

AMBER CHARTER SCHOOL
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013

AMBER CHARTER SCHOOL
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Amber Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Amber Charter School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and change in net assets, functional expenses, 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 Amber Charter School as of June 30, 2014 and 2013, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2014, on our consideration of Amber 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 Amber Charter School's internal control over financial reporting and compliance.


CITRIN COOPERMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
October 23, 2014

AMBER CHARTER SCHOOL
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2014 AND 2013

	2014	2013
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 2,833,466	\$ 2,519,071
Certificate of deposit	-	215,900
Grants and contracts receivable	194,754	107,994
Prepaid expenses and other current assets	41,600	29,684
Total current assets	3,069,820	2,872,649
Property and equipment, net	4,166,052	4,188,309
Other asset:		
Deferred financing costs, net	28,872	41,704
TOTAL ASSETS	\$ 7,264,744	\$ 7,102,662

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 344,882	\$ 277,171
Accrued payroll	645,495	587,079
Refundable advances	5,899	21,189
Current maturities of long-term debt	45,291	42,238
Total current liabilities	1,041,567	927,677
Long-term liabilities:		
Long-term debt, less current maturities	2,296,666	2,341,957
Total liabilities	3,338,233	3,269,634
Commitments and contingencies (Notes 3, 5, 6, 7, 9, and 10)		
Net assets:		
Unrestricted	3,926,511	3,833,028
TOTAL LIABILITIES AND NET ASSETS	\$ 7,264,744	\$ 7,102,662

See accompanying notes to financial statements.

AMBER CHARTER SCHOOL
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Revenue and support:		
Public school district:		
Per student funding	\$ 6,400,603	\$ 6,333,054
Grants and contracts:		
State and local	68,945	76,675
Federal	405,659	472,974
Contributions:		
Foundations	1,350	1,750
Individuals	1,565	3,375
Corporations	93	14,496
Special events revenue	12,924	45,455
Interest income	2,798	5,685
Rental income	39,596	48,755
Miscellaneous income	<u>4,592</u>	<u>20,654</u>
Total revenue and support	<u>6,938,125</u>	<u>7,022,873</u>
Expenses:		
Program services:		
Education	5,549,457	5,361,027
Management and general	1,271,286	1,241,137
Cost of direct benefit to donors	6,283	9,370
Fundraising	<u>17,616</u>	<u>45,200</u>
Total expenses	<u>6,844,642</u>	<u>6,656,734</u>
Change in net assets	93,483	366,139
Net assets - beginning	<u>3,833,028</u>	<u>3,466,889</u>
NET ASSETS - ENDING	<u>\$ 3,926,511</u>	<u>\$ 3,833,028</u>

See accompanying notes to financial statements.

AMBER CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Program	Supporting Services			Total
	Services	Management	Direct Costs		
	Education	and General	to Donors	Fundraising	
Personnel service costs:					
Administrative staff personnel	\$ -	\$ 901,488	\$ -	\$ -	\$ 901,488
Instructional personnel	2,841,916	-	-	-	2,841,916
Non-instructional personnel	<u>213,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,501</u>
Total personnel service costs	3,055,417	901,488	-	-	3,956,905
Fringe benefits and payroll taxes	890,375	225,190	-	-	1,115,565
Interest expense	158,933	6,622	-	-	165,555
Accounting and audit services	-	39,300	-	-	39,300
Other professional and consulting services	267,553	-	-	17,616	285,169
Security	5,781	-	-	-	5,781
Repairs and maintenance	42,291	1,762	-	-	44,053
Insurance	107,738	-	-	-	107,738
Utilities	109,767	4,574	-	-	114,341
Supplies and materials	197,250	-	-	-	197,250
Equipment rental	42,399	2,235	-	-	44,634
Staff development	88,873	-	-	-	88,873
Technology	32,615	-	-	-	32,615
Food service	135,943	13,022	-	-	148,965
Student services	39,914	-	-	-	39,914
Office expenses	20,914	40,572	-	-	61,486
Depreciation and amortization	221,066	9,211	-	-	230,277
Travel	11,386	-	-	-	11,386
Dues and subscriptions	21,116	534	-	-	21,650
Postage	7,103	-	-	-	7,103
Catering for special events	-	-	6,283	-	6,283
Contributions	-	2,400	-	-	2,400
Entertainment	-	8,104	-	-	8,104
Payroll processing fees	73,422	-	-	-	73,422
Miscellaneous	<u>19,601</u>	<u>16,272</u>	<u>-</u>	<u>-</u>	<u>35,873</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 5,549,457</u>	<u>\$ 1,271,286</u>	<u>\$ 6,283</u>	<u>\$ 17,616</u>	<u>\$ 6,844,642</u>

See accompanying notes to financial statements.

