

**COMMUNITY PARTNERSHIP  
CHARTER SCHOOL  
FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2012 AND 2011**

**COMMUNITY PARTNERSHIP CHARTER SCHOOL  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Community Partnership Charter School

We have audited the accompanying statement of financial position of Community Partnership Charter School (the "School") as of June 30, 2012, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the School as of June 30, 2011, were audited by other auditors whose report dated October 21, 2011, expressed an unqualified opinion on those 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also 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 financial statements referred to above present fairly, in all material respects, the financial position of Community Partnership Charter School as of June 30, 2012 and the results of its operations 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 17, 2012, 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, 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.

*Citrin Cooperman & Company, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

October 17, 2012

**COMMUNITY PARTNERSHIP CHARTER SCHOOL**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<u><b>ASSETS</b></u>		
Cash and cash equivalents	\$ 894,497	\$ 1,101,666
Grants receivable	122,963	122,078
Accounts and interest receivable	7,021	5,407
Investments	2,699,429	2,270,941
Due from NYCDOE	6,425	-
Due from Beginning with Children Foundation	7,506	-
Property and equipment, net of accumulated depreciation of \$284,207 in 2012 and \$230,612 in 2011	<u>140,988</u>	<u>81,883</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>3,878,829</u></b>	<b>\$ <u>3,581,975</u></b>
<u><b>LIABILITIES AND NET ASSETS</b></u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 557,081	\$ 436,779
Refundable advances	-	20,833
Due to Beginning with Children Foundation	<u>-</u>	<u>28,059</u>
Total liabilities	<u>557,081</u>	<u>485,671</u>
Contingency (Note 7)		
Net Assets:		
Unrestricted:		
Board-designated for facility and personnel costs	1,200,000	1,200,000
Undesignated	<u>2,121,748</u>	<u>1,896,304</u>
Total net assets	<u>3,321,748</u>	<u>3,096,304</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>3,878,829</u></b>	<b>\$ <u>3,581,975</u></b>

See accompanying notes to financial statements.

**COMMUNITY PARTNERSHIP CHARTER SCHOOL**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Operating revenue:						
State and local per pupil operating revenue	\$ 5,617,788	\$ -	\$ 5,617,788	\$ 4,842,873	\$ -	\$ 4,842,873
Government grants	140,940	-	140,940	152,597	-	152,597
Other revenue	<u>4,099</u>	<u>-</u>	<u>4,099</u>	<u>4,195</u>	<u>-</u>	<u>4,195</u>
Total operating revenue	<u>5,762,827</u>	<u>-</u>	<u>5,762,827</u>	<u>4,999,665</u>	<u>-</u>	<u>4,999,665</u>
Operating expenses:						
Program services	5,222,214	-	5,222,214	4,176,029	-	4,176,029
Management and general	389,563	-	389,563	435,492	-	435,492
Development	<u>46,618</u>	<u>-</u>	<u>46,618</u>	<u>32,501</u>	<u>-</u>	<u>32,501</u>
Total operating expenses	<u>5,658,395</u>	<u>-</u>	<u>5,658,395</u>	<u>4,644,022</u>	<u>-</u>	<u>4,644,022</u>
Surplus on government-funded school operations	104,432	-	104,432	355,643	-	355,643
Contributions	88,880	-	88,880	71,445	-	71,445
Investment earnings	32,132	-	32,132	19,085	-	19,085
Net assets released from restriction	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Change in net assets	225,444	-	225,444	456,173	(10,000)	446,173
Net assets:						
Beginning	<u>3,096,304</u>	<u>-</u>	<u>3,096,304</u>	<u>2,640,131</u>	<u>10,000</u>	<u>2,650,131</u>
Ending	<u>\$ 3,321,748</u>	<u>\$ -</u>	<u>\$ 3,321,748</u>	<u>\$ 3,096,304</u>	<u>\$ -</u>	<u>\$ 3,096,304</u>

See accompanying notes to financial statements.

