

CANARSIE ASCEND CHARTER SCHOOL
(A Not-For-Profit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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(A Not-For-Profit Corporation)
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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES OF
CANARSIE ASCEND CHARTER SCHOOL

Report on the Financial Statements

We have audited the accompanying financial statements of Canarsie Ascend Charter School (the "School") (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2015, 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, 2015, 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 2014 financial statements, and our report dated October 22, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of June 30, 2014, and for the period from September 13, 2011 (inception) to June 30, 2014, 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 October 22, 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
October 30, 2015

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

	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 210,448	\$ 31,848
Grants and contracts receivable	91,772	68,521
Prepaid expenses and other current assets	21,210	4,853
Total current assets	323,430	105,222
Other assets		
Property and equipment, net of accumulated depreciation and amortization of \$195,366 and \$74,304, respectively	843,673	492,380
Security deposits	3,910	550
Restricted cash	50,017	25,001
Total other assets	897,600	517,931
TOTAL ASSETS	\$ 1,221,030	\$ 623,153
 LIABILITIES AND UNRESTRICTED NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 163,033	\$ 141,001
Accrued payroll and payroll taxes	118,053	93,880
Refundable advances	57,037	-
Due to related parties	233,981	80,004
Total current liabilities	572,104	314,885
Other liabilities:		
Deferred rent	1,273,500	676,750
Loan payable - related party	200,000	200,000
Total other liabilities	1,473,500	876,750
Total liabilities	2,045,604	1,191,635
Unrestricted net assets	(824,574)	(568,482)
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$ 1,221,030	\$ 623,153

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

CANARSIE ASCEND CHARTER SCHOOL
(A Not-For-Profit Corporation)
STATEMENTS OF ACTIVITIES

	<u>For the year ended June 30, 2015</u>	<u>For the period from September 13, 2011 (inception) to June 30, 2014</u>
Operating revenue:		
State and local per pupil operating revenue	\$ 3,566,792	\$ 3,071,402
State and local per pupil facilities funding	298,204	-
Federal grants	392,477	466,663
State and city grants	199,098	86,610
Total operating revenue	<u>4,456,571</u>	<u>3,624,675</u>
Operating expenses:		
Program services:		
Regular education	3,551,714	3,277,659
Special education	478,521	392,485
Total program services	<u>4,030,235</u>	<u>3,670,144</u>
Supporting services:		
Management and general	685,562	573,961
Total operating expenses	<u>4,715,797</u>	<u>4,244,105</u>
(Deficit) from operations	(259,226)	(619,430)
Support and other revenue:		
Foundations and other contribution	2,600	50,000
Interest and other income	534	948
Total support and other revenue	<u>3,134</u>	<u>50,948</u>
Change in unrestricted net assets	(256,092)	(568,482)
Unrestricted net assets - beginning of period	<u>(568,482)</u>	<u>-</u>
Unrestricted net assets - end of period	<u>\$ (824,574)</u>	<u>\$ (568,482)</u>

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

CANARSIE ASCEND CHARTER SCHOOL
(A Not-For-Profit Corporation)
STATEMENTS OF CASH FLOWS

	<u>For the year ended June 30, 2015</u>	<u>For the period from September 13, 2011 (inception) to June 30, 2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in unrestricted net assets	\$ (256,092)	\$ (568,482)
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	121,062	74,304
(Increase) Decrease in certain assets:		
Grants and contracts receivable	(23,251)	(68,521)
Prepaid expenses and other current assets	(16,357)	(4,853)
Security deposit	(3,360)	(550)
Increase (Decrease) in certain liabilities:		
Accounts payable and accrued expenses	22,032	141,001
Accrued payroll and payroll taxes	24,173	93,880
Refundable advances	57,037	-
Due to related parties	153,977	80,004
Deferred rent	596,750	676,750
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>675,971</u>	<u>423,533</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(472,355)	(566,684)
(Increase) in restricted cash	(25,016)	(25,001)
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(497,371)</u>	<u>(591,685)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Proceed from loan payable - related party	-	200,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	178,600	31,848
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	<u>31,848</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ 210,448</u>	<u>\$ 31,848</u>

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

CANARSIE ASCEND CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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

Nature of Organization

Canarsie Ascend Charter School (the "School") is a New York State, not-for-profit educational corporation that was incorporated on September 13, 2011 to operate a charter school pursuant to Article 56 of the Education Law of the State of New York. The School was also granted a provisional charter on September 13, 2011 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 will prepare kindergarten to twelfth grade students to thrive in competitive four year colleges. Classes commenced in August 2013 and the School provided education to approximately 244 students in the kindergarten through second grade during the 2014-2015 academic year.

