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Certified Public Accountants LLC

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MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
AND
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

JOHN A. CIMINO, CPA, OF COUNSEL

October 16, 2009

Charter Schools Institute
State University of New York
41 State Street, Suite 700
Albany, NY 12207

Re: Albany Preparatory Charter School
50 Summit Avenue
Albany, NY 12209

To Whom It May Concern:

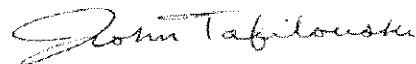
Please find enclosed the following documents for **Albany Preparatory Charter School** as required by Section 2851 of the Education Law;

- Audited Financial Statements as of and for the year ended June 30, 2009
- Management Letter - There is no corrective action plan enclosed as there were no comments on the management letter.

If you should need any further information please do not hesitate to contact me.

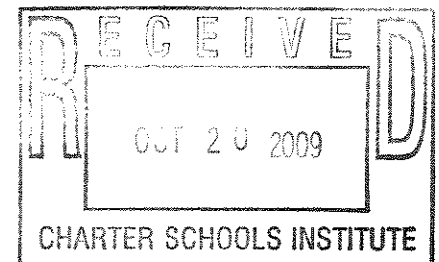
Very truly yours,

Cusack & Company CPA's LLC



John J. Tafilowski, CPA
Engagement Manager

Cc: Johnnie Nemec, Business Manager
Carol Lennon, Principal



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JOHN A. CIMINO, CPA, OF COUNSEL

September 25, 2009

The Board of Trustees
Albany Preparatory Charter School
Albany, NY 12209

We have audited the financial statements of Albany Preparatory Charter School for the year ended June 30, 2009 and have issued our report thereon dated August 7, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 8, 2009, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters during June 2009.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Albany Preparatory Charter School are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the financial statements for June 30, 2009.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The following misstatements detected as a result of audit procedures were corrected by management:

- Allowance for Doubtful Accounts
- Deferred Revenue
- Payroll Tax Expense
- E-Rate Revenue

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 7, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. At the conclusion of our audit, we presented management with our concluding comments on areas/issues where potential improvement can be made.

This information is intended solely for the use of the Board of Directors and management of Albany Preparatory Charter School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

Cusack & Company CPA's LLC

ALBANY PREPARATORY CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

ALBANY PREPARATORY CHARTER SCHOOL

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JOHN A. CIMINO, CPA, OF COUNSEL

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Albany Preparatory Charter School

We have audited the accompanying statements of financial position of Albany Preparatory Charter School as of June 30, 2009 and 2008 and the related statements of activities and change in net assets, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of Albany Preparatory Charter School's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide 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 Albany Preparatory Charter School as of June 30, 2009 and 2008, and the changes in its net assets and cash flows for the years 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 7, 2009 on our consideration of Albany Preparatory Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 audits.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
August 7, 2009

ALBANY PREPARATORY CHARTER SCHOOL

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2009 AND 2008

ASSETS

| | <u>2009</u> | <u>2008</u> |
|---|--------------------|--------------------|
| Current Assets | | |
| Cash | \$ 477,501 | \$ 93,540 |
| Grants Receivable | 1,038 | 61,738 |
| Other Receivables, Net of Allowances of \$0 and \$12,504, respectively | 21,109 | 58,341 |
| Prepaid Expenses | <u>-</u> | <u>17,095</u> |
| Total Current Assets | <u>499,648</u> | <u>230,714</u> |
| Property and Equipment - Net | <u>100,661</u> | <u>136,876</u> |
| Total Assets | <u>\$ 600,309</u> | <u>\$ 367,590</u> |

LIABILITIES AND NET ASSETS

| | | |
|---------------------------------------|-------------------|-------------------|
| Current Liabilities | | |
| Accounts Payable and Accrued Expenses | \$ 74,748 | \$ 43,274 |
| Accrued Payroll and Payroll Taxes | 129,535 | 45,722 |
| Deferred Revenue | <u>7,160</u> | <u>-</u> |
| Total Current Liabilities | <u>211,443</u> | <u>88,996</u> |
| Long-Term Liabilities | | |
| Compensated Absences | <u>5,149</u> | <u>4,410</u> |
| Total Liabilities | <u>216,592</u> | <u>93,406</u> |
| Net Assets | | |
| Unrestricted | <u>383,717</u> | <u>274,184</u> |
| Total Liabilities and Net Assets | <u>\$ 600,309</u> | <u>\$ 367,590</u> |

ALBANY PREPARATORY CHARTER SCHOOL
 STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2009

