

**GIRLS PREPARATORY CHARTER SCHOOL**  
**OF NEW YORK**

**NEW YORK, NEW YORK**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**OTHER CONSOLIDATING FINANCIAL INFORMATION**

**REPORT REQUIRED BY**  
**GOVERNMENT AUDITING STANDARDS**

**AND**

**INDEPENDENT AUDITORS' REPORTS**

**JUNE 30, 2012**  
**(With Comparative Totals for 2011)**

## CONTENTS

<u>AUDITED CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>PAGE</u>
Independent Auditors' Report	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities and Changes in Net Assets	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8
 <u>OTHER CONSOLIDATING FINANCIAL INFORMATION</u>	
Independent Auditors' Report on Consolidating Financial Information	15
Consolidating Statement of Financial Position	16
Consolidating Statement of Activities and Changes in Net Assets	17
 <u>REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS</u>	
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 <i>Government Auditing Standards</i>	19



## MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

### INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Girls Preparatory Charter School of New York

We have audited the accompanying consolidated statement of financial position of Girls Preparatory Charter School of New York (the "Organization") as of June 30, 2012, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the consolidated financial statements of Girls Preparatory Charter School of New York as of and for the year ended June 30, 2011, and in our report dated October 14, 2011 we expressed an unqualified opinion on those consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Girls Preparatory Charter School of New York as of June 30, 2012, and the changes in its net assets and its cash flows for the year 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 16, 2012 on our consideration of Girls Preparatory Charter School of New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

*Mengel, Metzger, Barr & Co. LLP*

Rochester, New York  
October 16, 2012

- 3 -

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

(With Comparative Totals for 2011)

<u>ASSETS</u>	June 30,	
	<u>2012</u>	<u>2011</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 373,441	\$ 179,188
Grants and other receivables	51,076	243,338
Prepaid expenses and other current assets	212,632	73,979
Related party receivables	13,315	65,229
Security deposit	-	70,000
TOTAL CURRENT ASSETS	650,464	631,734
<u>PROPERTY AND EQUIPMENT, net</u>	<u>367,624</u>	<u>279,236</u>
TOTAL ASSETS	<u>\$ 1,018,088</u>	<u>\$ 910,970</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 95,907	\$ 113,530
Accrued payroll and benefits	694,612	324,930
TOTAL CURRENT LIABILITIES	790,519	438,460
<u>NET ASSETS, unrestricted</u>	<u>227,569</u>	<u>472,510</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,018,088</u>	<u>\$ 910,970</u>

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

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2012  
(With Comparative Totals for 2011)

	<u>Year ended June 30,</u>	
	<u>2012</u>	<u>2011</u>
Operating revenue and support:		
State and local per pupil operating revenue	\$ 6,934,566	\$ 5,416,320
Federal grants	243,880	194,238
State and local grants	23,715	176,794
Contributions	100,949	50,848
Donated supplies and materials	50,000	83,200
Other income	19,807	-
Interest income	60	253
	<u>60</u>	<u>253</u>
TOTAL OPERATING REVENUE AND SUPPORT	7,372,977	5,921,653
Expenses:		
Program:		
Regular education	5,097,268	4,156,774
Special education	1,521,575	1,022,843
Management and general	992,875	815,720
Fundraising and special events	6,200	5,016
	<u>6,200</u>	<u>5,016</u>
TOTAL EXPENSES	<u>7,617,918</u>	<u>6,000,353</u>
CHANGE IN NET ASSETS	(244,941)	(78,700)
Net assets at beginning of year	472,510	551,210
NET ASSETS AT END OF YEAR	<u>\$ 227,569</u>	<u>\$ 472,510</u>

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

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2012  
(With Comparative Totals for 2011)

