

GREEN DOT NEW YORK CHARTER SCHOOL

**Financial Statements
and
Supplemental Schedules**

For the Years Ended June 30, 2013 and 2012

GREEN DOT NEW YORK CHARTER SCHOOL
For the Years Ended June 30, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Green Dot New York Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Green Dot New York Charter School (the "School"), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years 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 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 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 Green Dot New York Charter School as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules on pages 12 and 13 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the School's 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 audits 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2013, on our consideration of Green Dot New York 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 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 Green Dot New York Charter School's internal control over financial reporting and compliance.

Buchbinder Tunick & Company LLP

BUCHBINDER TUNICK & COMPANY LLP

New York, NY
October 29, 2013

GREEN DOT NEW YORK CHARTER SCHOOL
Statements of Financial Position
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Assets:		
Cash and cash equivalents	\$ 3,407,465	\$ 2,684,695
Grants receivable	217,025	220,373
Prepaid expenses	5,614	9,282
Due from UFT Charter School	-	749
Furniture and equipment, net	<u>383,684</u>	<u>523,278</u>
Total assets	<u>\$ 4,013,788</u>	<u>\$ 3,438,377</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 183,325	\$ 57,715
Due to United Federation of Teachers	96,436	98,078
Due to Green Dot Organization	17,236	17,236
Accrued sick and vacation pay	<u>251,572</u>	<u>183,510</u>
Total liabilities	<u>548,569</u>	<u>356,539</u>
Net assets:		
Unrestricted	3,421,510	3,035,449
Temporarily restricted	<u>43,709</u>	<u>46,389</u>
Total net assets	<u>3,465,219</u>	<u>3,081,838</u>
Total liabilities and net assets	<u>\$ 4,013,788</u>	<u>\$ 3,438,377</u>

See notes to financial statements.

GREEN DOT NEW YORK CHARTER SCHOOL
Statements of Activities
For the years ended June 30, 2013 and 2012

	2013			2012		
	Total	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted
Revenue:						
Local per pupil operating revenue	\$ 5,418,747	\$ 5,418,747	\$ -	\$ 5,612,863	\$ 5,612,863	\$ -
Government grants	331,179	-	331,179	350,911	-	350,911
Contributions	97,436	1,000	96,436	93,069	1,000	92,069
Interest income	8,247	8,247	-	7,606	7,606	-
Other income	5,518	5,518	-	90	90	-
Net assets released from purpose restriction	-	430,295	(430,295)	-	421,274	(421,274)
Total operating revenue	5,861,127	5,863,807	(2,680)	6,064,539	6,042,833	21,706
Expenses:						
Program services:						
Regular Education	4,458,597	4,458,597	-	4,286,506	4,286,506	-
Special Education	229,482	229,482	-	153,878	153,878	-
Supporting services:						
Management and general	782,048	782,048	-	726,232	726,232	-
Fundraising	7,619	7,619	-	7,377	7,377	-
Total expenses	5,477,746	5,477,746	-	5,173,993	5,173,993	-
Change in net assets	383,381	386,061	(2,680)	890,546	868,840	21,706
Net assets:						
Beginning of year	3,081,838	3,035,449	46,389	2,191,292	2,166,609	24,683
End of year	\$ 3,465,219	\$ 3,421,510	\$ 43,709	\$ 3,081,838	\$ 3,035,449	\$ 46,389

See notes to financial statements.

GREEN DOT NEW YORK CHARTER SCHOOL
Statements of Cash Flows
For the years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ 383,381	\$ 890,546
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	197,419	174,426
(Increase) decrease in operating assets:		
Grants receivable	3,348	(89,981)
Prepaid expenses	3,668	13,117
Due from UFT Charter School	749	(749)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	125,610	11,023
Due to United Federation of Teachers	(1,642)	20,942
Due to UFT Welfare Fund	-	(7,843)
Due to UFT Charter School	-	(1,590)
Accrued sick and vacation pay	68,062	65,833
	<u>780,595</u>	<u>1,075,724</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Additions to furniture and equipment	(57,825)	(184,641)
	<u>(57,825)</u>	<u>(184,641)</u>
Net cash (used in) investing activities		
Net increase in cash and cash equivalents	722,770	891,083
Cash and cash equivalents:		
Beginning of year	2,684,695	1,793,612
	<u>2,684,695</u>	<u>1,793,612</u>
End of year	<u>\$ 3,407,465</u>	<u>\$ 2,684,695</u>

See notes to financial statements.



GREEN DOT NEW YORK CHARTER SCHOOL
Notes to Financial Statements
June 30, 2013 and 2012

Note 1 - Nature of Organization

The Green Dot New York Charter School (the "School") was formed under an education corporation that operates charter schools in the borough of the Bronx, New York City. On January 15, 2008, the Board of Regents of the University of the State of New York for and on behalf of the Education Department of the State of New York granted the School a provisional charter valid for a term of five years from the effective date of January 15, 2008, and renewable upon expiration. On February 26, 2013, the Charter School's Committee approved a renewal for a full term of five years through July 31, 2018.

