

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES  
GROWING UP GREEN CHARTER SCHOOL

We have audited the accompanying statement of financial position of Growing Up Green Charter School (the "School") (a not-for-profit corporation) as of June 30, 2012, and the related statements of activities, 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 prior year summarized comparative information has been derived from the School's 2011 financial statements and, in our report dated September 23, 2011, we expressed an unqualified opinion on those 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 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. An audit also includes 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 the School 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 August 27, 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, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and on 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 read in conjunction with this report in considering the results of our audit.

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

New York, New York  
August 27, 2012

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30,

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 791,221	\$ 480,597
Grants and contracts receivable	34,365	43,686
Other current receivables	764	27,373
Prepaid expenses	<u>161,052</u>	<u>28,830</u>
Total current assets	987,402	580,486
Property and equipment, net of accumulated depreciation and amortization of \$142,646 and \$64,790, respectively	367,693	344,741
Restricted cash	70,235	40,080
Security deposit	<u>35,000</u>	<u>35,000</u>
TOTAL ASSETS	<u><u>\$ 1,460,330</u></u>	<u><u>\$ 1,000,307</u></u>
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 92,987	\$ 157,009
Accrued payroll and payroll taxes	205,284	136,889
Refundable advances	<u>1,109</u>	<u>6,087</u>
Total current liabilities	299,380	299,985
Deferred rent	<u>111,564</u>	<u>60,881</u>
Total liabilities	410,944	360,866
Unrestricted net assets	<u>1,049,386</u>	<u>639,441</u>
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	<u><u>\$ 1,460,330</u></u>	<u><u>\$ 1,000,307</u></u>

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

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
Revenue and support:		
State and local per pupil operating revenue	\$ 4,785,855	\$ 3,449,955
Federal grants	107,263	270,188
State and city grants	29,767	17,747
Contributions and private grants	13,439	6,503
Donated goods and services	12,000	7,650
Interest and other income	<u>4,036</u>	<u>758</u>
Total revenue and support	<u>4,952,360</u>	<u>3,752,801</u>
Expenses:		
Program services		
Regular education	3,268,051	2,418,484
Special education	<u>737,674</u>	<u>430,366</u>
Total program services	4,005,725	2,848,850
Supporting services		
Management and general	517,370	421,162
Fundraising	<u>19,320</u>	<u>10,790</u>
Total expenses	<u>4,542,415</u>	<u>3,280,802</u>
Changes in unrestricted net assets	409,945	471,999
Unrestricted net assets - beginning of year	<u>639,441</u>	<u>167,442</u>
Unrestricted net assets - end of year	<u><u>\$ 1,049,386</u></u>	<u><u>\$ 639,441</u></u>

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

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30,

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in unrestricted net assets	\$ 409,945	\$ 471,999
Adjustments to reconcile changes in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	78,243	46,046
Loss on abandonment of property and equipment	3,159	1,743
Changes in certain assets and liabilities:		
Decrease in grants and contracts receivable	9,321	56,913
Decrease (Increase) in other current receivables	26,609	(27,373)
(Increase) in prepaid expenses	(132,222)	(15,231)
Decrease in due from affiliate	-	1,250
(Decrease) Increase in accounts payable and accrued expenses	(64,022)	89,182
Increase in accrued payroll and payroll taxes	68,395	50,390
(Decrease) in refundable advances	(4,978)	(10,179)
Increase in deferred rent	<u>50,683</u>	<u>39,825</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>445,133</u>	<u>704,565</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(104,354)	(267,234)
(Increase) in restricted cash	<u>(30,155)</u>	<u>(30,056)</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(134,509)</u>	<u>(297,290)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	310,624	407,275
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>480,597</u>	<u>73,322</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 791,221</u></u>	<u><u>\$ 480,597</u></u>

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

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011

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

Nature of School

Growing Up Green Charter School (the “School”) is a New York State, not-for-profit educational corporation that was incorporated on December 16, 2008 to operate a Charter School pursuant to Article 56 of the Education Law of the State of New York. The School was granted a provisional charter on December 16, 2008 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. The School empowers children to be conscious, contributing members of their community through a rigorous curriculum and an engaging green culture. Graduates of the School will be prepared to attend high performing schools where their interdisciplinary academic foundations, knowledge of sustainability, and strong sense of self sets them apart as leaders of the future. Classes commenced in Long Island City, New York, on September 9, 2009 and the School provided education to approximately 334 students in grades kindergarten through third during the 2011-2012 academic year.

Food and Transportation Services

The New York City Department of Education provides free lunches and transportation directly to a majority of the School’s students. Such costs are not included in these financial statements. The School collects some money from families to defray the cost of lunches for children not entitled to the free lunches.

