

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

FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

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FRUCHTER ROSEN & COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
156 WEST 56<sup>TH</sup> STREET  
NEW YORK, NEW YORK 10019

TEL: (212) 957-3600  
FAX: (212) 957-3696

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES OF  
GROWING UP GREEN CHARTER SCHOOL

***Report on the Financial Statements***

We have audited the accompanying financial statements of Growing Up Green Charter School (the "School") (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Report on Summarized Comparative Information***

We have previously audited the School's 2012 financial statements, and our report dated August 27, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2013, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

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

New York, New York  
September 11, 2013

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

	<u>2013</u>	<u>2012</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,381,290	\$ 791,221
Grants and contracts receivable	13,074	34,365
Other current receivables	1,731	764
Prepaid expenses and other current assets	<u>131,083</u>	<u>161,052</u>
Total current assets	1,527,178	987,402
Property and equipment, net of accumulated depreciation and amortization of \$249,999 and \$142,646, respectively	595,469	367,693
Restricted cash	70,460	70,235
Security deposit	<u>35,000</u>	<u>35,000</u>
TOTAL ASSETS	<u><u>\$ 2,228,107</u></u>	<u><u>\$ 1,460,330</u></u>
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 90,264	\$ 92,987
Accrued payroll and payroll taxes	216,503	205,284
Refundable advances	<u>4,600</u>	<u>1,109</u>
Total current liabilities	311,367	299,380
Deferred rent	<u>149,961</u>	<u>111,564</u>
Total liabilities	461,328	410,944
Unrestricted net assets	<u>1,766,779</u>	<u>1,049,386</u>
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	<u><u>\$ 2,228,107</u></u>	<u><u>\$ 1,460,330</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,

	2013	2012
Revenue and support:		
State and local per pupil operating revenue	\$ 6,129,407	\$ 4,785,855
Federal grants	141,136	107,263
State and city grants	29,321	29,767
Contributions and private grants	22,331	13,439
Special events, net of expenses of \$2,243	22,757	-
Donated services	-	12,000
Interest and other income	581	4,036
	<hr/>	<hr/>
Total revenue and support	6,345,533	4,952,360
	<hr/>	<hr/>
Expenses:		
Program services		
Regular education	3,890,922	3,268,051
Special education	1,092,502	737,674
Total program services	<hr/> 4,983,424	<hr/> 4,005,725
Supporting services		
Management and general	614,424	517,370
Fundraising	30,292	19,320
	<hr/>	<hr/>
Total expenses	5,628,140	4,542,415
	<hr/>	<hr/>
Changes in unrestricted net assets	717,393	409,945
	<hr/>	<hr/>
Unrestricted net assets - beginning of year	1,049,386	639,441
	<hr/>	<hr/>
Unrestricted net assets - end of year	<u>\$ 1,766,779</u>	<u>\$ 1,049,386</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>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in unrestricted net assets	\$ 717,393	\$ 409,945
Adjustments to reconcile changes in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	107,353	78,243
Loss on disposition of property and equipment	-	3,159
Changes in certain assets and liabilities:		
Decrease in grants and contracts receivable	21,291	9,321
(Increase) Decrease in other current receivables	(967)	26,609
Decrease (Increase) in prepaid expenses and other current assets	29,969	(132,222)
(Decrease) in accounts payable and accrued expenses	(2,723)	(64,022)
Increase in accrued payroll and payroll taxes	11,219	68,395
Increase (Decrease) in refundable advances	3,491	(4,978)
Increase in deferred rent	38,397	50,683
	<u>925,423</u>	<u>445,133</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(335,129)	(104,354)
(Increase) in restricted cash	(225)	(30,155)
	<u>(335,354)</u>	<u>(134,509)</u>
NET CASH (USED IN) INVESTING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	590,069	310,624
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>791,221</u>	<u>480,597</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,381,290</u></u>	<u><u>\$ 791,221</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, 2013 AND 2012

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 412 students in grades kindergarten through fourth during the 2012-2013 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, 2013 and 2012.

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. Forms 990 filed by the School are no longer subject to examination for the fiscal years ended June 30, 2009, and prior.



GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

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 had no temporarily or permanently restricted net assets at June 30, 2013 and 2012.

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, 2013 AND 2012

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 statements 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.

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

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

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.

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 2012 financial statements from which the summarized information was derived.

Reclassifications

Certain 2012 accounts have been reclassified to the 2013 financial statements presentation. The reclassification has no effect on 2012 total assets, liabilities, net assets, and change in net assets.