On April 18, 2012, the Board of Trustees passed a resolution which transferred the management of the School from Green Dot Public Schools to the Future is Now Schools.

The School's mission is to prepare all students to achieve academic and personal excellence and to graduate students fully prepared for a demanding secondary education, and to help prepare students for meaningful lives as full democratic citizens in a free society.

Note 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 in accordance with accounting principles generally accepted in the United States of America.

The School reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net Assets

Unrestricted net assets are not restricted by donors/grantors, or the donor/grantor-imposed restrictions have expired.

Temporarily restricted net assets contain donor/grantor-imposed restrictions that permit the School to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by action of the School.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the School. As of June 30, 2013 and 2012, the School did not have any permanently restricted net assets.

GREEN DOT NEW YORK CHARTER SCHOOL
Notes to Financial Statements (Continued)
June 30, 2013 and 2012

Note 2 - Summary of Significant Accounting Policies (Continued)

Net Assets (Continued)

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporary restricted net assets are reclassified to unrestricted net assets and reported as released from restrictions in the statements of activities.

Use of Estimates

The preparation of financial statements in accordance 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 financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The School considers all highly liquid investments with a maturity of three months or less at time of purchase to be cash equivalents.

Grants Receivable

Unconditional grants receivable are recognized as revenue in the period in which the grant is awarded. Conditional grants receivable are recognized when the conditions on which they depend are substantially met.

Furniture and Equipment

Furniture and equipment is recorded at cost except for assets acquired in accordance with government contracts, which are recorded as expenses of such contracts because the government agency retains title to the assets.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from five to seven years.

GREEN DOT NEW YORK CHARTER SCHOOL
Notes to Financial Statements (Continued)
June 30, 2013 and 2012

Note 2 - Summary of Significant Accounting Policies (Continued)

Contributions and Grants

Contributions and grant revenue received are recorded as unrestricted or temporarily restricted depending on the existence and/or nature of any donor restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Revenue from the 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.

Promises to Give

Conditional promises to give are not included as support until the conditions are substantially met. Unconditional promises to give are recognized in the period received.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates.

Subsequent Events

The School has evaluated subsequent events and transactions through October 29, 2013, the date that the financial statements were available to be issued.

GREEN DOT NEW YORK CHARTER SCHOOL
Notes to Financial Statements (Continued)
June 30, 2013 and 2012

Note 3 - Furniture and Equipment

Furniture and equipment at June 30, 2013 and 2012 consisted of:

	2013	2012
Classroom and office furniture	\$ 235,562	\$ 234,516
Classroom and office computers and equipment	847,601	790,822
	1,083,163	1,025,338
Less: accumulated depreciation	(699,479)	(502,060)
Furniture and equipment, net	\$ 383,684	\$ 523,278

During the years ended June 30, 2013 and 2012, depreciation expense amounted to \$197,419 and \$174,426, respectively.

Note 4 - Related Party Transactions

The School is related to the United Federation of Teachers, Local 2, AFT (the "UFT"). The School utilizes the resources and personnel of the UFT and UFT Welfare Fund to effectuate cost savings and to minimize duplication of efforts. During the years ended June 30, 2013 and 2012, the School was allocated \$192,872 and \$184,137, respectively, from the UFT. Allocated expenses consisted mainly of salaries, payroll taxes and employee benefits. Of these allocated expenses, the UFT contributed \$96,436 and \$92,069 to the School for the years ended June 30, 2013 and 2012, respectively.

Note 5 - Temporarily Restricted Net Assets

At June 30, 2013 and 2012, temporarily restricted net assets were available for the following purposes:

	2013	2012
Temporarily restricted:		
Title I Grant - NYS Department of Education 9/1/12 - 8/31/13	\$ 43,709	\$ -
Title I Grant - NYS Department of Education 9/1/11 - 8/31/12	-	46,389
Total temporarily restricted net assets	\$ 43,709	\$ 46,389

GREEN DOT NEW YORK CHARTER SCHOOL
Notes to Financial Statements (Continued)
June 30, 2013 and 2012

Note 5 - Temporarily Restricted Net Assets (Continued)

The School has adopted investment and spending policies for endowment assets (donor-restricted and board-designated) that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. As of June 30, 2013 and 2012, the School's endowment assets consisted of temporarily restricted net assets invested in cash and cash equivalents.

Effective September 17, 2010, the State of New York adopted the New York Prudent Management of Institutional Funds Act ("NYPMIFA").

