

*ALBANY COMMUNITY CHARTER SCHOOL*

*FINANCIAL STATEMENTS*

*JUNE 30, 2011 AND 2010*

*ALBANY COMMUNITY CHARTER SCHOOL*

*TABLE OF CONTENTS*  
*JUNE 30, 2011 AND 2010*

---

	<b><u>Page</u></b>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	2
Statement of Activities and Change in Net Assets - 2011	3
Statement of Activities and Change in Net Assets - 2010	4
Statements of Cash Flows	5
Statement of Functional Expenses - 2011	6
Statement of Functional Expenses - 2010	7
Notes to Financial Statements	8-13
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14-15

**CUSACK & COMPANY**  
**Certified Public Accountants LLC**  
7 AIRPORT PARK BOULEVARD  
LATHAM, NEW YORK 12110  
(518) 786-3550  
FAX (518) 786-1538  
E-MAIL ADDRESS: INFO@CUSACKCPA.COM  
WWW.CUSACKCPA.COM

CLIFTON PARK/HALFMOON OFFICE  
(518) 664-7063  
FAX (518) 541-3083

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

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Albany Community Charter School

We have audited the accompanying statements of financial position of Albany Community Charter School as of June 30, 2011 and 2010 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 Community 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 Community Charter School as of June 30, 2011 and 2010, 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 October 17, 2011 on our consideration of Albany Community Charter 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, 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*, and should be considered in assessing the results of our audits.



**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
October 17, 2011

**ALBANY COMMUNITY CHARTER SCHOOL**

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 AND 2010

---

**ASSETS**

	<b><u>2011</u></b>	<b><u>2010</u></b>
Current Assets		
Cash	\$ 972,616	\$ 773,436
Grants and Contracts Receivable	55,149	102,212
Accounts Receivable	762,082	37,371
Inventory	19,769	15,984
Prepaid Expenses	<u>135,103</u>	<u>16,345</u>
Total Current Assets	<u>1,944,719</u>	<u>945,348</u>
Property and Equipment - Net	<u>187,847</u>	<u>228,906</u>
Other Assets		
Security Deposits	<u>161,160</u>	<u>161,160</u>
Total Assets	<u>\$ 2,293,726</u>	<u>\$ 1,335,414</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 105,295	\$ 87,803
Accrued Payroll and Benefits	215,877	180,494
Deferred Revenue	<u>-</u>	<u>17,120</u>
Total Current Liabilities	321,172	285,417
Long-Term Liabilities		
Compensated Absences	<u>6,665</u>	<u>13,480</u>
Total Liabilities	<u>327,837</u>	<u>298,897</u>
Net Assets		
Unrestricted	<u>1,965,889</u>	<u>1,036,517</u>
Total Liabilities and Net Assets	<u>\$ 2,293,726</u>	<u>\$ 1,335,414</u>

**ALBANY COMMUNITY CHARTER SCHOOL**  
 STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue, Gains and Other Support:			
Public School District			
Resident Student Enrollment	\$ 4,775,441	\$ -	\$ 4,775,441
Students with Disabilities	52,573	-	52,573
Grants and Contracts			
Federal - Title and IDEA	245,732	-	245,732
Other	-	-	-
Food Service/Children Nutrition Program	<u>244,152</u>	<u>-</u>	<u>244,152</u>
 Total Revenue, Gains and Other Support	 <u>5,317,898</u>	 <u>-</u>	 <u>5,317,898</u>
Expenses:			
Program Services			
Regular Education	2,966,130	-	2,966,130
Special Education	427,099	-	427,099
Other Programs	<u>602,207</u>	<u>-</u>	<u>602,207</u>
 Total Program Services	 3,995,436	 -	 3,995,436
Management and General	409,306	-	409,306
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>
 Total Operating Expenses	 <u>4,404,742</u>	 <u>-</u>	 <u>4,404,742</u>
 Surplus from School Operations	 <u>913,156</u>	 <u>-</u>	 <u>913,156</u>
Support and Other Revenue:			
Fundraising	552	-	552
Interest Income	2,787	-	2,787
Miscellaneous Income	12,877	-	12,877
Net Assets Released from Restriction	<u>-</u>	<u>-</u>	<u>-</u>
 Total Support and Other Revenue	 <u>16,216</u>	 <u>-</u>	 <u>16,216</u>
 Increase in Net Assets	 929,372	 -	 929,372
Net Assets, Beginning of Year	<u>1,036,517</u>	<u>-</u>	<u>1,036,517</u>
Net Assets, End of Year	<u>\$ 1,965,889</u>	<u>\$ -</u>	<u>\$ 1,965,889</u>

**ALBANY COMMUNITY CHARTER SCHOOL**  
 STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue, Gains and Other Support:			
Public School District			
Resident Student Enrollment	\$ 3,464,007	\$ -	\$ 3,464,007
Students with Disabilities	45,754	-	45,754
Grants and Contracts			
Federal - Title and IDEA	223,615	-	223,615
Other	1,110	-	1,110
Food Service/Children Nutrition Program	<u>205,793</u>	<u>-</u>	<u>205,793</u>
Total Revenue, Gains and Other Support	<u>3,940,279</u>	<u>-</u>	<u>3,940,279</u>
Expenses:			
Program Services			
Regular Education	2,418,793	-	2,418,793
Special Education	369,536	-	369,536
Other Programs	<u>528,251</u>	<u>-</u>	<u>528,251</u>
Total Program Services	3,316,580	-	3,316,580
Management and General	559,756	-	559,756
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>3,876,336</u>	<u>-</u>	<u>3,876,336</u>
Surplus from School Operations	<u>63,943</u>	<u>-</u>	<u>63,943</u>
Support and Other Revenue:			
Fundraising	437	-	437
Interest Income	4,163	-	4,163
Miscellaneous Income	9,085	-	9,085
Net Assets Released from Restriction	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Other Revenue	<u>13,685</u>	<u>-</u>	<u>13,685</u>
Increase in Net Assets	77,628	-	77,628
Net Assets, Beginning of Year, as Restated	<u>958,889</u>	<u>-</u>	<u>958,889</u>
Net Assets, End of Year	<u>\$ 1,036,517</u>	<u>\$ -</u>	<u>\$ 1,036,517</u>

**ALBANY COMMUNITY CHARTER SCHOOL**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

---

	<u>2011</u>	<u>2010</u>
Cash Flows Provided by Operating Activities:		
Increase in Net Assets	\$ 929,372	\$ 77,628
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	69,335	63,782
Changes in Operating Assets and Liabilities:		
<u>(Increase) Decrease in Assets</u>		
Grants and Contracts Receivable	47,063	(54,339)
Accounts Receivable	(724,711)	(33,622)
Inventory	(3,785)	(8,797)
Prepaid Expense	(118,758)	72,157
Security Deposits	-	(157,500)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	17,492	22,539
Accrued Payroll and Benefits	35,383	38,471
Deferred Revenue	(17,120)	17,120
Compensated Absences	<u>(6,815)</u>	<u>6,054</u>
Net Cash Provided by Operating Activities	<u>227,456</u>	<u>43,493</u>
Cash Flows Used in Investing Activities		
Purchase of Property and Equipment	<u>(28,276)</u>	<u>(63,659)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	199,180	(20,166)
Cash and Cash Equivalents, Beginning of Fiscal Year	<u>773,436</u>	<u>793,602</u>
Cash and Cash Equivalents, End of Fiscal Year	<u>\$ 972,616</u>	<u>\$ 773,436</u>

**ALBANY COMMUNITY CHARTER SCHOOL**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Program Services</u>				<u>Supporting Services</u>			
	<u>Regular Education</u>	<u>Special Education</u>	<u>Other Education</u>	<u>Total</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>	<u>Total</u>
Administrative Staff	\$ 139,602	\$ -	\$ -	\$ 139,602	\$ -	\$ 277,909	\$ 277,909	\$ 417,511
Instructional Personnel	1,447,555	229,469	-	1,677,024	-	-	-	1,677,024
Non-Instructional Personnel	<u>6,465</u>	<u>-</u>	<u>-</u>	<u>6,465</u>	<u>-</u>	<u>11,091</u>	<u>11,091</u>	<u>17,556</u>
Total Salaries and Staff	1,593,622	229,469	-	1,823,091	-	289,000	289,000	2,112,091
Fringe Benefits and Payroll Taxes	316,687	45,600	-	362,287	-	57,431	57,431	419,718
Retirement	24,442	3,519	-	27,961	-	4,432	4,432	32,393
Legal Service	3,776	543	-	4,319	-	685	685	5,004
Accounting/Audit Services	10,311	1,485	-	11,796	-	1,870	1,870	13,666
Other Purchased/Professional/ Consulting Services	47,705	6,869	-	54,574	-	8,651	8,651	63,225
Building and Land Rent/Lease	541,283	77,940	78,812	698,035	-	19,349	19,349	714,384
Repairs and Maintenance	105,435	15,182	15,352	135,969	-	3,769	3,769	139,738
Insurance	34,874	5,022	5,078	44,974	-	1,247	1,247	46,221
Utilities	44,375	6,390	6,461	57,226	-	1,586	1,586	58,812
Supplies/Materials	55,943	8,055	8,790	72,788	-	7,219	7,219	80,007
Equipment/Furnishings	4,253	612	-	4,865	-	771	771	5,636
Staff Development	13,694	1,972	-	15,666	-	-	-	15,666
Marketing/Recruitment	5,754	829	-	6,583	-	1,044	1,044	7,627
Technology	5,595	806	-	6,401	-	1,015	1,015	7,416
Food Service	-	-	244,194	244,194	-	-	-	244,194
Student Services	75,412	10,859	239,711	325,982	-	-	-	325,982
Office Expense	26,159	3,767	3,809	33,735	-	935	935	34,670
Depreciation and Other	<u>56,810</u>	<u>8,180</u>	<u>-</u>	<u>64,990</u>	<u>-</u>	<u>10,302</u>	<u>10,302</u>	<u>75,292</u>
Total Expenses	<u>\$2,966,130</u>	<u>\$ 427,099</u>	<u>\$ 602,207</u>	<u>\$ 3,995,436</u>	<u>\$ -</u>	<u>\$ 409,306</u>	<u>\$ 409,306</u>	<u>\$ 4,404,742</u>



**ALBANY COMMUNITY CHARTER SCHOOL**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Program Services</u>				<u>Supporting Services</u>			
	<u>Regular Education</u>	<u>Special Education</u>	<u>Other Education</u>	<u>Total</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>	<u>Total</u>
Administrative Staff	\$ 159,871	\$ -	\$ -	\$ 159,871	\$ -	\$ 334,493	\$ 334,493	\$ 494,364
Instructional Personnel	1,140,536	198,519	-	1,339,055	-	-	-	1,339,055
Non-Instructional Personnel	<u>4,238</u>	<u>-</u>	<u>-</u>	<u>4,238</u>	<u>-</u>	<u>37,024</u>	<u>37,024</u>	<u>41,262</u>
Total Salaries and Staff	1,304,645	198,519	-	1,503,164	-	371,517	371,517	1,874,681
Fringe Benefits and Payroll Taxes	231,986	35,609	-	267,595	-	66,533	66,533	334,128
Retirement	14,258	2,188	-	16,446	-	4,089	4,089	20,535
Legal Service	3,181	488	-	3,669	-	912	912	4,581
Accounting/Audit Services	8,258	1,268	-	9,526	-	2,369	2,369	11,895
Other Purchased/Professional/ Consulting Services	53,340	8,187	-	61,527	-	15,298	15,298	76,825
Building and Land Rent/Lease	433,936	66,607	68,712	569,255	-	55,739	55,739	624,994
Repairs and Maintenance	88,015	13,510	13,937	115,462	-	11,306	11,306	126,768
Insurance	30,670	4,708	4,857	40,235	-	3,940	3,940	44,175
Utilities	35,562	5,459	5,631	46,652	-	4,568	4,568	51,220
Supplies/Materials	57,201	8,780	8,216	74,197	-	535	535	74,732
Equipment/Furnishings	1,596	245	-	1,841	-	458	458	2,299
Staff Development	12,285	1,886	-	14,171	-	-	-	14,171
Marketing/Recruitment	16,948	2,601	-	19,549	-	4,861	4,861	24,410
Technology	5,273	810	-	6,083	-	1,513	1,513	7,596
Food Service	-	-	208,185	208,185	-	-	-	208,185
Student Services	54,273	8,331	215,511	278,115	-	-	-	278,115
Office Expense	20,222	3,104	3,202	26,528	-	2,597	2,597	29,125
Depreciation and Other	<u>47,144</u>	<u>7,236</u>	<u>-</u>	<u>54,380</u>	<u>-</u>	<u>13,521</u>	<u>13,521</u>	<u>67,901</u>
Total Expenses	<u>\$ 2,418,793</u>	<u>\$ 369,536</u>	<u>\$ 528,251</u>	<u>\$ 3,316,580</u>	<u>\$ -</u>	<u>\$ 559,756</u>	<u>\$ 559,756</u>	<u>\$ 3,876,336</u>

**ALBANY COMMUNITY CHARTER SCHOOL**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

---

**1. ORGANIZATION AND PURPOSE**

*Organization*

Albany Community Charter School (the “School”) is a New York not-for-profit organization that prepares students for a lifetime of opportunity by helping them master a primary rigorous, standards-based curriculum focused on literacy and other foundational knowledge.

By aligning the efforts of all members of the school community - student, parent, teacher, principal, board, and civic organizations - we dramatically increase the chances students will be prepared to succeed when they move on to middle school, high school, college, and into the workforce. To achieve that goal, the learning community at the School emphasizes achievement, respect, and positive behavior.

During the 2010-2011 school year, the School had an annualized full-time enrollment of approximately 341 students in grades K through 4.

The School is governed by a Board of Trustees in accordance with the School’s by-laws. The School is a member of the Brighter Choice Foundation, which provides start-up grants, school facilities, revolving loan funds and technical assistance to area charter schools.

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 in accordance with the accrual basis of accounting and conforms to accounting principles generally accepted in the United States of America.

*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.

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.

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

*Donated Services and Goods*

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

*Grants, Contracts and Receivables*

The School utilizes the allowance method to determine the allowance for doubtful accounts. At June 30, 2011 and 2010 management determined no allowance was necessary based upon their review of the specific receivables.

*Inventory*

Inventory consists of student uniforms and clothing available for use in the school's everyday operation. The inventory is stated at the lower of cost (on a first-in, first-out basis) or market value and is based on a physical inventory taken by management at June 30, 2011 and 2010.

*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 39 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, 2011 and 2010, 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.

*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.

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

*Fair Value Measurement - Definition and Hierarchy*

The School has adopted the provisions of FASB ASC 820-10, (formerly SFAS No. 157), *Fair Value Measurements*. FASB ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The School uses various valuation techniques in determining fair value. FASB ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the School. Unobservable inputs are inputs that reflect the School's assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the School has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

The School's cash and cash equivalents are primarily valued utilizing Level 1 inputs.

- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

The School's grants, contracts and accounts receivable, inventories, prepaid expenses and security deposits are primarily valued utilizing Level 2 inputs.

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The School has no accounts under Level 3 inputs.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the School in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Accounting for Uncertainty in Income Taxes*

FASB ASC 740-10 requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur and jeopardize the tax-exempt status. The School has implemented this policy and its current accounting policy for evaluating uncertain tax positions is in accordance with generally accepted accounting principles.

The School has not recognized any benefits from uncertain tax positions in 2011 or 2010 and believes it has no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the balance sheet date of June 30, 2011. Federal authorities may examine the School's Form 990 tax returns for three years from the date of filing; consequently, income tax returns for the years prior to 2007 are no longer subject to examination.

*Subsequent Events*

The School has adopted ASC 855, *Subsequent Events*, which establishes general standards of accounting for, and disclosure of, events that occur after the date of the financial statements but before the financial statements are issued or are available to be issued. In preparing these financial statements and notes thereto, the School has considered subsequent events through October 17, 2011, the date the financial statements were available to be issued.

**3. GRANTS, CONTRACTS AND ACCOUNTS RECEIVABLE**

At June 30, 2011 and 2010, grants, contracts and accounts receivable were comprised of the following funding sources:

	<u>2011</u>	<u>2010</u>
School District Tuition	\$ 762,082	\$ 37,245
U.S. Department of Agriculture	26,690	22,537
U.S. Department of Education	28,459	79,675
Other Receivables	-	126
	<u>\$ 817,231</u>	<u>\$ 139,583</u>

**ALBANY COMMUNITY CHARTER SCHOOL**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

---

**4. PROPERTY AND EQUIPMENT**

Property and equipment are reflected at historical cost, net of related depreciation, and are comprised of the following at June 30, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Equipment	\$ 190,699	\$ 172,575
Furniture/Fixtures	199,017	188,865
Leasehold Improvements	<u>51,686</u>	<u>51,686</u>
Total at Cost	441,402	413,126
Less: Accumulated Depreciation	<u>(253,555)</u>	<u>(184,220)</u>
	<u>\$ 187,847</u>	<u>\$ 228,906</u>

Depreciation expense was \$69,335 and \$63,782 for the years ended June 30, 2011 and 2010, respectively.

**5. LEASE COMMITMENTS**

The School leases their building through June 30, 2018 from the Brighter Choice Foundation. Occupancy costs of the lease for the year ended June 30, 2011 and 2010 were \$717,384 and \$624,994, respectively.

Future annual minimum lease payments required under the building lease in the fiscal years ending June 30, are approximated as follows:

2012	\$ 723,300
2013	\$ 729,300
2014	\$ 735,300
2015	\$ 741,300
2016	\$ 747,300

**6. RETIREMENT PLAN**

The School has adopted a profit-sharing plan under IRC §401(k) covering all eligible employees. The School contributes a matching contribution to each eligible employee's profit-sharing plan at the rate of 4% of the employee's gross compensation for the calendar year. The School's retirement plan expense for the years ended June 30, 2011 and 2010 was \$32,393 and \$20,535, respectively.

**7. CONCENTRATION OF RISK**

The School receives a substantial portion of its funding from school districts where students reside. Three school districts comprised approximately 84% and 82% of total revenue and support for the years ended June 30, 2011 and 2010, respectively. No other funding sources accounted for more than 10% of total revenue and support.

The School does occasionally maintain deposits in excess of federal insured limits. FASB ASC 850-10 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.

The School is subject to audits and reviews of reimbursable costs by various governmental agencies. The outcome of the audits and reviews may have the effect of retroactively increasing or decreasing revenue from various services. These charges, if any, will be recognized in accordance with the rules and guidelines established by the various funding sources.

**8. RESTATEMENT OF UNRESTRICTED NET ASSETS**

Unrestricted net assets as of July 1, 2009 have been restated to correct the financial statements for the following activity:

June 30, 2009 bonus accrued not recorded.	<u>\$ 98,926</u>
---	------------------

In addition, the June 30, 2010 surplus from school operations has been restated to account for the timing difference in bonus pay accrual between the years.	<u>\$ 22,448</u>
--	------------------

**CUSACK & COMPANY**  
**Certified Public Accountants LLC**  
7 AIRPORT PARK BOULEVARD  
LATHAM, NEW YORK 12110  
(518) 786-3550  
FAX (518) 786-1538  
E-MAIL ADDRESS: INFO@ CUSACKCPA.COM  
WWW.CUSACKCPA.COM

CLIFTON PARK/HALFMOON OFFICE  
(518) 664-7063  
FAX (518) 541-3083

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

**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  
Albany Community Charter School

We have audited the financial statements of Albany Community Charter School (a non-profit organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 17, 2011. 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 Albany Community 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 deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Albany Community 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*.

We noted certain other matters that we reported to management of Albany Community Charter School in a separate letter dated October 17, 2011.

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.

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**

Latham, New York  
October 17, 2011