Tax Status

The School is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code as a School described in Section 501(c)(3) and a similar provision under New York State income tax laws. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in section 170(b)(1)(A)(ii). The School is subject to income taxes only on net unrelated business income. The School did not have net unrelated business income for the years ended June 30, 2012 and 2011.

The School’s accounting policy provides that a tax expense or benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. The School has no uncertain tax position resulting in an accrual of tax expense or benefit.

IRS Forms 990 filed by the School are subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. All Forms 990 filed by the School are subject to examination.

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011

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

Basis of Presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board ("FASB") in its Accounting Standards Codification ("ASC") No. 958-205 which provides guidance for the classification of net assets. The amounts for each of the three classes of net assets are based on the existence or absence of donor-imposed restrictions described as follows:

Unrestricted

Net assets of the School whose use has not been restricted by an outside donor or by law. They are available for any use in carrying out the operations of the School.

Temporarily Restricted

Net assets of the School whose use has been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the School. When such stipulations end or are fulfilled, such 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.

Permanently Restricted

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

The School has no temporarily or permanently restricted net assets at June 30, 2012 and 2011.

Revenue and Support

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as temporarily restricted support if they are received with donor stipulations. Restricted contributions and grants that are made to support the School's current year activities are recorded as unrestricted revenue. Contributions of assets other than cash are recorded at their estimated fair value.

Revenue from the state and local government resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agencies.

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND 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 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

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

Concentration of Credit Risk

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

Property and Equipment

Purchased property and equipment are recorded at cost. Property and equipment acquired with certain government funding are recorded as expenses pursuant to the terms of the contract, in which ownership of such property and equipment is retained by the funding source. Maintenance and repairs are expensed as incurred. No depreciation is recorded on construction-in-progress until property and equipment is placed into service. Depreciation and amortization is provided on the straight line method over the estimated useful lives as follows:

Equipment	5 years
Furniture and fixtures	7 years
Software	3 years
Website development	5 years
Leasehold improvements	useful life or related lease

Restricted Cash

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

Refundable Advances

The School records grant revenue as refundable advances until it is expended for the purpose of the grant, at which time it is recognized as revenue.

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011

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

Comparative Financial Information

The accompanying statements of activities and schedule of functional expenses are presented with summarized comparative information. Such prior year information is not presented by net asset class in the statements of activities or by functional category in the schedule of functional expenses. Accordingly, such information should be read in conjunction with the School's 2011 financial statements from which the summarized information was derived.

Reclassifications

Certain 2011 accounts have been reclassified to the 2012 financial statements presentation. The reclassification has no effect on 2011 total assets, liabilities, net assets, and change in net assets.

NOTE 2 - GRANTS AND CONTRACTS RECEIVABLE

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

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30,:

	<u>2012</u>	<u>2011</u>
Equipment	\$ 236,668	\$ 192,555
Furniture and fixture	187,335	170,147
Software	1,113	1,113
Website development	3,550	3,550
Leasehold improvements	81,673	15,166
Construction in progress	<u>-</u>	<u>27,000</u>
	510,339	409,531
Less: Accumulated depreciation and amortization	<u>142,646</u>	<u>64,790</u>
	<u>\$ 367,693</u>	<u>\$ 344,741</u>

Depreciation and amortization expense was \$78,243 and \$46,046 for the years ended June 30, 2012 and 2011, respectively.

Construction in progress at June 30, 2011 consisted of leasehold improvements to current space completed and placed into service during the year ended June 30, 2012.

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011

NOTE 4 - RELATED PARTY TRANSACTIONS

The School is an affiliate of Friends of Growing Up Green (“Friends of GUG”), a New York State not-for-profit corporation. Friends of GUG supports the School through technical and financial assistance. For the years ended June 30, 2012 and 2011, there were no material transactions between Friends of GUG and the School.

NOTE 5 - COMMITMENTS

Operating lease

The School is obligated under a non-cancelable operating lease for office and classroom space expiring on September 30, 2019, with a renewal option for an additional ten years. The lease provides for rent escalations and the School is responsible for utilities, real estate taxes and other operating expenses. Phase I which consists of the 2<sup>nd</sup> floor of the building was completed prior to the start of the 2009/2010 school year. Phase II which consists of the 3<sup>rd</sup> floor of the building was completed during the year ended June 30, 2011. Phase III which consists of the 1<sup>st</sup> floor of the building was completed during the year ended June 30, 2012.