NOTE 2 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consist of federal 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>2013</u>	<u>2012</u>
Equipment	\$ 341,499	\$ 236,668
Furniture and fixture	318,077	187,335
Software	2,388	1,113
Website development	3,550	3,550
Leasehold improvements	<u>179,954</u>	<u>81,673</u>
	845,468	510,339
Less: Accumulated depreciation and amortization	<u>249,999</u>	<u>142,646</u>
	<u>\$ 595,469</u>	<u>\$ 367,693</u>

Depreciation and amortization expense was \$107,353 and \$78,243 for the years ended June 30, 2013 and 2012, respectively.

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

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, 2013 and 2012, 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 academic 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,	2014	\$	691,345
	2015		708,612
	2016		726,310
	2017		744,687
	2018		763,187
	Thereafter		913,221
		\$	<u>4,547,362</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, 2013 and 2012 amounted to \$713,092 and \$673,003, 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, 2013 AND 2012

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 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 \$-0- and \$12,000 for the years ended June 30, 2013 and 2012, 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 \$51,417 and \$25,841 for the years ended June 30, 2013 and 2012, respectively.

NOTE 11 - SUBSEQUENT EVENTS

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through September 11, 2013, the date the financial statements were available to be issued.

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156 WEST 56<sup>TH</sup> STREET  
NEW YORK, NEW YORK 10019

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FAX: (212) 957-3696

INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION

TO THE BOARD OF TRUSTEES OF  
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, 2013, and have issued our report thereon dated September 11, 2013, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

New York, New York  
September 11, 2013

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

	2013						
	Program Services			Management and			
	Regular Education	Special Education	Total	General	Fundraising	Total	2012
Salaries	\$ 2,164,197	\$ 688,055	\$ 2,852,252	\$ 318,702	\$ 18,409	\$ 3,189,363	\$ 2,442,601
Payroll taxes and employee benefits	399,037	126,864	525,901	58,765	3,394	588,060	463,035
Professional development	111,263	20,707	131,970	10,482	695	143,147	96,192
Audit and accounting fees	-	-	-	18,250	-	18,250	18,250
Legal fees	8,250	1,650	9,900	1,100	-	11,000	12,000
Financial management fees	-	-	-	40,000	-	40,000	81,468
Consulting fees	1,736	322	2,058	40,753	4,535	47,346	7,933
Other professional fees	121,018	22,756	143,774	11,711	-	155,485	169,274
Contractual services	2,587	517	3,104	345	-	3,449	4,267
Teacher and student recruitment	8,774	1,618	10,392	215	-	10,607	34,168
Student meals	10,921	1,975	12,896	-	-	12,896	6,707
Curriculum and classroom materials	184,873	52,385	237,258	-	-	237,258	197,108
Rent expense	534,819	106,964	641,783	71,309	-	713,092	673,003
Utilities	81,584	16,317	97,901	10,878	-	108,779	79,381
Maintenance and repairs	30,500	6,100	36,600	4,066	-	40,666	32,591
Office supplies	50,970	10,194	61,164	5,437	1,359	67,960	47,283
Postage and delivery	4,203	841	5,044	448	112	5,604	3,936
Telephone and internet services	13,560	2,712	16,272	1,447	362	18,081	14,106
Information technology	44,591	8,918	53,509	4,757	1,189	59,455	33,161
Insurance	28,628	5,725	34,353	3,817	-	38,170	27,068
Dues and subscriptions	2,081	416	2,497	222	55	2,774	1,579
Equipment leasing	6,815	1,363	8,178	727	182	9,087	7,209
Depreciation and amortization	80,515	16,103	96,618	10,735	-	107,353	78,243
Loss on disposition of property and equipment	-	-	-	-	-	-	3,159
Miscellaneous	-	-	-	258	-	258	8,693
Total	<u>\$ 3,890,922</u>	<u>\$ 1,092,502</u>	<u>\$ 4,983,424</u>	<u>\$ 614,424</u>	<u>\$ 30,292</u>	<u>\$ 5,628,140</u>	<u>\$ 4,542,415</u>

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

TO THE BOARD OF TRUSTEES OF  
GROWING UP GREEN CHARTER SCHOOL

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Growing Up Green Charter School (the "School"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 11, 2013.

***Internal Control Over Financial Reporting***

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

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



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

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

New York, New York  
September 11, 2013