**COMMUNITY PARTNERSHIP CHARTER SCHOOL  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	2012			2011				
	Program Services	Management and General	Development	Total	Program Services	Management and General	Development	Total
	\$ 3,406,352	\$ 186,270	\$ -	\$ 3,592,622	\$ 2,775,477	\$ 158,551	\$ -	\$ 2,934,028
Personnel services								
Employee benefits and payroll taxes	790,873	43,248	-	834,121	662,392	37,840	-	700,232
Occupancy	51,276	6,831	-	58,107	58,008	6,463	-	64,471
Consultants	84,125	-	-	84,125	66,411	-	-	66,411
Classroom instructional supplies	229,336	-	-	229,336	149,428	-	-	149,428
Textbook and library books	25,974	-	-	25,974	19,905	-	-	19,905
Curriculum and staff development	114,247	-	-	114,247	95,476	-	-	95,476
Outreach	3,612	-	-	3,612	1,957	-	-	1,957
Trips and admissions	64,628	-	-	64,628	65,800	-	-	65,800
Research and evaluation	18,164	-	-	18,164	17,878	-	-	17,878
After-school and summer school programs	21,000	-	-	21,000	63,107	-	-	63,107
Management fee	326,327	93,237	46,618	466,182	130,004	162,506	32,501	325,011
Accounting and legal fees	-	23,082	-	23,082	-	23,888	-	23,888
Office and technology supplies	-	19,459	-	19,459	-	29,140	-	29,140
Telephone	-	5,346	-	5,346	-	8,250	-	8,250
Postage and shipping	-	5,375	-	5,375	-	4,975	-	4,975
Miscellaneous expenses	34,624	4,796	-	39,420	39,485	3,879	-	43,364
Depreciation	51,676	1,919	-	53,595	30,701	-	-	30,701
TOTAL	\$ 5,222,214	\$ 389,563	\$ 46,618	\$ 5,658,395	\$ 4,176,029	\$ 435,492	\$ 32,501	\$ 4,644,022

See accompanying notes to financial statements.

**COMMUNITY PARTNERSHIP CHARTER SCHOOL  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ 225,444	\$ 446,173
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized loss (gain) on investments	(6,660)	7,232
Depreciation	53,595	30,701
Changes in assets and liabilities:		
Grants receivable	(885)	57,312
Accounts and interest receivable	(1,614)	2,741
Due from NYCDOE	(6,425)	-
Due to/from Beginning with Children Foundation	(35,565)	4,670
Accounts payable and accrued expenses	136,253	28,437
Refundable advances	<u>(20,833)</u>	<u>7,512</u>
Net cash provided by operating activities	<u>343,310</u>	<u>584,778</u>
Cash flows from investing activities:		
Purchase of property and equipment	(112,700)	(54,897)
Purchase of investments	(1,575,000)	(2,029,264)
Proceeds from sale of investments	<u>1,153,172</u>	<u>1,535,125</u>
Net cash used in investing activities	<u>(534,528)</u>	<u>(549,036)</u>
Cash used in financing activities:		
Payment for equipment purchase included in accounts payable and accrued expenses	<u>(15,951)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(207,169)	35,742
Cash and cash equivalents - beginning	<u>1,101,666</u>	<u>1,065,924</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 894,497</u>	<u>\$ 1,101,666</u>
Supplemental disclosure of non-cash investing and financing activities:		
Equipment purchase included in accounts payable and accrued expenses	<u>\$ -</u>	<u>\$ 15,951</u>

See accompanying notes to financial statements.

**COMMUNITY PARTNERSHIP CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012 AND 2011**

**NOTE 1.      ORGANIZATION AND NATURE OF OPERATIONS**

Principal Business Activity

Community Partnership Charter School (the "School") is an education corporation that operates as a charter school in the borough of Brooklyn, New York. On April 4, 2000, 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. In January 2012, the School was approved for a third five-year renewal of its charter from the Board of Regents of the University of the State of New York and entered into a new charter agreement on July 18, 2012.

The School's mission is as follows: At the Community Partnership Charter School, families, educators and community members join to create a learning environment that fosters high academic achievement that exceeds the New York State Learning Standards. An enriched curriculum and dynamic partnerships between the School, families and community enable all students to become life-long learners and active citizens who value kindness and respect.

