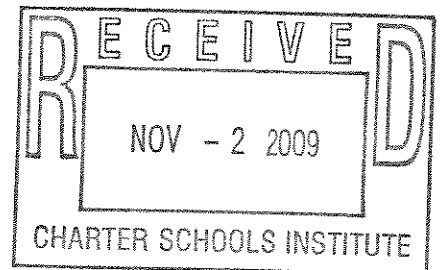


GREEN DOT NEW YORK CHARTER SCHOOL

**Financial Statements
and
Supplemental Schedule**

For the Year Ended June 30, 2009



GREEN DOT NEW YORK CHARTER SCHOOL
For the Year Ended June 30, 2009

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Green Dot New York Charter School

We have audited the accompanying statement of financial position of Green Dot New York Charter School (the "School") as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Green Dot New York Charter School as of June 30, 2009, and the changes in its net assets and its cash flows for the year 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 26, 2009 on our consideration of the 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 the 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 audit.



Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Buchbinder Tunick & Company LLP

BUCHBINDER TUNICK & COMPANY LLP

October 26, 2009

GREEN DOT NEW YORK CHARTER SCHOOL
Statement of Financial Position
June 30, 2009

ASSETS

Cash and cash equivalents	\$ 71,198
Grants receivable	400,478
Other receivable	45,428
Prepaid expenses	32,559
Construction in progress	36,699
Furniture and equipment, net	<u>534,077</u>
 Total assets	 <u>\$ 1,120,439</u>

LIABILITIES

Accounts payable and accrued expenses	\$ 92,239
Due to United Federation of Teachers	294,247
Due to the UFT Charter School	1,424
Accrued sick and vacation pay	<u>22,489</u>
 Total liabilities	 <u>410,399</u>

NET ASSETS

Unrestricted	707,696
Temporarily restricted	<u>2,344</u>
 Total net assets	 <u>710,040</u>
 Total liabilities and net assets	 <u>\$ 1,120,439</u>

See notes to financial statements.

GREEN DOT NEW YORK CHARTER SCHOOL
Statement of Activities
For the year ended June 30, 2009

	Total	Unrestricted	Temporarily Restricted
Revenue:			
Local per pupil operating revenue	\$ 1,592,073	\$ 1,592,073	\$ -
Government grants	550,782	-	550,782
Contributions	328,048	225,010	103,038
Interest income	1,631	1,631	
Released from purpose restriction	-	651,476	(651,476)
Total operating revenue	2,472,534	2,470,190	2,344
Expenses:			
Program services:			
Educational	1,285,719	1,285,719	-
Supporting services:			
Management and general	469,485	469,485	-
Fund-raising	7,290	7,290	-
Total expenses	1,762,494	1,762,494	-
Change in net assets	710,040	707,696	2,344
Net assets:			
Beginning of year	-	-	-
End of year	\$ 710,040	\$ 707,696	\$ 2,344

See notes to financial statements.

GREEN DOT NEW YORK CHARTER SCHOOL
Statement of Cash Flows
For the year ended June 30, 2009

Cash flows from operating activities:	
Change in net assets	\$ 710,040
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	56,361
(Increase) in operating assets:	
Grants receivable	(400,478)
Other receivable	(45,428)
Prepaid expenses	(32,559)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	92,239
Due to United Federation of Teachers	294,247
Due to the UFT Charter School	1,424
Accrued sick and vacation pay	<u>22,489</u>
Net cash provided by operating activities	<u>698,335</u>
Cash flows from investing activities:	
Additions to furniture and equipment	(590,438)
Additions to construction in progress	<u>(36,699)</u>
Net cash (used in) investing activities	<u>(627,137)</u>
Increase in cash and cash equivalents	71,198
Cash and cash equivalents:	
Beginning of year	<u>-</u>
End of year	<u>\$ 71,198</u>

See notes to financial statements.

GREEN DOT NEW YORK CHARTER SCHOOL
Notes to Financial Statements
June 30, 2009

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.

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

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards No. 117 ("SFAS 117"), *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the School is required to report 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.

GREEN DOT NEW YORK CHARTER SCHOOL
Notes to Financial Statements (Continued)
June 30, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

Net Assets (Continued)

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the School. As of June 30, 2009 the School did not have any permanently restricted net assets.

In August 2008, the Financial Accounting Standards Board issued Staff Position ("FSP") FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for all Endowment Funds*. This FSP provides guidance on the net assets classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). The FSP also improves disclosures about an organization's endowed funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of New York has not adopted UPMIFA. The School has adopted FSP 117-1 for the year ended June 30, 2009.

Use of 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 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.

GREEN DOT NEW YORK CHARTER SCHOOL
Notes to Financial Statements (Continued)
June 30, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

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 statement 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.