AMBER CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	Program	Supporting Services			Total
	Services	Management	Direct Costs		
	Education	and General	to Donors	Fundraising	
Personnel service costs:					
Administrative staff personnel	\$ -	\$ 869,954	\$ -	\$ -	\$ 869,954
Instructional personnel	2,729,803	-	-	-	2,729,803
Non-instructional personnel	<u>294,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>294,785</u>
Total personnel service costs	3,024,588	869,954	-	-	3,894,542
Fringe benefits and payroll taxes	813,049	217,489	-	-	1,030,538
Interest expense	161,667	6,736	-	-	168,403
Accounting and audit services	-	40,621	-	-	40,621
Other professional and consulting services	226,159	-	-	38,500	264,659
Security	13,012	-	-	-	13,012
Repairs and maintenance	66,357	2,765	-	-	69,122
Insurance	103,155	-	-	-	103,155
Utilities	106,077	4,420	-	-	110,497
Supplies and materials	85,044	-	-	-	85,044
Equipment rental	39,307	3,114	-	-	42,421
Staff development	142,316	-	-	-	142,316
Technology	24,984	-	-	-	24,984
Food service	127,324	12,156	-	-	139,480
Student services	37,837	-	-	-	37,837
Office expenses	36,589	51,749	-	-	88,338
Depreciation and amortization	216,201	9,008	-	-	225,209
Travel	11,740	-	-	-	11,740
Dues and subscriptions	18,446	476	-	-	18,922
Postage	8,030	-	-	-	8,030
Catering for special events	-	-	9,370	-	9,370
Contributions	-	4,466	-	-	4,466
Entertainment	-	8,155	-	-	8,155
Payroll processing fees	74,669	-	-	-	74,669
Miscellaneous	<u>24,476</u>	<u>10,028</u>	<u>-</u>	<u>6,700</u>	<u>41,204</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 5,361,027</u>	<u>\$ 1,241,137</u>	<u>\$ 9,370</u>	<u>\$ 45,200</u>	<u>\$ 6,656,734</u>

See accompanying notes to financial statements.

AMBER CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
Cash flows from operating activities:		
Change in net assets	\$ 93,483	\$ 366,139
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Interest on certificate of deposit	(71)	(983)
Depreciation and amortization	230,277	225,209
Changes in operating assets and liabilities:		
Grants and contracts receivable	(86,760)	77,627
Prepaid expenses and other current assets	(11,916)	(2,840)
Accounts payable and accrued expenses	67,711	55,720
Accrued payroll	58,416	40,416
Refundable advances	<u>(15,290)</u>	<u>(30,165)</u>
Net cash provided by operating activities	<u>335,850</u>	<u>731,123</u>
Cash flows from investing activities:		
Maturity of certificate of deposit	215,971	215,776
Purchase of certificate of deposit	-	(215,776)
Additions to property and equipment	<u>(195,188)</u>	<u>(139,625)</u>
Net cash provided by (used in) investing activities	<u>20,783</u>	<u>(139,625)</u>
Cash flows used in financing activities:		
Principal repayments of long-term debt	<u>(42,238)</u>	<u>(39,390)</u>
Net increase in cash and cash equivalents	314,395	552,108
Cash and cash equivalents - beginning	<u>2,519,071</u>	<u>1,966,963</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 2,833,466</u>	<u>\$ 2,519,071</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 165,555</u>	<u>\$ 168,403</u>

See accompanying notes to financial statements.