Note 6 - Pension Plan

Effective fiscal year 2010, the School began contributing to the Teachers Retirement System, a defined contribution plan. The total amounts contributed for the years ended June 30, 2013 and 2012 were \$364,412 and \$243,710, respectively.

Note 7 - Concentrations

Credit Risk

The School maintains cash balances at a banking institution. Accounts are insured by the Federal Deposit Insurance Corporation. The School does not anticipate any risk problems.

Significant Funding

The School has entered into service contracts and grant agreements with New York State and New York City government agencies that are subject to business risks associated with the economy and administrative directives, rules and regulations that are subject to change. A significant reduction in revenue from these various governmental agency contracts would have an adverse effect on the School's operations.

Note 8 - Tax Status

The School has been determined by the Internal Revenue Service (the "IRS") to be exempt from Federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code (the "IRC").

The School files an annual return Form 990, *Return of Organization Exempt from Income Tax*, with the IRS. At June 30, 2013, the School's Form 990s for the years 2009 through 2013 remain eligible for examination by the IRS.

GREEN DOT NEW YORK CHARTER SCHOOL
(Supplemental Schedules)
Schedules of Functional Expenses
For the years ended June 30, 2013 and 2012

	2013					2012				
	Program Services		Supporting Services			Program Services		Supporting Services		
	Regular Education	Special Education	Management and General	Fund-raising	Total	Regular Education	Special Education	Management and General	Fund-raising	Total
Salaries	\$ 3,005,546	\$ 152,789	\$ 426,914	\$ 4,967	\$ 3,590,216	\$ 2,881,861	\$ 95,022	\$ 323,008	\$ 4,968	\$ 3,304,859
Payroll taxes	225,043	11,441	31,348	346	268,178	222,117	7,324	23,997	345	253,783
Employee benefits	671,748	34,123	121,157	2,172	829,200	587,578	19,360	87,627	1,922	696,487
Provision for sick and vacation pay	44,567	8,905	14,590	-	68,062	59,184	2,194	4,455	-	65,833
Classroom textbooks and supplies	64,096	6,131	-	-	70,227	133,372	11,929	-	-	145,301
Classroom furniture and equipment	36,398	3,481	-	-	39,879	65,791	5,885	-	-	71,676
Office furniture and equipment	-	-	18,122	-	18,122	-	-	17,911	-	17,911
Consulting	-	-	10,119	-	10,119	-	-	22,567	-	22,567
School uniforms	3,231	309	-	-	3,540	13,680	1,224	-	-	14,904
Insurance	19,343	984	31,641	-	51,968	23,909	789	30,886	-	55,584
Telephone	46,423	2,362	6,594	78	55,457	43,787	1,446	4,906	75	50,214
Meetings and conferences	-	-	18,010	-	18,010	-	-	30,457	-	30,457
Auditing	-	-	26,500	-	26,500	-	-	25,750	-	25,750
Teacher recruitment	4,783	457	-	-	5,240	15,343	1,372	-	-	16,715
Printing and copying	12,581	640	1,787	21	15,029	11,087	366	1,242	19	12,714
Office supplies	-	-	7,104	-	7,104	-	-	6,682	-	6,682
Postage	4,686	238	667	7	5,598	3,067	101	344	5	3,517
Teachers' discretionary	13,966	1,336	-	-	15,302	7,664	686	-	-	8,350
Student trips	16,928	1,619	-	-	18,547	21,296	1,905	-	-	23,201
Student scholarships	77,392	-	-	-	77,392	-	-	-	-	-
Food service	2,964	284	-	-	3,248	4,493	402	-	-	4,895
Repairs and maintenance	-	-	21,395	-	21,395	-	-	101,634	-	101,634
Equipment rental	-	-	1,375	-	1,375	-	-	785	-	785
Payroll processing	2,916	148	414	5	3,483	3,003	99	337	5	3,444
Student testing materials	7,574	724	-	-	8,298	7,393	661	-	-	8,054
Student services	29,209	2,794	-	-	32,003	26,707	2,389	-	-	29,096
Depreciation	155,110	-	42,309	-	197,419	133,240	-	41,186	-	174,426
Miscellaneous	14,093	717	2,002	23	16,835	21,934	724	2,458	38	25,154
Total expenses	\$ 4,458,597	\$ 229,482	\$ 782,048	\$ 7,619	\$ 5,477,746	\$ 4,286,506	\$ 153,878	\$ 726,232	\$ 7,377	\$ 5,173,993

See independent auditor's report.



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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 Directors
Green Dot New York 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 Green Dot New York 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 October 29, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Green Dot New York Charter 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 Green Dot New York Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Green Dot New York Charter 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Green Dot New York Charter 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Buchbinder Tunick & Company LLP

BUCHBINDER TUNICK & COMPANY LLP

New York, NY
October 29, 2013