The New York City Department of Education (the "NYCDOE") provides free and reduced-price lunches and transportation directly to a majority of the School's students.

**NOTE 2.      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Financial Statements

The accompanying financial statements have been prepared on an accrual basis of accounting and are presented in accordance with accounting requirements for not-for-profit organizations. These requirements provide that all not-for-profit organizations provide a statement of financial position, a statement of activities, and a statement of cash flows, and that net assets be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor stipulations regarding their use.

Recently Adopted Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-06, *Improving Disclosures about Fair Value Measurements*. This update amends FASB Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, to require new disclosures for significant transfers in and out of Level 1 and Level 2 fair value measurements, disaggregation regarding classes of assets and liabilities, valuation techniques, and inputs used to measure fair value for both recurring and nonrecurring fair value measurements for Level 2 or Level 3. These disclosures are effective for reporting periods beginning after December 15, 2009. Additional new disclosures regarding the purchases, sales, issuances, and settlements in the rollforward of activity in Level 3 fair value measurements are effective for fiscal years beginning after December 15, 2010. The School adopted certain of the relevant disclosure provisions of ASU 2010-06 on July 1, 2010, and certain other provisions on July 1, 2011. The adoption of this standard did not have a material effect on the School's financial statements.



**COMMUNITY PARTNERSHIP CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011**

**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 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. Actual results could differ from those estimates.

Cash and Cash Equivalents

The School maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The School has not experienced any losses in these accounts. The School considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Contributions

The financial statements of the School reflect contributions received from the public and other organizations. Contributions, including unconditional promises to give, are recognized in the statements of activities as revenue in the period in which they are received.

The School reports gifts of cash and other assets 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 time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as "Net assets released from restriction." Amounts received with donor stipulations that limit the use of the assets for certain purposes are reported as unrestricted support if the stipulated purpose restriction is accomplished in the same year.

Grants and Refundable Advances

Revenue from the state and local governments resulting from the School's charter status, which is 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 expenditures incurred are recognized as refundable advances.

Contributed Services

Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets or would have been purchased if not provided by donation, require special skills and are provided by individuals possessing such skills.

A number of volunteers have made a contribution of their time to the School to develop academic and other programs and to serve on the board of trustees. The value of this contributed time is not reflected in the financial statements inasmuch as those services would not typically be purchased had they not been provided by donation.

**COMMUNITY PARTNERSHIP CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012 AND 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 8 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Net appreciation (depreciation) includes the School's gains and losses on investments bought and sold as well as held during the year.

One financial institution held approximately 100% and 89% of the School's investments at June 30, 2012 and 2011, respectively. These certificates are FDIC insured.

Property and Equipment

The School capitalizes all purchases of property and equipment in excess of \$1,000. Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

Net Assets

Unrestricted net assets are not restricted by donors or donor-imposed restrictions have expired. Board-designated net assets were established by the board of trustees to provide a fiscally prudent reserve for unforeseen facility, personnel and other issues. Temporarily restricted net assets are restricted by donors for a specific purpose or for a specified time period beyond the current fiscal year.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of functional expenses. Certain costs have been allocated among program and supporting services.

Income Taxes

The School is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and from state income taxes. As a not-for-profit entity, the School is subject to unrelated business income tax ("UBIT"), if applicable.

The School recognizes and measures its unrecognized tax benefits in accordance with FASB Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, the School assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances, and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

Management has evaluated the School's tax positions and has concluded that the School has taken no uncertain tax positions that require adjustment to the financial statements.

**COMMUNITY PARTNERSHIP CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012 AND 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Taxes (Continued)

Generally, the School is no longer subject to income tax examinations by U.S. federal, state or local taxing authorities for years before 2008.

Fair Value Measurements

FASB ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Under this standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School has the ability to access.

Level 2 inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The School assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in the circumstances that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. There were no transfers among Levels 1, 2 and 3 during fiscal years 2012 and 2011.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the School has evaluated subsequent events through October 17, 2012, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**COMMUNITY PARTNERSHIP CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011**

**NOTE 3. RELATED-PARTY TRANSACTIONS**

The Beginning with Children Foundation (the "Foundation") is a not-for-profit organization dedicated to improving the education opportunities of urban children through the creation of autonomous, high-performing public schools. The Foundation is a cofounder of the School.

