

**EXCELLENCE BOYS CHARTER SCHOOL OF
BEDFORD STUYVESANT**

ADVISORY COMMENT LETTER

JUNE 30, 2012



October 18, 2012

To the Board of Trustees
Excellence Boys Charter School of Bedford Stuyvesant

In planning and performing our audit of the financial statements of Excellence Boys Charter School of Bedford Stuyvesant (the "Charter School") as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Charter School's internal control over financial reporting (internal control) 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 Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

During the course of our audit of the financial statement of Excellence Boys Charter School of Bedford Stuyvesant as of June 30, 2012 and for the year then ended, we have updated the status of the following comment that was included in our letter dated October 18, 2011 and is included for informational purposes. We do not consider this matter to be a significant deficiency or material weakness:

Cash Receipts

Per review of the Charter School’s Fiscal Policies and Procedures manual, we noted the cash receipts process should involve at least two people, one to collect the cash and issue receipts, the other to count the cash collected and agree to the prepared deposit and total of issued receipts. The reviewer should sign the prepared deposit noting the proper review was made. As part of our audit, we selected one deposit for review of this control and noted there was not appropriate documentation to show the review process was completed.

Recommendation

We recommend the Charter School adhere to their cash receipts policy requiring review of cash receipts by a second person prior to their deposit. This review should be documented in writing.

Status as of June 30, 2012

During our audit, we reviewed a cash receipt cover sheet noting that the appropriate dual signatures as required under the policy of the Charter School where present.

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We believe that the implementation of these recommendations will improve the controls in place and efficiency of the Charter School’s internal control.

This communication is intended solely for the information and use of Management, Finance Committee Members and Board Members and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the outstanding cooperation from your staff that our personnel received during the audit of the Charter School’s financial statements. Should you have any questions or comments, please contact Shelby Stenson.

Very truly yours,

Mengel, Metzger, Barr & Co. LLP

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