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---------------------------------------|---------------------|-----------------------------------|-------------------|
| Revenue and Other Support: | | | |
| Revenue - Student Enrollment | \$ 1,916,375 | \$ - | \$ 1,916,375 |
| Revenue - Students with Disabilities | 90,422 | - | 90,422 |
| State Grants | - | - | - |
| Federal Grants | 225,606 | - | 225,606 |
| Investment Income | 4,448 | - | 4,448 |
| Other Income | 46,839 | - | 46,839 |
| Net Assets Released from Restrictions | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Revenue and Other Support | <u>2,283,690</u> | <u>-</u> | <u>2,283,690</u> |
| Expenses: | | | |
| Program Expenses: | | | |
| Regular Education | 1,512,909 | - | 1,512,909 |
| Special Education | <u>111,940</u> | <u>-</u> | <u>111,940</u> |
| Total Program Expenses | 1,624,849 | - | 1,624,849 |
| Supporting Service: | | | |
| Management and General | <u>549,308</u> | <u>-</u> | <u>549,308</u> |
| Total Expenses | <u>2,174,157</u> | <u>-</u> | <u>2,174,157</u> |
| Increase in Net Assets | 109,533 | - | 109,533 |
| Net Assets, Beginning of Year | <u>274,184</u> | <u>-</u> | <u>274,184</u> |
| Net Assets, End of Year | <u>\$ 383,717</u> | <u>\$ -</u> | <u>\$ 383,717</u> |

ALBANY PREPARATORY CHARTER SCHOOL
 STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2008

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---------------------------------------|----------------------|-----------------------------------|----------------------|
| Revenue and Other Support: | | | |
| Revenue - Student Enrollment | \$ 1,560,666 | \$ - | \$ 1,560,666 |
| Revenue - Students with Disabilities | 74,833 | - | 74,833 |
| State Grants | 80,000 | - | 80,000 |
| Federal Grants | 108,322 | - | 108,322 |
| Investment Income | 2,950 | - | 2,950 |
| Other Income | 39,307 | - | 39,307 |
| Net Assets Released from Restrictions | <u>65,000</u> | <u>(65,000)</u> | <u>-</u> |
| Total Revenue and Other Support | <u>1,931,078</u> | <u>(65,000)</u> | <u>1,866,078</u> |
| Expenses: | | | |
| Program Expenses: | | | |
| Regular Education | 1,276,252 | - | 1,276,252 |
| Special Education | <u>135,699</u> | <u>-</u> | <u>135,699</u> |
| Total Program Expenses | 1,411,951 | | 1,411,951 |
| Supporting Service: | | | |
| Management and General | <u>532,301</u> | <u>-</u> | <u>532,301</u> |
| Total Expenses | <u>1,944,252</u> | <u>-</u> | <u>1,944,252</u> |
| Decrease in Net Assets | (13,174) | (65,000) | (78,174) |
| Net Assets, Beginning of Year | <u>287,358</u> | <u>65,000</u> | <u>352,358</u> |
| Net Assets, End of Year | <u>\$ 274,184</u> | <u>\$ -</u> | <u>\$ 274,184</u> |

ALBANY PREPARATORY CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

| | <u>2009</u> | <u>2008</u> |
|---|-------------------|------------------|
| Cash Flows Provided by Operating Activities: | | |
| Increase (Decrease) in Net Assets | \$ 109,533 | \$ (78,174) |
| Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation | 42,368 | 36,923 |
| Asset Abandonment | - | 39,701 |
| Changes in Operating Assets and Liabilities | | |
| (Increase) Decrease in Assets | | |
| Grants Receivable | 60,700 | (37,534) |
| Pledges Receivable | - | 65,000 |
| Other Receivables | 37,232 | 13,235 |
| Inventory | - | 2,597 |
| Prepaid Expense | 17,095 | 2,580 |
| Increase (Decrease) in Liabilities | | |
| Accounts Payable and Accrued Expenses | 31,474 | 6,556 |
| Accrued Payroll and Payroll Taxes | 83,813 | 9,134 |
| Deferred Revenue | 7,160 | - |
| Compensated Absences | <u>739</u> | <u>(4,540)</u> |
| Net Cash Provided by Operating Activities | <u>390,114</u> | <u>55,478</u> |
| Cash Flows Used in Investing Activities | | |
| Purchase of Property and Equipment | <u>(6,153)</u> | <u>(84,953)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 383,961 | (29,475) |
| Cash and Cash Equivalents, Beginning of Year | <u>93,540</u> | <u>123,015</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 477,501</u> | <u>\$ 93,540</u> |

