

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

FINANCIAL STATEMENTS

JUNE 30, 2016  
(with comparative financial information for June 30, 2015)

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CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS:	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	5
Statements of cash flows	6
Notes to financial statements	7 - 13
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	14 - 15

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, 2016, 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.

***Auditors' 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 School'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 School'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, 2016, 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 2015 financial statements, and our report dated August 20, 2015, 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, 2015, 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 27, 2016, 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 27, 2016

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2016  
(with comparative financial information as of June 30, 2015)

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,703,279	\$ 1,772,440
Grants and contracts receivable	223,092	104,531
Prepaid expenses and other current assets	134,233	118,819
Due from related party	<u>330,701</u>	<u>-</u>
Total current assets	2,391,305	1,995,790
Property and equipment, net of accumulated depreciation and amortization of \$868,777 and \$642,506, respectively	1,393,081	1,240,072
Restricted cash	70,999	70,822
Security deposits	<u>65,000</u>	<u>65,000</u>
TOTAL ASSETS	<u><u>\$ 3,920,385</u></u>	<u><u>\$ 3,371,684</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 46,722	\$ 38,889
Accrued payroll and payroll taxes	554,719	412,049
Refundable advances	<u>11,869</u>	<u>37,077</u>
Total current liabilities	613,310	488,015
Deferred rent	<u>259,897</u>	<u>225,814</u>
Total liabilities	<u>873,207</u>	<u>713,829</u>
Net assets:		
Unrestricted	3,022,178	2,657,855
Temporarily restricted	<u>25,000</u>	<u>-</u>
Total net assets	<u>3,047,178</u>	<u>2,657,855</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,920,385</u></u>	<u><u>\$ 3,371,684</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 YEAR ENDED JUNE 30, 2016  
(with summarized comparative financial information for the year ended June 30, 2015)

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
Revenue and support:				
State and local per pupil operating revenue	\$ 11,185,882	\$ -	\$ 11,185,882	\$ 9,364,293
State and local per pupil facilities funding	362,249	-	362,249	249,188
Federal grants	292,925	-	292,925	196,843
State and city grants	51,303	-	51,303	124,292
Contributions and private grants	38,308	25,000	63,308	85,760
Donated services	2,700	-	2,700	-
Interest and other income	214,876	-	214,876	42,439
Total revenue and support	12,148,243	25,000	12,173,243	10,062,815
Expenses:				
Program services				
Regular education	8,182,673	-	8,182,673	6,485,503
Special education	2,549,787	-	2,549,787	1,983,130
Total program services	10,732,460	-	10,732,460	8,468,633
Supporting services				
Management and general	983,804	-	983,804	1,055,481
Fundraising	67,656	-	67,656	78,311
Total expenses	11,783,920	-	11,783,920	9,602,425
Changes in net assets	364,323	25,000	389,323	460,390
Net assets - beginning of year	2,657,855	-	2,657,855	2,197,465
Net assets - end of year	\$ 3,022,178	\$ 25,000	\$ 3,047,178	\$ 2,657,855

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

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2016  
(with summarized comparative financial information for the year ended June 30, 2015)