Food and Transportation 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 families who experience hardship and who do not qualify for free lunches. The Office of Pupil Transportation provides free transportation to some of the students.

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, 2015 and for the period from September 13, 2011 (inception) to June 30, 2014.

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.

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.

CANARSIE ASCEND CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board ("FASB") in its Accounting Standards Codification ("ASC") 958-205. Under ASC 958-205, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The net assets classifications are described as follows:

Unrestricted

Unrestricted net assets of the School are assets whose use has not been restricted by an outside donor or by law. The unrestricted net assets represent the portion of expendable funds that are available for the support of the operations of the School.

Temporarily Restricted

Temporarily restricted net assets are used to differentiate resources, the use of which is restricted by donors or grantors to a specific time or period or for a specific purpose. Temporarily restricted gifts are recorded as additions to temporarily restricted net assets in the period received. When restricted net assets are expended for their stipulated purpose, temporarily restricted net assets become unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.

Permanently Restricted

Permanently restricted net assets of the School whose use has been permanently limited by donor-imposed restrictions. Such assets include contributions required to be invested in perpetuity, the income from which is available to support charitable purposes designated by the donors.

The School had no temporarily or permanently restricted net assets at June 30, 2015 and 2014.

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 agency.

CANARSIE ASCEND CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the School considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments which potentially subject the School to concentrations of credit risk are cash and cash equivalents. The School places its cash and cash equivalents on deposit in what it believes to be highly credited financial institutions. Cash balances may exceed the FDIC insured levels of \$250,000 per institution at various times during the year. The School believes that there is little risk in any losses and has not experienced any losses in such accounts.

Restricted Cash

Under the provisions of its charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution should it occur.

Property and Equipment

Purchased property and equipment are recorded at cost. Property and equipment acquired with certain government funding are recorded as expenses pursuant to the terms of the contract, in which ownership of such property and equipment is retained by the funding source. Maintenance and repairs are expensed as incurred. No amortization is recorded on construction-in-progress until property and equipment is placed into service.

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

Leasehold improvements	Useful life or related lease
Furniture and fixtures	5 years
Equipment	3 and 5 years
Software	10 years

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.

Deferred Rent

The School records its rent in accordance with ASC 840-20 whereby all rental payments, including fixed rent increases, are recognized on a straight-line basis as an offset to rent expense. The difference between the straight-line rent expense and the required lease payments, as well as any unamortized lease incentives, is reflected in deferred rent in the accompanying statement of financial position.

CANARSIE ASCEND CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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

Comparative Financial Information

The accompanying statements of activities and functional expenses are presented with summarized comparative information. Such prior year information is not presented by net asset class in the 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 2014 financial statements from which the summarized information was derived.

NOTE 2 - GRANTS AND CONTRACTS RECEIVABLE

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

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2015:

	2015	2014
Leasehold improvements	\$ 504,817	\$ 242,417
Furniture and fixtures	259,966	192,044
Equipment	198,098	122,723
Software	4,374	-
Construction in progress	71,784	9,500
	1,039,039	566,684
Less: Accumulated depreciation and amortization	(195,366)	(74,304)
	\$ 843,673	\$ 492,380

Depreciation and amortization expense was \$121,062 and \$74,304 for the year ended June 30, 2015 and for the period from September 13, 2011 (inception) to June 30, 2014, respectively.

Construction in progress consists of phase II and phase III improvements and soft costs in connection with renovations of the School's permanent facilities.