ALBANY PREPARATORY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2009

| | <u>Program Services</u> | | <u>Supporting Services</u> | |
|---------------------------------|--------------------------|--------------------------|-------------------------------|---------------------|
| | <u>Regular Education</u> | <u>Special Education</u> | <u>Management and General</u> | <u>Total</u> |
| Salaries & Wages | \$ 720,981 | \$ 53,338 | \$ 265,242 | \$ 1,039,561 |
| Benefits and Payroll Taxes | 152,541 | 11,288 | 55,102 | 218,931 |
| Contracted Services | 22,723 | 1,681 | - | 24,404 |
| Educational Materials | 14,405 | 1,066 | - | 15,471 |
| Field Trips/Activities | 10,584 | 783 | - | 11,367 |
| Food (Breakfast/Lunch/Snack) | 95,732 | 7,084 | - | 102,816 |
| Insurance | 22,675 | 1,678 | 8,118 | 32,471 |
| Legal and Professional Services | 54,246 | 4,014 | 19,420 | 77,680 |
| Maintenance and Repairs | 28,241 | 2,090 | 127,217 | 157,548 |
| Marketing & Recruitment | 16,848 | 1,247 | 6,031 | 24,126 |
| Minor Equipment | 7,406 | 548 | 2,651 | 10,605 |
| Postage and Delivery | 1,592 | 118 | 570 | 2,280 |
| Printing/Copying | 7,138 | 528 | 2,555 | 10,221 |
| Rent | 96,022 | 7,105 | 34,375 | 137,502 |
| Supplies & Materials | 7,114 | 526 | 2,547 | 10,187 |
| Staff Development | 6,718 | 497 | - | 7,215 |
| Student Testing | 29,064 | 2,151 | - | 31,215 |
| Telephone/Internet | 8,745 | 647 | 3,131 | 12,523 |
| Textbooks | 9,279 | 687 | - | 9,966 |
| Transportation (Student) | 124,752 | 9,231 | - | 133,983 |
| Uniforms | 9,614 | 711 | - | 10,325 |
| Utilities | 32,840 | 2,430 | 11,757 | 47,027 |
| Workshops & Conferences | 4,064 | 301 | - | 4,365 |
| Depreciation | <u>29,585</u> | <u>2,191</u> | <u>10,592</u> | <u>42,368</u> |
| Total Expenses | <u>\$ 1,512,909</u> | <u>\$ 111,940</u> | <u>\$ 549,308</u> | <u>\$ 2,174,157</u> |

ALBANY PREPARATORY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2008

| | <u>Program Services</u> | | <u>Supporting Services</u> | |
|---------------------------------|--------------------------|--------------------------|-------------------------------|---------------------|
| | <u>Regular Education</u> | <u>Special Education</u> | <u>Management and General</u> | <u>Total</u> |
| Salaries & Wages | \$ 658,856 | \$ 67,093 | \$ 254,937 | \$ 980,886 |
| Benefits and Payroll Taxes | 126,632 | 12,892 | 49,022 | 188,546 |
| Contracted Services | 32,584 | 9,068 | - | 41,652 |
| Educational Materials | 12,421 | 1,265 | - | 13,686 |
| Field Trips/Activities | 10,505 | 1,070 | - | 11,575 |
| Food (Breakfast/Lunch/Snack) | 28,729 | 2,925 | - | 31,654 |
| Insurance | 1,559 | 159 | 603 | 2,321 |
| Legal and Professional Services | 60,577 | 6,167 | 26,692 | 93,436 |
| Maintenance and Repairs | 4,618 | 470 | 86,161 | 91,249 |
| Marketing & Recruitment | 9,419 | 959 | 3,646 | 14,024 |
| Minor Equipment | 4,041 | 411 | 1,564 | 6,016 |
| Postage and Delivery | 2,350 | 239 | 910 | 3,499 |
| Printing/Copying | 6,439 | 656 | 2,493 | 9,588 |
| Rent | 109,347 | 11,132 | 42,330 | 162,809 |
| Supplies & Materials | 15,801 | 1,609 | 6,117 | 23,527 |
| Staff Development | 5,348 | 544 | - | 5,892 |
| Student Testing | 20,048 | 2,041 | - | 22,089 |
| Telephone/Internet | 8,061 | 821 | 3,121 | 12,003 |
| Textbooks | 14,984 | 1,525 | - | 16,509 |
| Transportation (Student) | 91,171 | 9,282 | - | 100,453 |
| Uniforms | 7,386 | 752 | - | 8,138 |
| Utilities | 13,959 | 1,421 | 5,404 | 20,784 |
| Workshops & Conferences | 6,619 | 673 | - | 7,292 |
| Asset Abandonment | - | - | 39,701 | 39,701 |
| Depreciation | <u>24,798</u> | <u>2,525</u> | <u>9,600</u> | <u>36,923</u> |
| Total Expenses | <u>\$ 1,276,252</u> | <u>\$ 135,699</u> | <u>\$ 532,301</u> | <u>\$ 1,944,252</u> |

1. ORGANIZATION AND PURPOSE

Organization

Albany Preparatory Charter School will provide Albany's middle school students a quality alternative to the district's middle schools and an education that enables them to be successfully admitted to high schools of choice, gives them necessary academic foundation to graduate high school with honors, and allows them to fully participate in our nation's democracy and the global community

Three goals form the core of Albany Prep's mission:

- 1. Achieve academic excellence:** Albany Prep will accelerate the learning and academic skills of students so that they will achieve mastery of the skills necessary for success in high school, college, and life – especially reading, writing, math, and critical thinking.
- 2. Become active, valued citizens:** Albany Prep will develop students who take responsibility for themselves, their school, their community, their country, and their role in the global community by learning to think critically about issues that affect them and by making participation in society while at school a regular activity.
- 3. Effectively apply knowledge:** Albany Prep will develop students that are able to apply what they have learned creatively in a range of circumstances and new situations, drawing insightful conclusions and offering unique perspectives on problems

The School is exempt from Federal and State income tax under §501(c)(3) of the Internal Revenue Code and comparable New York State Law. The School is designated as a publicly supported organization which is not a private foundation under §509(a) of the Internal Revenue Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The financial statements of the School have been prepared on the accrual basis of accounting.

Support and Expenses

Grants and pledges received are measured at their fair values and reported as an increase in net assets. The School reports grants and pledges as restricted when a portion of their value is assigned to a long-term future use, long-term meaning in excess of one year for the purpose of these statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Expenses (Continued)

The School reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Donated Services and Goods

No amounts have been reflected in the financial statements for donated services. The School pays for services requiring specific expertise.

Accounts and Grants Receivable

The School utilizes the allowance method to determine the allowance for doubtful accounts. At June 30, 2009 and 2008 management determined allowances of \$0 and \$12,504 were necessary based upon their review of the specific receivables.

Property, Equipment and Depreciation

Property and equipment are reflected at cost, with depreciation provided on a straight-line basis over an estimated useful life of 15 years for leasehold improvements, 7 years for furniture, 5 years for equipment, and 3 years for software. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Conditional and Unconditional Promises to Give

At June 30, 2009 and 2008 the School had not received any conditional or unconditional promises to give.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs benefitted. Salaries are allocated based on estimates of total time spent, while other expenses are allocated based on estimates of the resources used.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 certain reported amounts and disclosures. Actual results could differ from these estimates.

3. PROPERTY AND EQUIPMENT

Property and equipment are reflected at historical cost, net of related depreciation, and are comprised of the following at June 30, 2009 and 2008, respectively.

| | <u>2009</u> | <u>2008</u> |
|--------------------------------|-------------------|-------------------|
| Furniture/Fixtures | \$ 45,656 | \$ 45,656 |
| Computers/Software | 137,189 | 131,036 |
| Equipment | <u>32,214</u> | <u>32,214</u> |
| Total at Cost | 215,059 | 208,906 |
| Less: Accumulated Depreciation | <u>(114,398)</u> | <u>(72,030)</u> |
| | <u>\$ 100,661</u> | <u>\$ 136,876</u> |

Depreciation expense was \$42,368 and \$36,923 for the years ended June 30, 2009 and 2008, respectively.

4. LINE OF CREDIT

The School has available a line of credit from their depository institution in the amount of \$75,000 with an interest rate stated at prime plus 1% (4.25% at June 30, 2009). As of June 30, 2009 and 2008 the School has not drawn on this line.

5. RENTAL OF OFFICE SPACE

The School currently leases their building from the Brighter Choice Foundation. Occupancy costs of the lease for the years ended June 30, 2009 and 2008 were \$137,502 and \$162,809, respectively. Rental expense for the year ending June 30, 2010 is estimated at \$150,000.

6. CONCENTRATION OF RISK

The School receives a majority of its funding as tuition revenue from the residing school districts of each student.

The School does occasionally maintain deposits in excess of federal insured limits. Statement of Financial Accounting Standards No. 105 identifies this as a possible concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is further managed by maintaining all deposits in high quality financial institutions.

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**INDEPENDENT AUDITOR'S 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
Albany Preparatory Charter School
Albany, New York

We have audited the financial statements of Albany Preparatory Charter School as of and for the year ended June 30, 2009, and have issued our report thereon dated August 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit 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 Albany Preparatory Charter 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Albany Preparatory Charter 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, others within the School, and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
August 7, 2009