	2016						
	Program Services			Management and			
	Regular Education	Special Education	Total	General	Fundraising	Total	2015
Salaries	\$ 4,669,832	\$ 1,481,132	\$ 6,150,964	\$ 551,080	\$ 40,388	\$ 6,742,432	\$ 5,453,066
Payroll taxes and employee benefits	1,080,389	342,667	1,423,056	127,497	9,344	1,559,897	1,202,027
Professional development	161,030	38,886	199,916	9,363	608	209,887	141,551
Audit and accounting fees	-	-	-	20,250	-	20,250	20,250
Legal fees	11,405	3,617	15,022	1,346	99	16,467	23,438
Financial management fees	-	-	-	35,000	-	35,000	30,000
Consulting fees	45,361	10,281	55,642	11,936	1,312	68,890	106,298
Other professional fees	182,613	49,292	231,905	34,115	813	266,833	215,435
Security services	78,409	24,869	103,278	9,254	678	113,210	20,816
Staff and student recruitment	27,194	7,729	34,923	2,123	156	37,202	40,792
Student meals	13,618	2,993	16,611	-	-	16,611	21,602
Curriculum and classroom materials	388,790	104,942	493,732	1,753	128	495,613	439,437
Rent expense	803,691	254,907	1,058,598	94,844	6,951	1,160,393	1,078,185
Utilities	88,209	27,977	116,186	10,409	763	127,358	174,622
Maintenance and repairs	41,234	13,078	54,312	4,866	357	59,535	65,102
Office supplies	133,576	42,367	175,943	15,763	1,155	192,861	104,727
Postage and delivery	3,947	1,252	5,199	465	34	5,698	6,076
Telephone and internet services	39,753	12,609	52,362	4,690	344	57,396	30,453
Information technology	115,130	36,516	151,646	13,586	996	166,228	96,756
Insurance	50,138	15,902	66,040	5,916	434	72,390	61,058
Dues and subscriptions	17,381	5,513	22,894	2,052	150	25,096	3,791
Equipment leasing	20,217	6,412	26,629	2,386	175	29,190	26,384
Depreciation and amortization	207,166	65,707	272,873	24,447	1,792	299,112	239,390
Loss on disposition of property and equipment	3,590	1,139	4,729	423	31	5,183	-
General fundraising expenses	-	-	-	-	948	948	869
Miscellaneous	-	-	-	240	-	240	300
Total	<u>\$ 8,182,673</u>	<u>\$ 2,549,787</u>	<u>\$ 10,732,460</u>	<u>\$ 983,804</u>	<u>\$ 67,656</u>	<u>\$ 11,783,920</u>	<u>\$ 9,602,425</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 YEAR ENDED JUNE 30, 2016  
(with summarized comparative financial information for the year ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 389,323	\$ 460,390
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	299,112	239,390
Loss on disposition of property and equipment	5,183	-
Changes in certain assets and liabilities:		
(Increase) in grants and contracts receivable	(118,561)	(61,882)
(Increase) in prepaid expenses and other current assets	(15,414)	(13,070)
(Increase) in due from related party	(330,701)	-
Increase (Decrease) in accounts payable and accrued expenses	7,833	(25,483)
Increase in accrued payroll and payroll taxes	142,670	71,767
(Decrease) Increase in refundable advances	(25,208)	15,856
Increase in deferred rent	34,083	54,106
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>388,320</u>	<u>741,074</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(457,304)	(826,635)
(Increase) in restricted cash	<u>(177)</u>	<u>(177)</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(457,481)</u>	<u>(826,812)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(69,161)	(85,738)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,772,440</u>	<u>1,858,178</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,703,279</u></u>	<u><u>\$ 1,772,440</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, 2016  
(with comparative financial information for June 30, 2015)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

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. On December 17, 2013, the Board of Regents approved and issued the renewal to the initial charter for a period of three and half years expiring June 30, 2017. The School’s mission is to empower 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 691 students in grades kindergarten through seventh during the 2015-2016 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, 2016 and 2015.

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, 2012, and prior.

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016  
(with comparative financial information for June 30, 2015)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Basis of Presentation

The School's financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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 statements of activities, 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 permanently restricted net assets at June 30, 2016 and 2015.

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.

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016  
(with comparative financial information for June 30, 2015)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Revenue and Support (continued)

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.

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

The School considers all highly liquid financial 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. At June 30, 2016, account balances exceeded insurance levels by approximately \$1,524,000. 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 fixture	7 years
Software	3 years
Website development	5 years
Leasehold improvements	useful life or related lease

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016  
(with comparative financial information for June 30, 2015)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

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.

Comparative Financial Information

The accompanying statements of activities and statements 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 statement of functional expenses. Accordingly, such information should be read in conjunction with the School's 2015 financial statements from which the summarized information was derived.