GREEN DOT NEW YORK CHARTER SCHOOL
Notes to Financial Statements (Continued)
June 30, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

Subsequent Events

In May 2009, the FASB issued SFAS No. 165 ("SFAS 165"), *Subsequent Events*. The objective of SFAS 165 is to establish general standards of accounting for and disclosure of events and transactions that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. The School adopted SFAS 165 during the Year ended June 30, 2009. The adoption of SFAS 165 did not have a material impact on the School's financial statements.

The School has evaluated subsequent events and transactions through October 26, 2009, the date that the School's financial statements were available to be issued.

Note 3 - Furniture and Equipment

Furniture and equipment at June 30, 2009 consisted of:

	<u>2009</u>
Classroom and office furniture	\$ 93,902
Classroom and office computers and equipment	<u>496,536</u>
	590,438
Less: accumulated depreciation	<u>(56,361)</u>
Furniture and equipment, net	<u>\$ 534,077</u>

During the year ended June 30, 2009, depreciation expense amounted to \$56,361.

GREEN DOT NEW YORK CHARTER SCHOOL
Notes to Financial Statements (Continued)
June 30, 2009

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 Green Dot New York to effectuate cost savings and to minimize duplication of efforts. During the year ended June 30, 2009, the School was allocated \$130,107 from UFT. Allocated expenses consisted mainly of salaries, payroll taxes and employee benefits. Of these allocated expenses the UFT contributed \$65,054 of the allocated expenses to the School for the year ended June 30, 2009.

Note 5 - Temporarily Restricted Net Assets

At June 30, 2009, temporarily restricted net assets were available for the following purposes:

	<u>2009</u>
Temporarily restricted:	
Title IIA Grant 9/1/08-8/31/09	<u>\$ 2,344</u>

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, 2009 the School's endowment assets consisted of temporarily restricted net assets invested in cash and cash equivalents.

Note 6 - 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.

GREEN DOT NEW YORK CHARTER SCHOOL
Notes to Financial Statements (Continued)
June 30, 2009

Note 6 - Concentrations (Continued)

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 7 - Tax Status

The School filed an application for recognition of exemption under Section 501(c)(3) of the Internal Revenue Code in July 2008. The application is currently pending.

In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48 ("FIN 48"), *Accounting for Uncertainty in Income Taxes*, an interpretation of FASB Statement No. 109 that prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

In February 2008 and December 30, 2008, the FASB issued Staff Position ("FSP") FIN 48-2 and 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*, respectively, to defer the effective date of FIN 48 for certain nonpublic organizations to the annual financial statements for fiscal years beginning after December 15, 2008. The School has elected to defer the adoption of FIN 48 and does not expect it to have a material impact on its financial statements.

GREEN DOT NEW YORK CHARTER SCHOOL
(Supplemental Schedule)
Schedule of Functional Expenses
For the year ended June 30, 2009

	Educational	Management and General	Fund-raising	Total
Salaries	\$ 717,086	\$ 191,444	\$ 5,485	\$ 914,015
Payroll taxes	55,958	14,939	429	71,326
Employee benefits	145,423	38,824	1,113	185,360
Provision for sick and vacation pay	19,575	2,914	-	22,489
Classroom textbooks and supplies	171,371	-	-	171,371
Classroom furniture and equipment	45,447	-	-	45,447
Office furniture and equipment	-	41,477	-	41,477
Consulting	-	61,395	-	61,395
School uniforms	10,622	-	-	10,622
Insurance	15,204	3,670	-	18,874
Telephone	6,815	1,819	53	8,687
Meetings and conferences	-	6,887	-	6,887
Auditing	-	12,500	-	12,500
Legal fees	-	28,927	-	28,927
Teacher recruitment	22,335	-	-	22,335
Printing	2,182	582	17	2,781
Office supplies	-	35,964	-	35,964
Postage	2,766	738	21	3,525
Teachers' discretionary	3,441	-	-	3,441
Student trips	4,032	-	-	4,032
Food service	785	-	-	785
Equipment rental	-	2,559	-	2,559
Maintenance and supplies	-	195	-	195
Payroll processing	1,547	413	11	1,971
Student testing materials	173	-	-	173
Depreciation	38,199	18,162	-	56,361
Miscellaneous	22,758	6,076	161	28,995
Total	\$ 1,285,719	\$ 469,485	\$ 7,290	\$ 1,762,494

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

The Board of Trustees
Green Dot New York Charter School

We have audited the financial statements of Green Dot New York Charter School as of and for the year ended June 30, 2009, and have issued our report thereon dated October 26, 2009. 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 Green Dot New York 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 Green Dot New York Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Green Dot New York Charter 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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity'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 Green Dot New York 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 The Board of Trustees of Green Dot New York Charter School, others within the entity, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Buchbinder Tunick & Company LLP

BUCHBINDER TUNICK & COMPANY LLP

October 26, 2009