		Year ended June 30,						
		2012						2011
		Program Services			Supporting Services			
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total	Total
								Total
Personnel services costs:								
Administrative staff personnel		\$ 194,309	\$ 27,758	\$ 222,067	\$ 381,747	\$ -	\$ 381,747	\$ 603,814
Instructional personnel		2,235,601	911,376	3,146,977	29,216	-	29,216	3,176,193
Non-instructional personnel		473,288	67,189	540,477	207,905	-	207,905	748,382
Total personnel services costs		2,903,198	1,006,323	3,909,521	618,868	-	618,868	4,528,389
Fringe benefits and payroll taxes		544,008	188,567	732,575	115,965	-	115,965	848,540
Retirement		82,131	28,441	110,572	17,518	-	17,518	128,090
Management company fees		487,250	64,559	551,809	62,001	6,200	68,201	620,010
Legal services		-	-	-	6,291	-	6,291	6,291
Accounting and auditing services		-	-	-	15,538	-	15,538	15,538
Other professional and consulting services		35,262	12,121	47,383	93,665	-	93,665	141,048
Facility cost		20,316	6,984	27,300	4,444	-	4,444	31,744
Insurance		22,553	7,753	30,306	4,934	-	4,934	35,240
Classroom supplies and materials		292,478	50,566	343,044	-	-	-	343,044
Equipment and furnishings		6,352	1,776	8,128	971	-	971	9,099
Staff development		106,140	13,987	120,127	1,722	-	1,722	121,849
Marketing and recruiting		9,316	1,234	10,550	-	-	-	10,550
Technology		6,124	1,396	7,520	557	-	557	8,077
Food service		102,254	15,991	118,245	-	-	-	118,245
Student services		278,847	52,770	331,617	3,023	-	3,023	334,640
Office expense		32,769	11,264	44,033	10,338	-	10,338	54,371
Telephone and internet		26,069	8,961	35,030	5,702	-	5,702	40,732
Copier lease		37,387	12,852	50,239	8,179	-	8,179	58,418
Depreciation and amortization		104,814	36,030	140,844	23,159	-	23,159	164,003
		\$ 5,097,268	\$ 1,521,575	\$ 6,618,843	\$ 992,875	\$ 6,200	\$ 999,075	\$ 7,617,918
								\$ 6,000,353

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

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2012  
(With Comparative Totals for 2011)

	Year ended June 30,	
	2012	2011
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ (244,941)	\$ (78,700)
Adjustments to reconcile change in net assets to net cash provided from (used for) operating activities:		
Depreciation and amortization	164,003	300,983
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	192,262	(176,565)
Related party receivables	51,914	234,059
Prepaid expenses and other current assets	(138,653)	(38,953)
Security deposit	70,000	(70,000)
Accounts payable and accrued expenses	(17,623)	40,155
Accrued payroll and benefits	369,682	54,206
Deferred revenue	-	(42,452)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	446,644	222,733
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(252,391)	(436,233)
NET CASH USED FOR INVESTING ACTIVITIES	(252,391)	(436,233)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	194,253	(213,500)
Cash and cash equivalents at beginning of year	179,188	392,688
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 373,441	\$ 179,188

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

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

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

The Organization

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

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

Financial Statement presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

These classes of net assets are defined as follows:

*Permanently restricted* – Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization had no permanently restricted net assets at June 30, 2012 and 2011.

*Temporarily restricted* – Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. The Organization had no temporarily restricted net assets at June 30, 2012 and 2011.



GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2012 AND 2011

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

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

Revenue and support recognition

Revenue from state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement.

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

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

Contributions

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

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Cash and cash equivalents

The Organization maintains its cash balances at certain financial institutions located in New York. Cash and certain money market account balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. In addition, certain non-interest bearing transaction accounts at the financial institutions are 100% insured through December 31, 2012. In the normal course of business, the interest bearing account balances at any given time may exceed insured limits. However, the Organization has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash and cash equivalents.

Grants and other receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2012 and 2011.

Property and equipment

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

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2012 AND 2011

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

Tax exempt status

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

The Organizations have filed for and received income tax exemptions in the various jurisdictions where they are required to do so. The School and Friends file Form 990 tax returns in the U.S. federal jurisdiction and Friends files in New York State. With few exceptions, as of June 30, 2012, the Organizations are no longer subject to U.S. federal or state income tax examinations by tax authorities for years ended before June 30, 2009. Years ended June 30, 2009 through June 30, 2012 are still subject to potential audit by the IRS and the taxing authorities in New York State. Management of the Organizations believe they have no material uncertain tax positions and, accordingly, will not recognize any liability for unrecognized tax benefits.

Contributed services

The Organization receives contributed services from volunteers to serve on the Board of Trustees. These services are not valued in the financial statements because they do not require “specialized skills” and would typically not be purchased if they were not contributed.