NOTE 2 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consist of federal, state 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>2016</u>	<u>2015</u>
Equipment	\$ 784,106	\$ 750,452
Furniture and fixture	476,540	449,663
Software	13,273	10,998
Website development	3,550	3,550
Leasehold improvements	984,389	598,037
Construction-in-progress	<u>-</u>	<u>69,878</u>
	2,261,858	1,882,578
Less: Accumulated depreciation and amortization	<u>868,777</u>	<u>642,506</u>
	<u>\$ 1,393,081</u>	<u>\$ 1,240,072</u>

Depreciation and amortization expense was \$299,112 and \$239,390 for the years ended June 30, 2016 and 2015, respectively.

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016  
(with comparative financial information for June 30, 2015)

NOTE 4 - RELATED PARTY TRANSACTIONS

Friends of Growing Up Green

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, 2016 and 2015, Friends of GUG made contributions to the School in the amount of \$-0- and \$66,700, respectively. There were no other material transactions between Friends of GUG and the School.

Growing Up Green Charter School II

The School is an affiliate of Growing Up Green Charter School II (“GUG II”), a New York State not-for-profit corporation who both share common management and board members. During the year ended June 30, 2016, the School paid \$30,701 of operating expenses on behalf of GUG II. In addition, the School entered into two interest free loan agreements totaling \$300,000 with GUG II. These loans are due by June 30, 2017 and will be used for GUG II startup costs. Balance due from GUG II at June 30, 2016 and 2015 was \$330,701 and \$-0-, respectively.

NOTE 5 - COMMITMENTS

Facility Leases

The School is obligated under a non-cancelable operating lease for office and classroom space at 39-27 28<sup>th</sup> Street, Long Island City, New York, expiring on August 31, 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.

On May 15, 2014, the School entered into an agreement to lease additional property at 36-49 11<sup>th</sup> Street, Long Island City, New York for a period of 10 years. The lease provides for rent escalations and the School is responsible for utilities, real estate taxes and other operating expenses. This location became the home of Growing Up Green Middle School starting with the 2014-2015 academic year.

The future minimum lease payments for both facility leases are as follows:

Year ending June 30,	2017	\$	1,119,616
	2018		1,151,238
	2019		1,183,936
	2020		546,608
	2021		430,239
	Thereafter		<u>1,362,789</u>
		\$	<u>5,794,426</u>

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016  
(with comparative financial information for June 30, 2015)

NOTE 5 - COMMITMENTS (Continued)

Facility Leases (continued)

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 for the years ended June 30, 2016 and 2015 amounted to \$1,160,393 and \$1,078,185, respectively.

Equipment Leases

The School leases various copiers under non-cancelable operation leases expiring at various dates through July 2020. The future minimum lease payments under the copier leases are as follows:

Year ending June 30,	2017	\$	29,226
	2018		29,226
	2019		29,226
	2020		29,226
	2021		1,428
			<u>\$ 118,332</u>

Equipment leasing expense for the years ended June 30, 2016 and 2015 amounted to \$29,190 and \$26,384, 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.

NOTE 7 - DONATED SERVICES

Donated services are recognized as contributions in accordance with FASB ASC 958-605, "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 School, and (c) are measurable. The value of these services meets the criteria for recognition in the financial statements and is recorded at fair value.

For the years ended June 30, 2016 and 2015, the School received network outsourcing services valued at \$2,700 and \$-0-, respectively.

GROWING UP GREEN CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016  
(with comparative financial information for June 30, 2015)

NOTE 8 - 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 9 - 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 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 \$111,130 and \$91,757 for the years ended June 30, 2016 and 2015, respectively.

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$25,000 at June 30, 2016 are restricted for the use of green-related projects.

NOTE 12 - SUBSEQUENT EVENTS

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through September 27, 2016, the date the financial statements were available to be issued.

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 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") (a not-for-profit Corporation), which comprise the statement of financial position as of June 30, 2016, 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 27, 2016.

***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.



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***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 27, 2016