% at June 30, 2011), minus 1/4%, with an interest rate floor of 3%. This note is secured by all business assets and is guaranteed by the Foundation. Under the terms of the agreement, the School must meet certain financial and operating covenants. The School was in compliance with these covenants as of June 30, 2011. There were no amounts outstanding under this agreement as of June 30, 2011.

(10) NOTE PAYABLE

The School has a five-year note payable agreement with a credit union in the amount of \$87,409, which was used to purchase two school buses. The note bears interest at 4.5% and is due in monthly principal and interest payments of \$1,630. The note is secured by the school buses.

Maturities of the note payable over the next five years are as follows:

2012	\$15,948
2013	\$16,680
2014	\$17,447
2015	\$18,248
2016	\$19,086

(11) RELATED PARTY TRANSACTION

One Board member's spouse provided consulting services to the School and was paid \$2,288 during fiscal year 2010. There were no related party transactions in fiscal year 2011.

**ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL AND
AMSA CHARTER SCHOOL FOUNDATION, INC.**

**NOTES TO COMBINED GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(Continued)**

(12) CONTINGENCY

From time-to-time, the School is involved in various disputes in the course of the School's ordinary business. Management and the Board of Trustees take the appropriate legal steps in defense of these disputes as they arise. It is management's opinion that any potential settlement would not be material to the accompanying combined general purpose financial statements.

(13) RECLASSIFICATIONS

Certain amounts in the 2010 combined general purpose financial statements have been reclassified to conform with the 2011 presentation.

(14) CUMULATIVE SURPLUS REVENUE

Effective July 1, 2010, any cumulative surplus revenue generated by the School must comply with M.G.L.c.71, Section 89 (as amended by Chapter 12 of the Acts of 2010 under Section 8 (hh)). In accordance with this legislation and subsequent DESE regulations, if the School's cumulative surplus revenue, as defined, exceeds 20% of its operating budget and its budgeted capital costs for the succeeding fiscal year, the amount in excess of said 20% shall be returned by the School to the sending district or districts and the state in proportion to their share of tuition paid during the fiscal year.

As of June 30, 2011, the School's cumulative surplus revenue was less than 20%; however, the calculation is subject to DESE review and approval. Management does not anticipate any material change in the calculation.

ADVANCED MATH AND SCIENCE ACADEMY CHARTER SCHOOL

SCHEDULE OF 20% EXCESS CARRYOVER CALCULATION

JUNE 30, 2011

(Unaudited)

1	Cumulative surplus/(deficit) beginning of year		\$ -
2	Change in Net Assets		1,515,907
	Less:		
3	Contributions	10,492	
4	Interest income	9,566	
5	Principal payments on debt	-	
6	Capital expenses, less related debt/reserve funds	288,539	
7	Current deposits to reserve funds for capital projects	-	
8	Current deposits to reserve funds held as security for debt	-	
9	Other - Miscellaneous income, Donated equipment and increase in temporarily restricted net assets	24,500	
	Subtotal		333,097
	Plus:		
10	Fundraising expense	11,583	
11	Depreciation	40,224	
12	Other	-	
	Subtotal		51,807
	<u>Total Surplus</u>		<u>1,234,617</u>
13	25% of actual tuition payment for current year	2,682,747	
14	20% of projected tuition for following year	2,212,704	
15	20% budgeted expenditures from capital projects reserve fund for the following year	-	
16	<u>Allowable Carryover</u>		<u>4,895,451</u>
17	<u>Excess Surplus</u>		<u><u>\$(3,660,834)</u></u>



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
COMBINED GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Boards of Trustees of
Advanced Math and Science Academy Charter School and
AMSA Charter School Foundation, Inc.:

We have audited the combined general purpose financial statements of Advanced Math and Science Academy Charter School and AMSA Charter School Foundation (collectively, the School) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the combined general purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's combined general purpose financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Boards of Trustees of
Advanced Math and Science Academy Charter School and
AMSA Charter School Foundation, Inc.
Page II

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's combined general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Boards of Trustees, management, others within the School, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Alexander, Aronson, Finning & Co., P.C.

Westborough, Massachusetts
October 7, 2011