Future minimum lease payments are as follows:

Year ending June 30, 2013	\$ 674,695
2014	691,345
2015	708,612
2016	726,310
2017	744,687
Thereafter	<u>1,676,408</u>
	<u>\$ 5,222,057</u>

The School recognizes rent expense on a straight-line basis over the term of the lease. Rent expense in excess of payments is recorded as deferred rent in the accompanying statements of financial position. Rent expense under the lease for the years ended June 30, 2012 and 2011 amounted to \$673,003 and \$432,947, respectively.

NOTE 6 - CONTINGENCY

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

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012 AND 2011

NOTE 7 - REVENUE CONCENTRATION

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

NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSE

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

NOTE 9 - DONATED GOODS AND SERVICES

Donated services are recognized as contributions in accordance with FASB ASC 605, "Accounts for Contributions Received and Contributions Made," if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. One entity provided legal services to the School at no charge.

The value of these services meets the criteria for recognition in the financial statements and was recorded at fair value of \$12,000 and \$2,450 for the years ended June 30, 2012 and 2011, respectively. In addition, the School received technology equipment and a musical instrument totaling \$-0- and \$5,200 during the years ended June 30, 2012 and 2011, respectively.

NOTE 10 - RETIREMENT PLAN

The School maintains a retirement plan qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. Under the plan, the School has the option to match employee contributions up to 5% of annual compensation. The amount charged for matching contributions to this plan was \$25,841 and \$-0- for the years ended June 30, 2012 and 2011, respectively.

NOTE 11 - SUBSEQUENT EVENTS

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through August 27, 2012, the date the financial statements were available to be issued.

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INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION

TO THE BOARD OF TRUSTEES  
GROWING UP GREEN CHARTER SCHOOL

We have audited the financial statements of Growing Up Green Charter School as of and for the year ended June 30, 2012, and have issued our report thereon dated August 27, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

New York, New York  
August 27, 2012

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30,

2012

	Program Services			Management and			
	Regular Education	Special Education	Total	General	Fundraising	Total	2011
Salaries	\$ 1,727,533	\$ 456,857	\$ 2,184,390	\$ 243,952	\$ 14,259	\$ 2,442,601	\$ 1,625,756
Payroll taxes and employee benefits	327,483	86,605	414,088	46,244	2,703	463,035	284,615
Professional development	82,075	11,411	93,486	2,706	-	96,192	95,065
Audit and accounting fees	-	-	-	18,250	-	18,250	18,050
Legal fees	9,360	1,440	10,800	1,200	-	12,000	2,450
Financial management fees	-	-	-	81,468	-	81,468	117,011
Consulting fees	-	5,402	5,402	7,609	253	13,264	8,649
Other professional fees	137,927	19,537	157,464	6,479	-	163,943	187,348
Contractual services	3,436	511	3,947	320	-	4,267	54,824
Teacher and student recruitment	26,948	4,096	31,044	3,124	-	34,168	8,732
Student meals	5,911	796	6,707	-	-	6,707	2,532
Curriculum and classroom materials	166,166	30,942	197,108	-	-	197,108	162,432
Rent expense	524,943	80,760	605,703	67,300	-	673,003	432,947
Utilities	61,918	9,526	71,444	7,937	-	79,381	75,190
Maintenance and repairs	25,421	3,911	29,332	3,259	-	32,591	37,767
Office supplies	36,880	5,674	42,554	3,783	946	47,283	23,763
Postage and delivery	3,070	472	3,542	315	79	3,936	3,417
Telephone and internet services	11,002	1,693	12,695	1,129	282	14,106	10,065
Information technology	26,357	3,973	30,330	2,831	-	33,161	48,716
Insurance	21,113	3,248	24,361	2,707	-	27,068	19,670
Dues and subscriptions	1,392	187	1,579	-	-	1,579	99
Equipment leasing	5,623	865	6,488	721	-	7,209	13,586
Depreciation and amortization	63,493	9,768	73,261	4,982	-	78,243	46,046
Loss on abandonment of furniture	-	-	-	3,159	-	3,159	1,743
Miscellaneous	-	-	-	7,895	798	8,693	329
Total	<u>\$ 3,268,051</u>	<u>\$ 737,674</u>	<u>\$ 4,005,725</u>	<u>\$ 517,370</u>	<u>\$ 19,320</u>	<u>\$ 4,542,415</u>	<u>\$ 3,280,802</u>

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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  
GROWING UP GREEN CHARTER SCHOOL

We have audited the financial statements of Growing Up Green Charter School (“the School”) as of and for the year ended June 30, 2012, and have issued our report thereon dated August 27, 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

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 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.

TO THE BOARD OF TRUSTEES  
GROWING UP GREEN CHARTER SCHOOL

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*.

We noted certain matter that was reported to the management of the School in a separate letter dated August 27, 2012.

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

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

New York, New York  
August 27, 2012