

**Amato, Fox & Company, PC**

***Tapestry Charter School***

**FINANCIAL STATEMENT  
WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR  
THE YEARS ENDING JUNE 30, 2009 AND 2008**

***Amato  
Fox***

***Certified Public Accountants***

**TAPESTRY CHARTER SCHOOL**

**Table of Contents**

	<u>Page</u>
<b>Independent Auditor's report</b> .....	1
<b>Financial statements:</b>	
Statements of Financial Position.....	2
Statements of Activities .....	3-4
Statements of Functional Expenses.....	5-6
Statements of Cash Flows .....	7
Notes to Financial Statements.....	8-14
<b>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></b> .....	15-16

\* \* \* \* \*

# *Amato, Fox & Company, PC*

Certified Public Accountants

**Amato  
Fox**

The Board of Directors  
Tapestry Charter School  
Buffalo, New York

We have audited the accompanying statements of financial position of Tapestry Charter School (a nonprofit organization) as of June 30, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Tapestry 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 Audit 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 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 Tapestry Charter School as of June 30, 2009 and 2008, and the changes in its net assets and its 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 23, 2009, on our consideration of Tapestry 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 audits.

*Amato, Fox & Company, P.C.*

October 23, 2009

36 Niagara Street  
Tonawanda, New York 14150  
**Phone: 716.694.0336**  
Fax: 716.694.5081  
email: [info@amatofox.com](mailto:info@amatofox.com)

**TAPESTRY CHARTER SCHOOL**  
**Statements of Financial Position**  
**June 30, 2009 and 2008**

	<b>2009</b>	<b>2008</b>
<b><u>Assets</u></b>		
<b>Current assets:</b>		
Cash	\$ 258,298	\$ 45,745
Accounts receivable	386,707	138,350
Prepaid expenses	82,951	35,373
Total current assets	727,956	219,468
<b>Property and equipment, net of accumulated depreciation of \$507,756 in 2009 and \$373,243 in 2008</b>	2,346,952	775,430
<b>Other assets:</b>		
Construction in progress	369,607	344,059
Building deposit	-	67,600
Security deposit	11,250	11,250
<b>Total assets</b>	<b>\$ 3,455,765</b>	<b>\$ 1,417,807</b>
<b><u>Liabilities and Net Assets</u></b>		
<b>Current liabilities:</b>		
Note payable	\$ 200,000	\$ -
Revolving lines of credit	7,705	11,473
Accounts payable	226,678	114,683
Accrued expenses	547,609	410,043
Deferred revenue	55,586	5,819
Current maturities of long-term debt	399,012	55,015
Total current liabilities	1,436,590	597,033
<b>Long-term debt, net of current maturities</b>	804,922	83,772
Total liabilities	2,241,512	680,805
<b>Net assets:</b>		
Unrestricted	1,188,036	735,744
Temporarily restricted	26,217	1,258
Total net assets	1,214,253	737,002
<b>Total liabilities and net assets</b>	<b>\$ 3,455,765</b>	<b>\$ 1,417,807</b>

The accompanying notes are an integral part of these financial statements

**TAPESTRY CHARTER SCHOOL**  
**Statement of Activities**  
**Year Ended June 30, 2009**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Revenues, Gains and Other Support:</b>			
Public School District:			
Revenue - Resident student enrollment	\$ 4,434,704	\$ -	\$ 4,434,704
Revenue - Students with disabilities	349,484	-	349,484
Grants and contracts	-	499,077	499,077
Contributions	37,870	9,385	47,255
Cafeteria income	132,428	-	132,428
Interest income	2,202	-	2,202
Fundraising income, net of direct expenses of \$7,621	7,425	-	7,425
Other income	33,138	-	33,138
Net assets released from restrictions:			
Satisfaction of program restrictions	483,503	(483,503)	-
<b>Total revenues, gains and other support</b>	<b>5,480,754</b>	<b>24,959</b>	<b>5,505,713</b>
<b>Expenses:</b>			
Program services:			
Regular and special education	3,944,381	-	3,944,381
Supporting services:			
Management and general	1,084,081	-	1,084,081
<b>Total expenses</b>	<b>5,028,462</b>	<b>-</b>	<b>5,028,462</b>
Change in net assets	452,292	24,959	477,251
<b>Net assets at beginning of year</b>	<b>735,744</b>	<b>1,258</b>	<b>737,002</b>
<b>Net assets at end of year</b>	<b>\$ 1,188,036</b>	<b>\$ 26,217</b>	<b>\$ 1,214,253</b>