CANARSIE ASCEND CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 4 - RELATED PARTY TRANSACTIONS

The School is an affiliate of Ascend Learning, Inc. (“Ascend”), a New York State not-for-profit corporation. The School entered into an agreement with Ascend on February 24, 2012 to provide the School with its educational management services and designs. As per the management agreement, Ascend is to select and implement the School’s educational program, the professional development activities for all the School personnel, manage the School’s business administration, and provide a suitable facility for the School. For the year ended June 30, 2015 and for period from September 13, 2011 (inception) to June 30, 2014, the School pays to Ascend an annual fee of 12% and 9% of the School’s per pupil operating revenue, per pupil facilities revenue and federal Individuals with Disabilities Education Act revenue, respectively. The management fee for the year ended June 30, 2015 and for the period from September 13, 2011 (inception) to June 30, 2014 was \$464,967 and \$277,274, respectively. In addition, Ascend shares operating expenses with the School and for the year ended June 30, 2015 and for the period from September 13, 2011 (inception) to June 30, 2014, net shared expenses amounted to \$426,153 and \$234,880, respectively.

On September 30, 2013, the School received an interest-free loan of \$200,000 from Ascend. The proceeds were used to finance the School’s operations. The outstanding principal balance of the loan at June 30, 2015 and 2014 was \$200,000. The loan matures on June 30, 2019, at which time the outstanding balance will be due in full.

The School is related to Brooklyn Ascend Charter School (“Brooklyn Ascend”), a charter school related by common management and Board members. Brooklyn Ascend shares and pays for salaries and other expenses on behalf of the School in the amount of \$5,170 and \$17,848 for the year ended June 30, 2015 and for the period from September 13, 2011 (inception) to June 30, 2014, respectively.

The School is related to Brownsville Ascend Charter School (“Brownsville Ascend”), a charter school related by common management and Board members. Brownsville Ascend shares and pays for salaries and other expenses on behalf of the School in the net amount of \$10,264 and \$11,629 for the year ended June 30, 2015 and for the period from September 13, 2011 (inception) to June 30, 2014, respectively.

The School is related to Bushwick Ascend Charter School (“Bushwick Ascend”), a charter school related by common management and Board members. Bushwick Ascend shares and pays for salaries and other expenses on behalf of the School in the net amount of \$519 and \$4,696 for the year ended June 30, 2015 and for the period from September 13, 2011 (inception) to June 30, 2014, respectively.

The School is related to Central Brooklyn Ascend Charter School (“Central Brooklyn Ascend”), a charter school related by common management and Board members. The School shares and pays for expenses on behalf of Central Brooklyn Ascend in the net amount of \$1,469 and \$-0- for the year ended June 30, 2015 and for the period from September 13, 2011 (inception) to June 30, 2014, respectively.

CANARSIE ASCEND CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 4 - RELATED PARTY TRANSACTIONS (Continued)

The net balances due to (from) related parties consist of the following at June 30,:

	2015	2014
Ascend	\$ 185,326	\$ 45,831
Brooklyn Ascend	23,017	17,848
Brownsville Ascend	21,893	11,629
Bushwick Ascend	5,214	4,696
Central Brooklyn Ascend	(1,469)	-
Net amounts due to related parties	\$ 233,981	\$ 80,004

As of the issuance of this report, the net balances due to the related parties at June 30, 2015 remain outstanding.

NOTE 5 - COMMITMENTS

Facility Lease

On April 1, 2013, the School entered into an agreement to lease property at 9719 Flatlands Avenue, Brooklyn, NY. As per the terms of the agreement, the lease is for 20 years, renewable for up to 10 additional years. The facility is currently tax exempt, but the School will be responsible for any real estate taxes arising out of the School's occupancy.

Year ending June 30,	2016	\$ 720,000
	2017	890,000
	2018	890,000
	2019	975,000
	2020	975,000
	Thereafter	15,125,000
		\$ 19,575,000

Rent expense is recognized on the straight-line basis. The differences between cash payments under the lease agreement and the straight-line rent have been recognized as deferred rent in the accompanying statements of financial position from inception of the lease. The differences between rent cash payments and straight-line rent charged in the statement of financial position amounted to \$596,750 and \$676,750 for the year ended June 30, 2015 and for the period from September 13, 2011 (inception) to June 30, 2014, respectively.

Occupancy expense for the year ended June 30, 2015 and for the period from September 13, 2011 (inception) to June 30, 2014 was \$1,105,316 and \$1,081,335, respectively.