AMBER CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 1 - ORGANIZATION

Pursuant to Article 56 of the New York State Education Law by the Board of Regents of the University of the State of New York, Amber Charter School ("Amber" or the "Organization") was incorporated on April 4, 2000, as a charter school valid for a term of five years. Charters are renewable every five years. On May 27, 2011, Amber received a third five-year renewal from the Board of Regents of the University of the State of New York. Amber is a nonprofit, grade charter school located in the Upper Manhattan section of the city of New York, serving children in kindergarten through fifth grade. Founded by Community Association of Progressive Dominicans/Asociacion Comunal de Dominicanos Progresistas ("ACDP"), Amber is the first charter school in New York City created by a community-based organization, and the first to develop an English/Spanish two-way immersion program. Amber's mission is to provide its students with an academically rigorous and well-rounded education, along with strong character development, that will enable them to prosper in top middle schools and beyond. To fulfill this mission, Amber attempts to prepare each of its students with the ability to demonstrate proficiency and/or distinction in all New York State Learning Standards. Amber's funding is primarily from per-student funding provided by New York City; additionally Amber receives government grants and contracts and private contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

In the statements of activities and changes in net assets, Amber distinguishes between contributions that increase permanently restricted net assets (subject to perpetual funding source imposed restrictions), temporarily restricted net assets (funding source-imposed restrictions have not been met) and unrestricted net assets (not subject to funding source-imposed restrictions or whose funding source-imposed restrictions have been met). As of June 30, 2014 and 2013, there were no temporarily or permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the 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

Cash and cash equivalents consist primarily of cash on deposit and money market accounts that are readily convertible into cash and purchased with original maturities of three months or less.

Certificate of Deposit

The Organization had a certificate of deposit as of June 30, 2013, that was stated at cost plus accrued interest, which approximated fair value. The certificate of deposit was not renewed upon maturity.

AMBER CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment, when purchased, are recorded at cost. Contributions of property and equipment are recorded at their estimated fair values at the date of contribution. Depreciation is calculated using the double declining balance method over the estimated useful lives of the assets. Maintenance and repairs are charged to operations when incurred. Expenditures that increase the value or significantly extend the lives of assets are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Deferred Financing Costs

In connection with the refinancing of Amber's mortgages, the Organization incurred costs of \$64,160, which is being amortized over the term of the loan. At June 30, 2014 and 2013, accumulated amortization of the refinancing costs amounted to \$35,288 and \$22,456, respectively. For each of the years ended June 30, 2014 and 2013, amortization expense amounted to \$12,831. Future amortization expense is as follows: \$12,832 (2015 and 2016) and \$3,208 (2017).

Contributions

Contributions are recognized as revenue when they are unconditionally promised and are reflected as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Grants and Refundable Advances

Revenue from the state and local governments resulting from the Organization's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Revenue from federal, state and local grants and contracts is recognized as revenue when qualifying expenditures are incurred. Amounts received in excess of fees earned on student enrollment and of expenditures incurred are recognized as refundable advances.

Rental Income

Rental income is recognized as payments are due under the lease agreements.

Grants and Contracts Receivable

Grants and contracts receivable are stated at the amount management expects to collect. Management evaluates such receivables and establishes an allowance for doubtful accounts based on a history of write-offs and collections and current credit conditions. At June 30, 2014 and 2013, management determined that no allowance was required.

Donations-in-kind

Contributions of noncash assets are recorded at their fair values at the date received. Contributions of services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

A number of unpaid volunteers have made or have agreed to make significant contributions of their time to the Organization. The value of such contributions is not reflected in the accompanying financial statements since these services do not require specialized skills.

AMBER CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Compensation expenses and certain other costs have been allocated by management between the programs and supporting services benefited.

Income Taxes

Amber qualifies as a charitable organization as defined by Internal Revenue Code ("IRC") Section 501(c)(3) and, accordingly, is exempt from federal and state income taxes. As a not-for-profit entity, the Organization is subject to unrelated business income tax ("UBIT"), if applicable.

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*, the Organization applies the "more likely than not" threshold to the recognition and derecognition of tax positions for its financial statements. Management has evaluated the Organization's tax positions and has concluded that the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements as of June 30, 2014 or 2013.

The Organization files income tax returns in the U.S. federal jurisdiction and in the state of New York. The Organization is no longer subject to U.S. or New York State income tax examinations by tax authorities for years before 2010.

Reclassifications

Certain amounts in the 2014 financial statements have been reclassified to conform to the current year's presentation. The change in net assets previously reported for 2013 was not affected by these changes.