Marketing and recruiting costs

The Organization expenses marketing and recruiting costs as they are incurred. Total marketing and recruiting costs approximated \$10,600 and \$9,500 for the years ended June 30, 2012 and 2011, respectively.

Use of estimates in the preparation of consolidated financial statements

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

Comparatives for year ended June 30, 2011

The consolidated financial statements include certain prior year summarized comparative information in total but not by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s consolidated financial statements for the year ended June 30, 2011, from which the summarized information was derived.

Subsequent events

The Organization has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 16, 2012, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2012 AND 2011

NOTE B: RELATED PARTY TRANSACTIONS

The Organization has related party receivables from or payables to three related organizations, Girls Preparatory Charter School of the Bronx located in Bronx, New York, Public Preparatory Network, Inc., and Boys Preparatory Charter School which is still being organized. Public Preparatory Network, Inc. manages the operations of the Organization. Girls Preparatory Charter School of the Bronx has common Board members on its Board of Trustees. The receivables relate to start-up costs of these organizations that were paid by the Organization. Boys Preparatory Charter School has common Board members on its Board of Trustees, and the amount due to Boys Preparatory Charter School is a start-up grant to help the Charter School organize.

Public Preparatory Network, Inc., a not-for-profit organization provides management and other administrative support services to the organization. The Organization entered into an annual agreement with Public Preparatory Network, Inc., dated August 12, 2009, under which the Organization pays a service fee of a set percentage of the year end student enrollments full time equivalents at the school multiplied by the approved per pupil operating expenses for the school year. For the years ended June 30, 2012 and 2011, the percentage for the elementary school (grades K-4) was 10% and the percentage for the middle school (grades 5 - 7) was 10%. The agreement is renewable annually. The fee incurred for the years ended June 30, 2012 and 2011, \$620,010 and \$501,626 respectively.

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

	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
Due to Girls Preparatory Charter School of the Bronx	\$ (1,299)	\$ (791)
Due from Public Preparatory Network, Inc.	13,599	101,020
Due from Boys Preparatory Charter School	<u>1,015</u>	<u>(35,000)</u>
	<u>\$ 13,315</u>	<u>\$ 65,229</u>

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2012 AND 2011

NOTE C: SCHOOL FACILITY

As part of the New York City Chancellor's Charter School Initiative, the New York City Department of Education has committed space to the Organization at no charge under a verbal agreement. During the 2010-11 school year, the middle school rented space from an unrelated third party as a Department of Education facility was not available. Rent expense totaled approximately \$376,000 for the year ended June 30, 2011 and a security deposit of \$70,000 was paid by the Organization relative to this lease. The middle school has relocated to a Department of Education facility for the 2011-12 year and the security deposit has been returned to the school.

NOTE D: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
Furniture and fixtures	254,411	\$ 189,429
Equipment	253,051	203,017
Computer equipment	377,687	309,477
Web development	5,250	5,250
Leasehold improvements	<u>76,174</u>	<u>7,009</u>
	966,573	714,182
Less accumulated depreciation and amortization	<u>598,949</u>	<u>434,946</u>
	<u><u>\$ 367,624</u></u>	<u><u>\$ 279,236</u></u>

NOTE E: OPERATING LEASES

The Organization leases office equipment under non-cancelable lease agreements expiring at various dates through August 2016. The future minimum payments on these agreements are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2013	\$ 28,382
2014	27,336
2015	26,156
2016	9,106
2017	<u>1,060</u>
	<u><u>\$ 92,040</u></u>

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2012 AND 2011

NOTE F: RETIREMENT PLAN

The Organization sponsors a defined contribution 403(b) plan covering all regular employees. The Organization matches employees' contributions up to 5% of base salary. The Organization's total contribution to the Plan for the years ended June 30, 2012 and 2011 was \$128,090 and \$79,891, respectively.

NOTE G: CONTINGENCY

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

NOTE H: CONCENTRATIONS

At June 30, 2012 and 2011, approximately 29% and 100%, respectively, of grants and other receivables are due from the New York State Department of Education relating to certain grants. At June 30, 2012 approximately 28% of grants and other receivables are due from a grantor.