Furniture and Equipment Lease

On July 1, 2013, the School co-signed a furniture and equipment lease agreement with co-lessees Ascend, Brooklyn Ascend, Brownsville Ascend and Bushwick Ascend. The lease is for three years expiring December 2016.

CANARSIE ASCEND CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 5 - COMMITMENTS (Continued)

Furniture and Equipment Lease (continued)

The minimum future rental payments under the non-cancelable operating leases are as follows:

Year ending June 30, 2016	\$ 246,547
2017	<u>123,273</u>
	<u>\$ 369,820</u>

Lease expense under the operating lease for the year ended June 30, 2015 and for the period from September 13, 2011 (inception) to June 30, 2014 was \$246,655 and \$221,348, respectively.

NOTE 6 - REVENUE CONCENTRATION

The School receives a substantial portion of its support and revenue from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

NOTE 7 - CONTINGENCY

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for 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 8 - FUNCTIONAL ALLOCATION OF EXPENSE

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expense includes those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the School.

NOTE 9 - RETIREMENT PLAN

The School maintains a pension plan qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. Under the plan, the School will match employee contributions ranging from 2% to 4% of annual compensation. Employer match for the year ended June 30, 2015 and for the period from September 13, 2011 (inception) to June 30, 2014 was \$2,910 and \$-0-, respectively.

NOTE 10 - SUBSEQUENT EVENTS

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through October 30, 2015, the date the financial statements were available to be issued.

FRUCHTER ROSEN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

TO THE BOARD OF TRUSTEES OF
CANARSIE ASCEND CHARTER SCHOOL

We have audited the financial statements of Canarsie Ascend Charter School as of and for the year ended June 30, 2015, and have issued our report thereon dated October 30, 2015, 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
October 30, 2015

CANARSIE ASCEND CHARTER SCHOOL
(A Not-For-Profit Corporation)
SCHEDULE OF FUNCTIONAL EXPENSES

	For the year ended June 30, 2015				For the period from September 13, 2011 (inception) to June 30, 2014	
	Regular Education	Special Education	Total Program Services	Management and General	Total	
Salaries and wages	\$ 1,364,233	\$ 183,634	\$ 1,547,867	\$ 128,595	\$ 1,676,462	\$ 1,419,877
Employee benefits and payroll taxes	264,935	35,662	300,597	24,973	325,570	287,484
Professional fees	111,208	14,875	126,083	98,502	224,585	345,716
Management fees	171,661	14,326	185,987	278,980	464,967	277,274
Consultants - education	-	22,453	22,453	-	22,453	21,503
Legal fees	-	-	-	4,698	4,698	14,506
Curriculum and classroom supplies	232,090	19,367	251,457	-	251,457	149,737
Office supplies	-	-	-	15,513	15,513	17,724
Non-capitalized furniture and equipment	9,951	1,340	11,291	938	12,229	9,890
Leased equipment, furniture and fixtures	216,549	29,149	245,698	20,411	266,109	234,861
Communications	51,077	6,875	57,952	4,815	62,767	54,111
Occupancy	899,459	121,072	1,020,531	84,785	1,105,316	1,081,335
Insurance	21,628	2,873	24,501	1,969	26,470	29,394
Repairs and maintenance	20,242	2,725	22,967	1,908	24,875	32,580
Security	24,077	3,241	27,318	2,269	29,587	32,100
Marketing and recruiting	5,233	473	5,706	68	5,774	111,905
Staff development	37,952	4,112	42,064	1,752	43,816	33,874
Travel and meals	9,232	1,243	10,475	870	11,345	10,183
Postage, printing and copying	2,751	370	3,121	259	3,380	1,095
Dues and subscriptions	10,921	1,470	12,391	1,030	13,421	4,197
Depreciation and amortization	98,515	13,261	111,776	9,286	121,062	74,304
Miscellaneous	-	-	-	3,941	3,941	455
Total	\$ 3,551,714	\$ 478,521	\$ 4,030,235	\$ 685,562	\$ 4,715,797	\$ 4,244,105

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

TO THE BOARD OF TRUSTEES OF
CANARSIE ASCEND 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 Canarsie Ascend Charter School (the "School"), which comprise the statement of financial position as of June 30, 2015, 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 October 30, 2015.

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 School'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
CANARSIE ASCEND 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*.

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
October 30, 2015

FRUCHTER ROSEN & COMPANY, P.C.

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INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED UPON PROCEDURES

To the Board of Trustees of Canarsie Ascend Charter School:

We have performed the procedures identified below, which were agreed to by the management of Canarsie Ascend Charter School (the "School") and the New York State Education Department ("NYSED") solely to assist the specified parties in evaluating the School's assertion to NYSED that it has maintained compliance with the requirements of the CSP grant and Federal and NYSED guidelines in managing the CSP grant for the year ended June 30, 2015.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specific users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our results are as follows:

Procedure #1: We will obtain the detail of expenditures incurred for the period under review relating to the CSP grant from the School's accounting software and reconcile to the grant revenue recorded by the School. If the CSP grant revenue does not equal the grant expenditures, we will investigate the differences.

Result: No exceptions noted.

Procedure #2: We will obtain the NYSED approved CSP grant award information, including the budget and any amendments, to determine if the revenue and expenditures recorded for the period appear reasonable.

Result: No exceptions noted.

Procedure #3: We will select a sample from the detail of expenditures obtained in Procedure #1.

- a. Payroll – We will select 10 items or 10% of the total number of payroll items charged to the grant, whichever is less.
- b. Other expenses – We will select 10 items or 10% of the total number of items charged to the grant, whichever is less.

c. Using the above selected items, we will:

- i. Determine if the expenditure is in accordance with the purpose of the grant and that pre-opening expenditures are charged to pre-opening periods.
- ii. Determine if the expenditure falls into an approved budget category.
- iii. Determine if the expenditure was charged to the appropriate fiscal period.

Result: No exceptions noted.

Procedure #4: We will obtain FS-25 form(s) submitted to NYSED during the period under review and perform the following:

- a. Trace expenditures selected in Procedure #3 to requests for reimbursement. Determine that items requested for reimbursement had previously been expended or were expended within a month following the request for reimbursement. If items have not yet been requested for reimbursement, inquire of responsible School officials as to the plan for requesting reimbursement, and determine if a receivable is recorded, if appropriate.
- b. If FS-25 forms included amounts on Line 4 (Cash Expenditures Anticipated During Next Month), we will select one FS-25 and determine if funds were expended within 1 month following the date of the request.

Result: No exceptions noted.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on Canarsie Ascend Charter School's compliance with the requirements of the CSP grant. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of Canarsie Ascend Charter School and the New York State Education Department, and it is not intended to be and should not be used by anyone other than the specified parties.


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

New York, New York
October 30, 2015

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October 30, 2015

To the Finance Committee of the Board of Trustees of
Canarsie Ascend Charter School

We have audited the financial statements of Canarsie Ascend Charter School (the "School") for the year ended June 30, 2015, and have issued our report thereon dated October 30, 2015. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated March 16, 2015, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the internal control of the School. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the School's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests is not to provide an opinion on compliance with such provisions.

Planned Scope and Timing of the Audit

We performed our audit according to the plan previously communicated to you prior to commencement of our audit field work.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2015. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are as follows:

- Collectability of grants and contracts receivables
- Useful lives of fixed assets
- Allocation of costs for the schedule of functional expenses

We evaluated the key factors and assumptions used to develop the above estimates in determining that it was reasonable in relation to the financial statement taken as a whole. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. In addition, we are required to communicate with those charged with governance uncorrected misstatements and the effect that they may have on the opinion in the auditors' report, and request their correction. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 30, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Audit Committee, the Board of Trustees and management of Canarsie Ascend Charter School and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,


FRUCHTER ROSEN & COMPANY, P.C.
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October 30, 2015

To the Finance Committee of the Board of Trustees of
Canarsie Ascend Charter School
231 Palmetto Street
Brooklyn, NY 11221

In planning and performing our audit of the financial statements of Canarsie Ascend Charter School (the "School") as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting (internal control) as a basis for designing 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 School's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

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

We appreciate your cooperation and the assistance we received during the course of our audit.


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

New York, New York
October 30, 2015