As educational manager to charter schools during the fiscal years ended June 30, 2012 and 2011, the Foundation entered into a Memorandum of Understanding ("MOU") agreement with the School. Pursuant to the terms of the MOU agreement, the School agreed to pay service fees to the Foundation in the amounts of \$466,182 and \$325,011 for the fiscal years ended June 30, 2012 and 2011, respectively. The Foundation supported the School in the areas of leadership and strategy, curriculum and assessment, research and evaluation, business services, compliance, development, technology, communications, outreach, and alumni program management. Amounts due from the Foundation at June 30, 2012 were \$7,506, and amounts due to the Foundation at June 30, 2011 were \$28,059.

**NOTE 4. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>	<u>Estimated Useful Life</u>
Furniture and fixtures	\$ 141,074	\$ 108,329	3 - 7 years
Computer equipment	264,928	204,166	3 years
Leasehold improvements	<u>19,193</u>	<u>-</u>	7 years
	425,195	312,495	
Less: accumulated depreciation	<u>(284,207)</u>	<u>(230,612)</u>	
Property and equipment, net	<u>\$ 140,988</u>	<u>\$ 81,883</u>	

Depreciation and amortization expense was \$53,595 and \$30,701 for the years ended June 30, 2012 and 2011, respectively.

**NOTE 5. SCHOOL FACILITIES**

The School occupies space in public school buildings owned by the NYCDOE located at 241 Emerson Place in Clinton Hill, Brooklyn, and 114 Kosciuszko Street, Brooklyn, which have been made available to the School at no charge.

**NOTE 6. EMPLOYEE BENEFIT PLAN**

The School maintains a defined contribution plan under Section 401(k) of the Internal Revenue Code covering all eligible employees. Under the plan, the School provides matching contributions. In addition, the School may elect on a discretionary basis to contribute a percentage of all qualified employees' compensation to the profit-sharing component of the plan. The amount charged to operations for contributions to these funds was approximately \$76,000 and \$70,000 for the years ended June 30, 2012 and 2011, respectively.

**COMMUNITY PARTNERSHIP CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012 AND 2011**

**NOTE 7. 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.

**NOTE 8. FAIR VALUE MEASUREMENTS**

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the tables below. The valuation techniques are as follows:

- (a) *Market approach.* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- (b) *Cost approach.* Amount that would be required to replace the service capacity of an asset (replacement cost); and
- (c) *Income approach.* Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

The following table summarizes the School's assets and liabilities measured at fair value on a recurring basis, categorized by GAAP's valuation hierarchy as of June 30, 2012 and 2011:

Description	Level 1 Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total	Valuation Technique
June 30, 2012:					
Money market fund (included in cash and cash equivalents)	\$ 53,840	\$ -	\$ -	\$ 53,840	(a)
Certificates of deposit (included in investments)	-	2,699,429	-	2,699,429	(b)
Total	<u>\$ 53,840</u>	<u>\$ 2,699,429</u>	<u>\$ -</u>	<u>\$ 2,753,269</u>	
June 30, 2011:					
Money market fund (included in cash and cash equivalents)	\$ 34,308	\$ -	\$ -	\$ 34,308	(a)
Certificates of deposit (included in investments)	-	2,270,941	-	2,270,941	(b)
Total	<u>\$ 34,308</u>	<u>\$ 2,270,941</u>	<u>\$ -</u>	<u>\$ 2,305,249</u>	

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2012 and 2011:

The money market fund is valued at cost plus accrued interest, which approximates fair value.

The certificates of deposits are stated at amortized cost, which approximates fair value.

**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  
Community Partnership Charter School

We have audited the financial statements of Community Partnership Charter School (the "School") as of and for the year ended June 30, 2012, and have issued our report thereon dated October 17, 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 the School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

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

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

*Citrin Cooperman & Company, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

October 17, 2012