During the years ended June 30, 2012 and 2011, 94% and 91%, respectively of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

**GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK**

**OTHER CONSOLIDATING FINANCIAL INFORMATION**



## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING FINANCIAL INFORMATION

Board of Trustees  
Girls Preparatory Charter School of New York

We have audited the consolidated financial statements of Girls Preparatory Charter School of New York as of and for the year ended June 30, 2012, and our report thereon dated October 16, 2012, which expressed an unqualified opinion on those consolidated financial statements, appears on page 3. Our audit was conducted for the purpose of forming an opinion on the 2012 consolidated financial statements as a whole. The 2012 consolidated financial information hereinafter is presented for purposes of additional analysis and is not a required part of the 2012 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2012 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 2012 consolidated financial statements or to the 2012 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements for the year ended June 30, 2012, as a whole.

*Mengel, Metzger, Barr & Co. LLP*

Rochester, New York  
October 16, 2012

GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

<u>ASSETS</u>	Girls Preparatory Charter School of New York	Friends of Girls Preparatory Charter School of New York, Inc.	Eliminations	Total
<u>CURRENT ASSETS</u>				
Cash and cash equivalents	\$ 373,441	\$ -	\$ -	\$ 373,441
Grants and other receivables	51,076	-	-	51,076
Prepaid expenses and other current assets	212,632	-	-	212,632
Related party receivables	13,166	149	-	13,315
TOTAL CURRENT ASSETS	650,315	149	-	650,464
<u>PROPERTY AND EQUIPMENT, net</u>	367,624	-	-	367,624
TOTAL ASSETS	<u>\$ 1,017,939</u>	<u>\$ 149</u>	<u>\$ -</u>	<u>\$ 1,018,088</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES</u>				
Accounts payable and accrued expenses	\$ 95,907	\$ -	\$ -	\$ 95,907
Accrued payroll and benefits	694,612	-	-	694,612
TOTAL CURRENT LIABILITIES	790,519	-	-	790,519
<u>NET ASSETS, unrestricted</u>	227,420	149	-	227,569
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,017,939</u>	<u>\$ 149</u>	<u>\$ -</u>	<u>\$ 1,018,088</u>



GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2012

	Girls Preparatory Charter School of New York	Friends of Girls Preparatory Charter School of New York, Inc.	Eliminations	Total
Operating revenue and support:				
State and local per				
pupil operating revenue	\$ 6,934,566	\$ -	\$ -	\$ 6,934,566
Federal grants	243,880	-	-	243,880
State and local grants	23,715	-	-	23,715
Contributions	205,849	1,000	(105,900)	100,949
Donated supplies and materials	50,000	-	-	50,000
Other income	19,807	-	-	19,807
Interest income	45	15	-	60
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OPERATING				
REVENUE AND SUPPORT	7,477,862	1,015	(105,900)	7,372,977
Expenses:				
Program:				
Regular education	5,097,268	105,900	(105,900)	5,097,268
Special education	1,521,575	-	-	1,521,575
Management and general	992,570	305	-	992,875
Fundraising and special events	6,200	-	-	6,200
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	7,617,613	106,205	(105,900)	7,617,918
CHANGE IN NET ASSETS	(139,751)	(105,190)	-	(244,941)
Net assets at				
beginning of year	367,171	105,339	-	472,510
	<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS AT				
END OF YEAR	\$ 227,420	\$ 149	\$ -	\$ 227,569
	<hr/>	<hr/>	<hr/>	<hr/>

**GIRLS PREPARATORY CHARTER SCHOOL OF NEW YORK**

**REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS**



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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

Board of Trustees  
Girls Preparatory Charter School of New York

We have audited the consolidated financial statements of Girls Preparatory Charter School of New York (the "Organization") as of and for the year ended June 30, 2012 and have issued our report thereon dated October 16, 2012. 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**

Management of Girls Preparatory Charter School of New York is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Girls Preparatory Charter School of New York's internal control over financial reporting as a basis for designing our auditing procedures 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 the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 consolidated 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Girls Preparatory Charter School of New York's consolidated financial statements are free 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*.

We noted certain matters that we reported to management of Girls Preparatory Charter School of New York in a separate letter dated October 16, 2012.

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

*Mengel, Metzger, Barw & Co. LLP*

Rochester, New York  
October 16, 2012