The accompanying notes are an integral part of this financial statement

**TAPESTRY CHARTER SCHOOL**  
**Statement of Activities**  
**Year Ended June 30, 2008**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Revenues, Gains and Other Support:</b>			
Public School District:			
Revenue - Resident student enrollment	\$ 3,328,265	\$ -	\$ 3,328,265
Revenue - Students with disabilities	185,162	-	185,162
Grants and contracts	-	198,339	198,339
Contributions	13,322	7,277	20,599
Cafeteria income	100,783	-	100,783
Interest income	2,766	-	2,766
Other income	28,828	-	28,828
Net assets released from restrictions:			
Satisfaction of program restrictions	205,477	(205,477)	-
Total revenues, gains and other support	3,864,603	139	3,864,742
<b>Expenses:</b>			
Program services:			
Regular and special education	2,970,918	-	2,970,918
Supporting services:			
Management and general	698,387	-	698,387
Total expenses	3,669,305	-	3,669,305
Change in net assets	195,298	139	195,437
<b>Net assets at beginning of year</b>	540,446	1,119	541,565
<b>Net assets at end of year</b>	\$ 735,744	\$ 1,258	\$ 737,002

The accompanying notes are an integral part of this financial statement

**TAPESTRY CHARTER SCHOOL**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2009**

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Regular and Special Education</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 2,097,667	\$ 600,505	\$ 2,698,172
Payroll taxes	173,460	48,925	222,385
Employee benefits	288,126	81,266	369,392
Food service	154,399	-	154,399
Accounting and legal	46,256	50,003	96,259
Books and instructional material	38,413	-	38,413
Contracted services and consultants	100,118	103,356	203,474
Travel and conferences	26,749	7,062	33,811
Rent	339,926	37,770	377,696
Utilities	96,631	10,737	107,368
Classroom supplies	46,117	-	46,117
Postage	5,510	612	6,122
Printing	5,150	572	5,722
Nurse office expense	652	-	652
Staff development	35,689	10,066	45,755
Interest expense	-	85,779	85,779
Office expense	24,832	2,759	27,591
Advertising and promotion	-	3,826	3,826
Maintenance and repairs	81,375	9,042	90,417
Property taxes	69,679	7,742	77,421
Telephone	8,833	982	9,815
Technology expense	10,435	1,159	11,594
Field trips and activities	57,154	-	57,154
Student testing and assessment	9,276	-	9,276
Sports expenses	30,678	-	30,678
Dues and subscriptions	5,891	655	6,546
Insurance	60,345	6,705	67,050
Miscellaneous	9,959	1,107	11,066
Depreciation and amortization	121,061	13,451	134,512
<b>Total</b>	<b>\$ 3,944,381</b>	<b>\$ 1,084,081</b>	<b>\$ 5,028,462</b>

The accompanying notes are an integral part of this financial statement

**TAPESTRY CHARTER SCHOOL**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2008**

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Regular and Special Education</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 1,599,325	\$ 441,822	\$ 2,041,147
Payroll taxes	126,191	34,870	161,061
Employee benefits	231,010	63,834	294,844
Food service	93,630	-	93,630
Accounting and legal	42,816	17,236	60,052
Books and instructional material	42,021	-	42,021
Contracted services and consultants	83,148	40,304	123,452
Travel and conferences	26,037	4,914	30,951
Rent	228,496	25,388	253,884
Utilities	67,397	7,488	74,885
Classroom supplies	23,006	-	23,006
Postage	4,315	479	4,794
Printing	2,801	311	3,112
Nurse office expense	934	-	934
Staff development	29,722	8,213	37,935
Interest expense	-	14,885	14,885
Office expense	35,625	3,958	39,583
Advertising and promotion	-	4,466	4,466
Maintenance and repairs	65,634	7,293	72,927
Property taxes	35,743	3,971	39,714
Telephone	7,714	857	8,571
Technology expense	14,674	1,631	16,305
Field trips and activities	43,634	-	43,634
Student testing and assessment	6,738	-	6,738
Sports expenses	12,106	-	12,106
Dues and subscriptions	4,529	503	5,032
Insurance	39,050	4,339	43,389
Miscellaneous	4,956	551	5,507
Depreciation and amortization	99,666	11,074	110,740
<b>Total</b>	<b>\$ <u>2,970,918</u></b>	<b>\$ <u>698,387</u></b>	<b>\$ <u>3,669,305</u></b>

The accompanying notes are an integral part of this financial statement



**TAPESTRY CHARTER SCHOOL**  
**Statements of Cash Flows**  
**Years Ended June 30, 2009 and 2008**

	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 477,251	\$ 195,437
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	134,512	110,740
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Receivables	(248,357)	45,872
Prepaid expenses	(47,578)	7,389
Increase (decrease) in:		
Accounts payable	108,227	60,636
Accrued expenses	137,566	115,442
Deferred revenue	49,767	5,435
Net cash provided by operating activities	611,388	540,951
 <b>Cash flows from investing activities:</b>		
Construction in progress payments	(25,548)	(344,059)
Payments on building deposit	-	(67,600)
Purchase of property and equipment	(1,638,434)	(170,207)
Net cash used in investing activities	(1,663,982)	(581,866)
 <b>Cash flows from financing activities:</b>		
Proceeds from line of credit	200,000	-
Proceeds from long-term debt	1,300,000	-
Principal payments on long-term debt	(234,853)	(101,130)
Net cash provided by (used in) financing activities	1,265,147	(101,130)
 Net increase (decrease) in cash	212,553	(142,045)
 <b>Cash at beginning of period</b>	45,745	187,790
 <b>Cash at end of period</b>	\$ 258,298	\$ 45,745
 <b>Supplemental disclosures of cash flow information:</b>		
Interest paid	\$ 85,779	\$ 14,885

The accompanying notes are an integral part of these financial statements

**TAPESTRY CHARTER SCHOOL**  
**Notes to Financial Statements**  
**June 30, 2009 and 2008**

**Note 1 - Organization and Summary of Significant Accounting Policies**

**Organization** - The mission of Tapestry Charter School (the School) is to provide a learning center that offers challenging educational opportunities in a multi-age setting. The School provides an environment where students are encouraged to become self directed, independent learners. Progressive, interdisciplinary teaching techniques are utilized along with the best resources available to fit the individual learning style of each student. Parent involvement is a significant component in the success of the Tapestry Charter School. The School enrolls students from families of diverse cultural, racial and socio-economic backgrounds.

The School received a provisional charter on April 24, 2001 from the Education Department of the State of New York for an initial period of five years. The charter was renewed January 15, 2006 for a term of five years until April 24, 2011 in accordance with the provisions of Article 5b of the Education Law.

**Basis of Accounting** - The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**Basis of Presentation** - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 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.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents** - For purposes of the Statement of Cash flows, the School considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Property and Equipment** - Property and equipment are stated at cost, except for donated property and equipment, which is stated at the estimated fair market value at date of receipt. Depreciation of property and equipment is recorded on the straight-line method based on the estimated useful lives of the assets.

**Income Taxes** - The School is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and is classified as "other than a private foundation". Therefore, no provision for income taxes is reflected in the financial statements.

**TAPESTRY CHARTER SCHOOL**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

**Note 1 - Organization and Summary of Significant Accounting Policies (Continued)**

*Restricted and Unrestricted Support and Revenue* - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Grant awards are classified as refundable advances until expended for the purposes of the grant since they are conditioned promises to give.

*Functional Allocation of Expenses* - The costs of various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Note 2 - Property and Equipment**

Property and equipment at June 30, 2009 and 2008 consists of the following:

	<u>2009</u>	<u>2008</u>
Building	\$ 1,568,714	\$ -
Building improvements	724,112	696,872
Office equipment	68,351	66,049
Instructional equipment	436,574	332,508
Kitchen equipment	16,453	16,453
Library equipment	40,504	36,791
	<u>2,854,708</u>	<u>1,148,673</u>
Less accumulated depreciation	<u>507,756</u>	<u>373,243</u>
	<u>\$ 2,346,952</u>	<u>\$ 775,430</u>

**TAPESTRY CHARTER SCHOOL**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

**Note 3 - Construction in Progress**

As detailed in note 12, the School has entered into an agreement to purchase a building for its operations. During the years ended June 30, 2009 and 2008, the School has expended \$369,607 and \$344,059 respectively for architectural and other expenses relating to the purchase and rehabilitation of the property. These costs have been capitalized and will be depreciated over the life of the building upon completion.

**Note 4 - Public School District Revenue**

The School receives public school district funds for regular student enrollment. The rate per student is mandated by the State of New York Education Department. For the years ended June 30, 2009 and 2008, the Buffalo School District rate was \$10,429 and \$9,567 per student, respectively. The School had 425 and 347 students enrolled during the 2009 and 2008 school years, respectively, with the majority from the Buffalo School District. Total public school district revenue for the years ended June 30, 2009 and 2008 was \$4,784,188 and \$3,513,427, respectively.

**Note 5 - Temporarily Restricted Net Assets**

Temporarily restricted net assets are funds restricted by the donor for educational purposes or specific grant programs. Temporarily restricted net assets at June 30, 2009 and 2008 are available for the following purposes:

	<b>2009</b>	<b>2008</b>
Purchase of equipment	\$ -	\$ 1,258
Educational and arts programs	18,632	-
Capital campaign	6,500	-
Scholarships	1,085	-
	<b>\$ 26,217</b>	<b>\$ 1,258</b>

**TAPESTRY CHARTER SCHOOL**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

**Note 5 - Temporarily Restricted Net Assets (Continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<b>2009</b>	<b>2008</b>
Regular education	\$ 99,777	\$ 92,390
High school start-up	-	97,449
Educational programs and equipment	33,726	15,638
Building acquisition and financing	350,000	-
	<b>\$ 483,503</b>	<b>\$ 205,477</b>

**Note 6 - Operating Lease Agreement**

The School has a five-year non-cancelable operating lease for its facility expiring in June 2011. The School has two five-year options to renew at the end of the lease term. The School also entered into a 1-year lease agreement with St. Mary's School for the Deaf for classroom space for the high school expiring August 31, 2009. Rent expense for the years ended June 30, 2009 and 2008 was \$377,696 and \$253,884, respectively.

Total future minimum rental payments required under this lease are as follows:

2010	\$	265,930
2011		271,249
	<b>\$</b>	<b>537,179</b>

**Note 7 - Note Payable**

The School has a \$300,000 line of credit with a local bank with an interest rate floating at the Wall Street Journal prime rate plus 1%. The note is due on demand and expired on February 28, 2009. The note is secured by the assets of the School. As of June 30, 2009 the interest rate was 4.25%. The balance outstanding as of June 30, 2009 and 2008 was \$200,000 and \$-0-, respectively.

**TAPESTRY CHARTER SCHOOL**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

**Note 8 - Long-term Debt**

Long-term debt as of June 30, 2009 and 2008 consists of the following:

	<b>2009</b>	<b>2008</b>
First Niagara Bank term loan payable in 48 monthly payments of \$5,255 including interest at 7.10%	\$ 83,934	\$ 138,787
Allentown Properties, LLC mortgage loan, payable in 24 monthly principle payments of \$20,000 plus interest at 8.00%, maturing October 1, 2010	1,020,000	-
Local Initiatives Support Corporation non-interest bearing note, maturing December 1, 2009	100,000	-
	1,203,934	138,787
Less: current maturities	399,012	55,015
<b>Net long-term debt</b>	<b>\$ 804,922</b>	<b>\$ 83,772</b>

Principal maturities of long-term debt are as follows:

2010	\$ 399,012	
2011	804,922	
	<b>\$ 1,203,934</b>	

**Note 9 - Retirement Plan**

The School makes contributions to the New York State Teachers' