

AMBER CHARTER SCHOOL
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2015 AND 2014

AMBER CHARTER SCHOOL
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Amber Charter School
Amber Schools Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Amber Charter School and Amber Schools Foundation, Inc. (collectively referred to as the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements. We have also audited the accompanying financial statements of Amber Charter School, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 2015 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amber Charter School and Amber Schools Foundation, Inc. as of June 30, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, the 2014 financial statements present fairly, in all material respects, the financial position of Amber Charter School as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the 2015 consolidated financial statements as a whole. The information contained in the accompanying consolidating statement of financial position at June 30, 2015, the consolidating statement of activities for the year ended June 30, 2015 and the combining schedule of functional expenses – Amber Charter School and Amber Charter School II for the year ended June 30, 2015 on pages 16 – 18 is presented for 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 2015 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2015 consolidated financial statements or to the 2015 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2015 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2015, on our consideration of Amber Charter School's and Amber Schools Foundation, Inc.'s internal control over financial reporting and on our tests of their 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 Amber Charter School's and Amber Schools Foundation, Inc.'s internal control over financial reporting and compliance.

New York, New York
October 13, 2015


CITRIN COOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

AMBER CHARTER SCHOOL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015
(WITH COMPARATIVE INFORMATION ABOUT AMBER CHARTER SCHOOL
AS OF JUNE 30, 2014)

	2015	2014
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 3,377,993	\$ 2,833,466
Grants and contracts receivable	299,191	194,754
Other receivable	16,000	41,600
Prepaid expenses and other current assets	32,856	-
Total current assets	3,726,040	3,069,820
Property and equipment, net	4,047,291	4,166,052
Other asset:		
Deferred financing costs, net	16,040	28,872
TOTAL ASSETS	\$ 7,789,371	\$ 7,264,744

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 333,306	\$ 344,882
Accrued payroll	733,943	645,495
Refundable advances	2,755	5,899
Current maturities of long-term debt	48,565	45,291
Total current liabilities	1,118,569	1,041,567
Long-term liabilities:		
Long-term debt, less current maturities	2,248,102	2,296,666
Total liabilities	3,366,671	3,338,233
Commitments and contingencies (Notes 3, 5, 6, 7, 9, and 11)		
Net assets:		
Unrestricted	4,422,700	3,926,511
TOTAL LIABILITIES AND NET ASSETS	\$ 7,789,371	\$ 7,264,744

See accompanying notes to financial statements.

AMBER CHARTER SCHOOL
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE INFORMATION ABOUT AMBER CHARTER SCHOOL
FOR THE YEAR ENDED JUNE 30, 2014)

	2015	2014
Revenue and support:		
Public school district:		
Per student funding	\$ 6,822,427	\$ 6,400,603
After school program:		
After school income	143,909	-
Grants and contracts:		
Federal, state and local	594,590	474,604
Contributions:		
Foundations	5,000	1,350
Individuals	1,560	1,565
Corporations	1,538	93
Special events revenue	8,661	12,924
Interest income	1,754	2,798
Rental income	41,016	39,596
In-kind donations of goods	2,109	-
Miscellaneous income	6,142	4,592
Total revenue and support	7,628,706	6,938,125
Expenses:		
Program services:		
Education	6,061,228	5,549,457
Supporting services:		
Management and general	1,038,136	1,271,286
Fundraising	29,212	17,616
Total supporting services	1,067,348	1,288,902
Cost of direct benefit to donors	3,941	6,283
Total expenses	7,132,517	6,844,642
Change in net assets	496,189	93,483
Net assets - beginning	3,926,511	3,833,028
NET ASSETS - ENDING	\$ 4,422,700	\$ 3,926,511

See accompanying notes to financial statements.

AMBER CHARTER SCHOOL
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Program	Supporting Services			Direct Costs to Donors	Total
	Services	Management and General	Fundraising	Subtotal		
	Education					
Personnel service costs:						
Administrative staff personnel	\$ 469,888	\$ 614,172	\$ -	\$ 614,172	\$ -	\$ 1,084,060
Instructional personnel	2,919,678	-	-	-	-	2,919,678
Non-instructional personnel	<u>142,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,113</u>
Total personnel service costs	3,531,679	614,172	-	614,172	-	4,145,851
Fringe benefits and payroll taxes	1,121,510	176,152	-	176,152	-	1,297,662
Interest expense	156,002	6,500	-	6,500	-	162,502
Accounting and audit services	-	41,359	-	41,359	-	41,359
Other professional and consulting services	257,180	83,881	29,212	113,093	-	370,273
Security	3,886	-	-	-	-	3,886
Repairs and maintenance	56,270	2,345	-	2,345	-	58,615
Insurance	67,675	-	-	-	-	67,675
Utilities	92,744	3,864	-	3,864	-	96,608
Supplies and materials	90,507	-	-	-	-	90,507
Equipment rental	30,382	1,266	-	1,266	-	31,648
Staff development	96,988	-	-	-	-	96,988
Technology	9,829	-	-	-	-	9,829
Food service	139,549	25,460	-	25,460	-	165,009
Student services	44,566	-	-	-	-	44,566
Office expenses	10,742	55,485	-	55,485	-	66,227
Depreciation and amortization	213,957	8,915	-	8,915	-	222,872
Travel	3,231	-	-	-	-	3,231
Dues and subscriptions	19,947	831	-	831	-	20,778
Postage	5,195	-	-	-	-	5,195
Catering for special events	-	-	-	-	3,941	3,941
Payroll processing fees	83,379	-	-	-	-	83,379
Miscellaneous	<u>26,010</u>	<u>17,906</u>	<u>-</u>	<u>17,906</u>	<u>-</u>	<u>43,916</u>
TOTAL FUNCTIONAL EXPENSES	\$ <u>6,061,228</u>	\$ <u>1,038,136</u>	\$ <u>29,212</u>	\$ <u>1,067,348</u>	\$ <u>3,941</u>	\$ <u>7,132,517</u>

See accompanying notes to financial statements.

AMBER CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Program	Supporting Services			Direct Costs to Donors	Total
	Services	Management and General	Fundraising	Subtotal		
	Education					
Personnel service costs:						
Administrative staff personnel	\$ -	\$ 901,488	\$ -	\$ 901,488	\$ -	\$ 901,488
Instructional personnel	2,841,916	-	-	-	-	2,841,916
Non-instructional personnel	<u>213,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,501</u>
Total personnel service costs	3,055,417	901,488	-	901,488	-	3,956,905
Fringe benefits and payroll taxes	935,066	225,190	-	225,190	-	1,160,256
Interest expense	158,933	6,622	-	6,622	-	165,555
Accounting and audit services	-	39,300	-	39,300	-	39,300
Other professional and consulting services	267,553	-	17,616	17,616	-	285,169
Security	5,781	-	-	-	-	5,781
Repairs and maintenance	42,291	1,762	-	1,762	-	44,053
Insurance	63,047	-	-	-	-	63,047
Utilities	109,767	4,574	-	4,574	-	114,341
Supplies and materials	197,250	-	-	-	-	197,250
Equipment rental	42,399	2,235	-	2,235	-	44,634
Staff development	88,873	-	-	-	-	88,873
Technology	32,615	-	-	-	-	32,615
Food service	135,943	13,022	-	13,022	-	148,965
Student services	39,914	-	-	-	-	39,914
Office expenses	20,914	40,572	-	40,572	-	61,486
Depreciation and amortization	221,066	9,211	-	9,211	-	230,277
Travel	11,386	-	-	-	-	11,386
Dues and subscriptions	21,116	534	-	534	-	21,650
Postage	7,103	-	-	-	-	7,103
Catering for special events	-	-	-	-	6,283	6,283
Contributions	-	2,400	-	2,400	-	2,400
Entertainment	-	8,104	-	8,104	-	8,104
Payroll processing fees	73,422	-	-	-	-	73,422
Miscellaneous	<u>19,601</u>	<u>16,272</u>	<u>-</u>	<u>16,272</u>	<u>-</u>	<u>35,873</u>
TOTAL FUNCTIONAL EXPENSES	\$5,549,457	\$ 1,271,286	\$ 17,616	\$1,288,902	\$ 6,283	\$ 6,844,642

See accompanying notes to financial statements.

AMBER CHARTER SCHOOL
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE INFORMATION ABOUT AMBER CHARTER SCHOOL
FOR THE YEAR ENDED JUNE 30, 2014)

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 496,189	\$ 93,483
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Interest on certificate of deposit	-	(71)
Depreciation and amortization	222,872	230,277
Changes in operating assets and liabilities:		
Grants and contracts receivable	(104,437)	(86,760)
Other receivable	25,600	(12,800)
Prepaid expenses and other current assets	(32,856)	884
Accounts payable and accrued expenses	(11,576)	67,711
Accrued payroll	88,448	58,416
Refundable advances	<u>(3,144)</u>	<u>(15,290)</u>
Net cash provided by operating activities	<u>681,096</u>	<u>335,850</u>
Cash flows from investing activities:		
Maturity of certificate of deposit	-	215,971
Additions to property and equipment	<u>(91,279)</u>	<u>(195,188)</u>
Net cash provided by (used in) investing activities	<u>(91,279)</u>	<u>20,783</u>
Cash used in financing activities:		
Principal repayments of long-term debt	<u>(45,290)</u>	<u>(42,238)</u>
Net increase in cash and cash equivalents	544,527	314,395
Cash and cash equivalents - beginning	<u>2,833,466</u>	<u>2,519,071</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 3,377,993</u>	<u>\$ 2,833,466</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 162,502</u>	<u>\$ 165,555</u>

See accompanying notes to financial statements.

AMBER CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 - ORGANIZATION

Pursuant to Article 56 of the New York State Education Law by the Board of Regents of the University of the State of New York, Amber Charter School ("Amber") was incorporated on April 4, 2000, as a charter school valid for a term of five years. Charters are renewable every five years. On November 26, 2014, Amber received a fourth five-year renewal from the Board of Trustees of the State University of New York ("SUNY").

Amber is a nonprofit, grade charter school located in the Upper Manhattan section of the city of New York, serving children in kindergarten through fifth grade. Founded by Community Association of Progressive Dominicans/Asociacion Comunal de Dominicanos Progresistas ("ACDP"), Amber was the first charter school in New York City created by a community-based organization, and the first to develop an English/Spanish two-way immersion program. Amber's mission is to provide its students with an academically rigorous and well-rounded education, along with strong character development, that will enable them to prosper in top middle schools and beyond. To fulfill this mission, Amber attempts to prepare each of its students with the ability to demonstrate proficiency and/or distinction in all New York State Learning Standards. Amber's funding is primarily from per-student funding provided by New York City; additionally, Amber receives government grants and contracts and private contributions.

In August 2014, Amber received an approval from the Board of Trustees of the SUNY for a second charter, expiring in July 2020, to operate a new school, Amber Charter School II ("Amber II"), which is scheduled to open in September 2016. Amber II operates as a division of Amber. During the startup stage, Amber II's funding is primarily from government grants and contracts.

Amber Schools Foundation, Inc. (the "Foundation") is a 501(c)(3) not-for-profit organization incorporated under the laws of the state of New York in March 2014. The Foundation is established to support the functions of, and to assist in carrying out the educational and charitable purposes of, Amber and Amber II.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The accompanying 2015 consolidated financial statements include the accounts of Amber and the Foundation (collectively referred to as the "Organization"). Amber maintains an economic interest and control in the Foundation through common board membership and the ability to elect the Foundation's board members. All significant intercompany accounts and transactions have been eliminated in consolidation.

Financial Statement Presentation

In the statements of activities, the Organization distinguishes between contributions that increase permanently restricted net assets (subject to perpetual funding source imposed restrictions), temporarily restricted net assets (funding source-imposed restrictions have not been met) and unrestricted net assets (not subject to funding source-imposed restrictions or whose funding source-imposed restrictions have been met). As of June 30, 2015 and 2014, there were no temporarily or permanently restricted net assets.

AMBER CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

At June 30, 2014, cash and cash equivalents consisted primarily of cash on deposit and money market accounts that are readily convertible into cash and purchased with original maturities of three months or less. At June 30, 2015, the Organization had no cash equivalents.

Property and Equipment

Property and equipment, when purchased, are recorded at cost. Contributions of property and equipment are recorded at their estimated fair values at the date of contribution. Depreciation is calculated using the double declining balance method over the estimated useful lives of the assets. Maintenance and repairs are charged to operations when incurred. Expenditures that increase the value or significantly extend the lives of assets are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Deferred Financing Costs

In connection with the refinancing of Amber's mortgages, Amber incurred costs of \$64,160, which is being amortized over the term of the loan. At June 30, 2015 and 2014, accumulated amortization of the refinancing costs amounted to \$48,120 and \$35,288, respectively. For each of the years ended June 30, 2015 and 2014, amortization expense amounted to \$12,832.

Contributions

Contributions are recognized as revenue when they are unconditionally promised and are reflected as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Grants and Refundable Advances

Revenue from the state and local governments resulting from the Organization's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Revenue from federal, state and local grants and contracts is recognized as revenue when qualifying expenditures are incurred. Amounts received in excess of fees earned on student enrollment and in excess of expenditures incurred are recognized as refundable advances.

Rental Income

Rental income is recognized as payments are due under the lease agreements.

Grants and Contracts Receivable

Grants and contracts receivable are stated at the amount management expects to collect. Management evaluates such receivables and establishes an allowance for doubtful accounts based on a history of write-offs and collections and current credit conditions. At June 30, 2015 and 2014, management determined that no allowance was required.

AMBER CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donations-in-kind

Contributions of noncash assets are recorded at their fair values at the date received. Contributions of services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. For the year ended June 30, 2015, Amber received donated goods amounting to \$2,109. These donations are reflected in "Revenue and support" and in "Management and general" in the accompanying consolidated statement of activities.

A number of unpaid volunteers have made or have agreed to make significant contributions of their time to the Organization. The value of such contributions is not reflected in the accompanying financial statements since these services do not require specialized skills.

Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Compensation expenses and certain other costs have been allocated by management between the programs and supporting services benefited.

Income Taxes

Amber and the Foundation qualify as charitable organizations as defined by Internal Revenue Code ("IRC") Section 501(c)(3) and, accordingly, are exempt from federal and state income taxes. As not-for-profit entities, Amber and the Foundation are subject to unrelated business income tax ("UBIT"), if applicable.

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*, Amber and the Foundation apply the "more likely than not" threshold to the recognition and derecognition of tax positions for their financial statements. Management has evaluated Amber's and the Foundation's tax positions and has concluded that there were no uncertain tax positions that qualified for either recognition or disclosure in the financial statements as of June 30, 2015.

Amber and the Foundation file income tax returns in the U.S. federal jurisdiction and in the state of New York. Amber is no longer subject to U.S. or New York State income tax examinations by tax authorities for years before 2011.

Reclassifications

Certain amounts in the 2014 financial statements have been reclassified to conform to the current year's presentation. The change in net assets previously reported for 2014 was not affected by these changes.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through October 13, 2015, the date on which these financial statements were available to be issued. Management believes that there were no material subsequent events that required recognition or disclosures in these financial statements.

AMBER CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 3 - CONCENTRATION OF CREDIT RISKS

The Organization maintains cash balances with a financial institution in New York City that were routinely in excess of federal insurance limits during 2015 and 2014. The Organization has not experienced any losses in these accounts, and management does not believe the Organization is exposed to any significant credit risks with respect to cash.

Revenue from the New York City Department of Education accounted for 89% and 92% of total revenue and support during the years ended June 30, 2015 and 2014, respectively.

Additionally, federal grantor agencies accounted for 95% and 99% of total grants and contracts receivable at June 30, 2015 and 2014, respectively.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Land	\$ 335,000	\$ 335,000
Building	3,123,388	3,123,388
Equipment, furniture and fixtures	1,219,474	1,170,880
Building improvements	1,656,146	1,627,573
Software	54,530	50,418
Construction in progress	<u>10,000</u>	<u>-</u>
	6,398,538	6,307,259
Less: accumulated depreciation	<u>(2,351,247)</u>	<u>(2,141,207)</u>
Property and equipment, net	<u>\$ 4,047,291</u>	<u>\$ 4,166,052</u>

Depreciation expense for the years ended June 30, 2015 and 2014, amounted to \$210,040 and \$217,446, respectively.

NOTE 5 - LONG-TERM DEBT

Amber has a mortgage payable to Raza Development Fund, Inc. dated September 29, 2011. The loan is collateralized by Amber's real estate in the city of New York. The loan is payable in monthly installments of \$17,316, including interest at 7% per annum, with a balloon payment of approximately \$2,235,000 due at maturity on October 1, 2016. At June 30, 2015 and 2014, amounts outstanding under the mortgage agreement were \$2,296,667 and \$2,341,957, respectively.

Maturities of long-term debt are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2016	\$ 48,565
2017	<u>2,248,102</u>
	<u>\$ 2,296,667</u>

In conjunction with the mortgage, Amber is required to maintain a debt service coverage ratio of 1.15 to 1. Management is not aware of any violations of the covenant.

AMBER CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 6 - OPERATING RESERVE

During the year ended June 30, 2013, Amber's board of trustees adopted an operating reserve policy to ensure the stability of Amber's mission. The policy requires Amber to establish an operating reserve fund with a minimum of \$250,000. Such funds shall be segregated from Amber's operating cash and are not to be used for normal operations. As of June 30, 2015, Amber had not yet established the operating reserve fund. However, management believes that Amber has adequate liquidity available, and that the segregation and restriction of such funds will not have an adverse effect on the operations of the school.

NOTE 7 - LEASES

Lease Revenue

At June 30, 2015, Amber had operating lease agreements with two tenants expiring periodically through March 2018.

Future minimum rents receivable under these noncancelable leases are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2016	\$ 25,504
2017	22,973
2018	<u>17,614</u>
Total	<u>\$ 66,091</u>

Lease Expense

Amber leases office equipment pursuant to noncancelable operating leases that expire in September 2017. For the years ended June 30, 2015 and 2014, total lease expense aggregated \$31,648 and \$44,634, respectively.

Future minimum lease payments under noncancelable leases are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2016	\$ 37,872
2017	37,872
2018	<u>6,312</u>
Total	<u>\$ 82,056</u>

NOTE 8 - RETIREMENT PLAN

Amber sponsors a defined contribution 403(b) retirement plan covering substantially all of its full-time employees. Contributions to the plan on behalf of non-union employees are at the discretion of the Board of Trustees. Contributions on behalf of union employees are in accordance with the union contract, which specified a 4% and 3% match as defined in the agreement for 2015 and 2014, respectively. For the years ended June 30, 2015 and 2014, Amber contributed \$135,561 and \$127,136, respectively, to the plan.

AMBER CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 9 - UNION AGREEMENT

At June 30, 2015, Amber had approximately 72 employees, of which approximately 39 are represented by a union. The union agreement covering these employees expires on August 31, 2018.

NOTE 10 - CONTINGENCIES

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. 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.

SUPPLEMENTARY INFORMATION



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

To the Board of Trustees
Amber Charter School
Amber Schools Foundation, Inc.

We have audited, 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, the consolidated financial statements of Amber Charter School and Amber Schools Foundation, Inc. (nonprofit organizations) (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 13, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Amber Charter School's and Amber Schools Foundation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Amber Charter School's and Amber Schools Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Amber Charter School's and Amber Schools Foundation, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Amber Charter School's and Amber Schools Foundation, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of their 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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CITRIN COOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
October 13, 2015

AMBER CHARTER SCHOOL
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

	Combining			Amber Schools Foundation, Inc.	Eliminations	Consolidation
	Amber Charter School	Amber Charter School II	Subtotal			
<u>ASSETS</u>						
Current assets:						
Cash and cash equivalents	\$ 1,862,695	\$ -	\$ 1,862,695	\$ 1,515,298	\$ -	\$ 3,377,993
Grants and contracts receivable	299,191	-	299,191	-	-	299,191
Other receivables	16,000	-	16,000	-	-	16,000
Prepaid expenses	<u>32,856</u>	<u>-</u>	<u>32,856</u>	<u>-</u>	<u>-</u>	<u>32,856</u>
Total current assets	<u>2,210,742</u>	<u>-</u>	<u>2,210,742</u>	<u>1,515,298</u>	<u>-</u>	<u>3,726,040</u>
Property and equipment, net	<u>4,047,291</u>	<u>-</u>	<u>4,047,291</u>	<u>-</u>	<u>-</u>	<u>4,047,291</u>
Other assets:						
Due from affiliates	1,515,298	-	1,515,298	-	(1,515,298)	-
Inter-company receivable/payable	10,125	(10,125)	-	-	-	-
Deferred financing costs, net	<u>16,040</u>	<u>-</u>	<u>16,040</u>	<u>-</u>	<u>-</u>	<u>16,040</u>
Total other assets	<u>1,541,463</u>	<u>(10,125)</u>	<u>1,531,338</u>	<u>-</u>	<u>(1,515,298)</u>	<u>16,040</u>
TOTAL ASSETS	<u>\$ 7,799,496</u>	<u>\$ (10,125)</u>	<u>\$ 7,789,371</u>	<u>\$ 1,515,298</u>	<u>\$ (1,515,298)</u>	<u>\$ 7,789,371</u>
<u>LIABILITIES AND NET ASSETS</u>						
Current liabilities:						
Accounts payable and accrued expenses	\$ 333,306	\$ -	\$ 333,306	\$ -	\$ -	\$ 333,306
Accrued payroll	733,943	-	733,943	-	-	733,943
Refundable advances	2,755	-	2,755	-	-	2,755
Current maturities of long-term debt	<u>48,565</u>	<u>-</u>	<u>48,565</u>	<u>-</u>	<u>-</u>	<u>48,565</u>
Total current liabilities	1,118,569	-	1,118,569	-	-	1,118,569
Long-term liabilities:						
Long-term debt, less current maturities	2,248,102	-	2,248,102	-	-	2,248,102
Due to affiliates	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,515,298</u>	<u>(1,515,298)</u>	<u>-</u>
Total liabilities	3,366,671	-	3,366,671	1,515,298	(1,515,298)	3,366,671
Commitments and contingencies (Notes 3, 5, 6, 7, 9 and 11)						
Net assets:						
Unrestricted	<u>4,432,825</u>	<u>(10,125)</u>	<u>4,422,700</u>	<u>-</u>	<u>-</u>	<u>4,422,700</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,799,496</u>	<u>\$ (10,125)</u>	<u>\$ 7,789,371</u>	<u>\$ 1,515,298</u>	<u>\$ (1,515,298)</u>	<u>\$ 7,789,371</u>

See independent auditor's report.

AMBER CHARTER SCHOOL
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Combining</u>					
	Amber Charter School	Amber Charter School II	Subtotal	Amber Schools Foundation, Inc.	Eliminations	Consolidation
Revenue and support:						
Public school district:						
Per student funding	\$ 6,822,427	\$ -	\$ 6,822,427	\$ -	\$ -	\$ 6,822,427
After school program:						
After school income	143,909	-	143,909	-	-	143,909
Grants and contracts:						
Federal, state and local	503,217	91,373	594,590	-	-	594,590
Contributions:						
Foundations	5,000	-	5,000	-	-	5,000
Individuals	1,560	-	1,560	-	-	1,560
Corporations	1,538	-	1,538	-	-	1,538
Special events revenue	8,661	-	8,661	-	-	8,661
Interest income	1,754	-	1,754	-	-	1,754
Rental income	41,016	-	41,016	-	-	41,016
In-kind donations of goods	2,109	-	2,109	-	-	2,109
Miscellaneous income	6,142	-	6,142	-	-	6,142
Total revenue and support	<u>7,537,333</u>	<u>91,373</u>	<u>7,628,706</u>	<u>-</u>	<u>-</u>	<u>7,628,706</u>
Expenses:						
Program services:						
Education	<u>6,027,891</u>	<u>33,337</u>	<u>6,061,228</u>	<u>-</u>	<u>-</u>	<u>6,061,228</u>
Supporting services:						
Management and general	969,975	68,161	1,038,136	-	-	1,038,136
Fundraising	<u>29,212</u>	<u>-</u>	<u>29,212</u>	<u>-</u>	<u>-</u>	<u>29,212</u>
Total supporting services	<u>999,187</u>	<u>68,161</u>	<u>1,067,348</u>	<u>-</u>	<u>-</u>	<u>1,067,348</u>
Cost of direct benefit to donors	<u>3,941</u>	<u>-</u>	<u>3,941</u>	<u>-</u>	<u>-</u>	<u>3,941</u>
Total expenses	<u>7,031,019</u>	<u>101,498</u>	<u>7,132,517</u>	<u>-</u>	<u>-</u>	<u>7,132,517</u>
Change in net assets	506,314	(10,125)	496,189	-	-	496,189
Net assets - beginning	<u>3,926,511</u>	<u>-</u>	<u>3,926,511</u>	<u>-</u>	<u>-</u>	<u>3,926,511</u>
NET ASSETS - ENDING	<u>\$ 4,432,825</u>	<u>\$ (10,125)</u>	<u>\$ 4,422,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,422,700</u>

See independent auditor's report.

AMBER CHARTER SCHOOL AND SUBSIDIARY
 COMBINING SCHEDULE OF FUNCTIONAL EXPENSES - AMBER CHARTER SCHOOL AND AMBER CHARTER SCHOOL II
 FOR THE YEAR ENDED JUNE 30, 2015

	Combining												
	Amber Charter School						Amber Charter School II						Combining Total
	Program Services	Supporting Services			Direct Costs to Donors	Total	Program Services	Supporting Services			Direct Costs to Donors	Total	
	Education	Management and General	Fundraising	Subtotal			Education	Management and General	Fundraising	Subtotal			
Personnel service costs:													
Administrative staff personnel	\$ 469,888	\$ 566,777	\$ -	\$ 566,777	\$ -	\$ 1,036,665	\$ -	\$ 47,395	\$ -	\$ 47,395	\$ -	\$ 47,395	\$ 1,084,060
Instructional personnel	2,919,678	-	-	-	-	2,919,678	-	-	-	-	-	-	2,919,678
Non-instructional personnel	142,113	-	-	-	-	142,113	-	-	-	-	-	-	142,113
Total personnel service costs	3,531,679	566,777	-	566,777	-	4,098,456	-	47,395	-	47,395	-	47,395	4,145,851
Fringe benefits and payroll taxes	1,121,510	171,460	-	171,460	-	1,292,970	-	4,692	-	4,692	-	4,692	1,297,662
Interest expense	156,002	6,500	-	6,500	-	162,502	-	-	-	-	-	-	162,502
Accounting and audit services	-	41,359	-	41,359	-	41,359	-	-	-	-	-	-	41,359
Other professional and consulting services	223,843	67,807	29,212	97,019	-	320,862	33,337	16,074	-	49,411	-	49,411	370,273
Security	3,886	-	-	-	-	3,886	-	-	-	-	-	-	3,886
Repairs and maintenance	56,270	2,345	-	2,345	-	58,615	-	-	-	-	-	-	58,615
Insurance	67,675	-	-	-	-	67,675	-	-	-	-	-	-	67,675
Utilities	92,744	3,864	-	3,864	-	96,608	-	-	-	-	-	-	96,608
Supplies and materials	90,507	-	-	-	-	90,507	-	-	-	-	-	-	90,507
Equipment rental	30,382	1,266	-	1,266	-	31,648	-	-	-	-	-	-	31,648
Staff development	96,988	-	-	-	-	96,988	-	-	-	-	-	-	96,988
Technology	9,829	-	-	-	-	9,829	-	-	-	-	-	-	9,829
Food service	139,549	25,460	-	25,460	-	165,009	-	-	-	-	-	-	165,009
Student services	44,566	-	-	-	-	44,566	-	-	-	-	-	-	44,566
Office expenses	10,742	55,485	-	55,485	-	66,227	-	-	-	-	-	-	66,227
Depreciation and amortization	213,957	8,915	-	8,915	-	222,872	-	-	-	-	-	-	222,872
Travel	3,231	-	-	-	-	3,231	-	-	-	-	-	-	3,231
Dues and subscriptions	19,947	831	-	831	-	20,778	-	-	-	-	-	-	20,778
Postage	5,195	-	-	-	-	5,195	-	-	-	-	-	-	5,195
Catering for special events	-	-	-	-	3,941	3,941	-	-	-	-	-	-	3,941
Payroll processing fees	83,379	-	-	-	-	83,379	-	-	-	-	-	-	83,379
Miscellaneous	26,010	17,906	-	17,906	-	43,916	-	-	-	-	-	-	43,916
TOTAL FUNCTIONAL EXPENSES	\$ 6,027,891	\$ 969,975	\$ 29,212	\$ 999,187	\$ 3,941	\$ 7,031,019	\$ 33,337	\$ 68,161	\$ -	\$ 101,498	\$ -	\$ 101,498	\$ 7,132,517

See independent auditor's report.