Subsequent Events

In accordance with the FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through October 23, 2014, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or disclosures in these financial statements.

NOTE 3 - CONCENTRATION OF CREDIT RISKS

Amber maintains cash and cash equivalent balances with a financial institution in New York City that were routinely in excess of federal insurance limits during 2014 and 2013. Amber has not experienced any losses in these accounts, and management does not believe Amber is exposed to any significant credit risks with respect to cash and cash equivalents.

Revenue from the New York City Department of Education accounted for 92% and 90% of total revenue and support during the years ended June 30, 2014 and 2013, respectively.

Additionally, federal grantor agencies accounted for 99% and 98% of total grants and contracts receivable at June 30, 2014 and 2013, respectively.

AMBER CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2014	2013
Land	\$ 335,000	\$ 335,000
Building	3,123,388	3,123,388
Equipment, furniture and fixtures	1,170,880	1,045,111
Building improvements	1,627,573	1,558,153
Software	50,418	50,418
	6,307,259	6,112,070
Less: accumulated depreciation	2,141,207	1,923,761
Property and equipment, net	\$ 4,166,052	\$ 4,188,309

Depreciation expense for the years ended June 30, 2014 and 2013 amounted to \$217,446 and \$212,377, respectively.

NOTE 5 - LONG-TERM DEBT

Amber has a mortgage payable to Raza Development Fund, Inc. dated September 29, 2011. The loan is collateralized by Amber's real estate in the city of New York. The loan is payable in monthly installments of \$17,316, including interest at 7% per annum, with a balloon payment of approximately \$2,235,000 due at maturity on October 1, 2016. At June 30, 2014 and 2013, amounts outstanding under the mortgage agreement were \$2,341,957 and \$2,384,195, respectively.

Maturities of long-term debt are as follows:

Year ending June 30:	Amount
2015	\$ 45,291
2016	48,565
2017	2,248,101
	\$ 2,341,957

In conjunction with the mortgage, Amber is required to maintain a debt service coverage ratio of 1.15 to 1. Management is not aware of any violations of the covenant.

NOTE 6 - OPERATING RESERVE

During the year ended June 30, 2013, Amber's board of trustees adopted an operating reserve policy to ensure the stability of Amber's mission. The policy requires Amber to establish an operating reserve fund with a minimum of \$250,000. Such funds shall be segregated from Amber's operating cash and are not to be used for normal operations. As of June 30, 2014, Amber had not yet established the operating reserve fund. However, management believes that Amber has adequate liquidity available, and that the segregation and restriction of such funds will not have an adverse effect on the operations of the school.

AMBER CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 7 - LEASES

Lease Revenue

At June 30, 2014, Amber had operating lease agreements with two tenants, expiring periodically through April 2018.

Future minimum rents receivable under these noncancelable leases are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2015	\$ 24,854
2016	22,304
2017	22,973
2018	<u>17,614</u>
Total	<u>\$ 87,745</u>

Lease Expense

Amber leases office equipment pursuant to noncancelable operating leases that expire in September 2017. For the years ended June 30, 2014 and 2013, total lease expense aggregated \$44,634 and \$42,421, respectively.

Future minimum lease payments under noncancelable leases are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2015	\$ 45,416
2016	38,652
2017	38,652
2018	<u>6,442</u>
Total	<u>\$ 129,162</u>

NOTE 8 - RETIREMENT PLAN

Amber sponsors a defined contribution 403(b) retirement plan covering substantially all of its full-time employees. Contributions to the plan on behalf of non-union employees are at the discretion of the Board of Trustees. Contributions on behalf of union employees are in accordance with the union contract, which specified a 4% and 3% match as defined in the agreement for 2014 and 2013, respectively. For the years ended June 30, 2014 and 2013, Amber contributed \$127,136 and \$101,222, respectively, to the plan.

NOTE 9 - UNION AGREEMENT

At June 30, 2014, Amber had approximately 68 employees, of which, approximately 41 are represented by a union. The union agreement covering these employees expired on August 31, 2014. Amber is in the process of negotiating a new contract with the union.

AMBER CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 10 - CONTINGENCIES

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. 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.



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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 of
Amber 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 Amber Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Amber 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 Amber Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Amber 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. 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 Amber 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CITRIN COOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
October 23, 2014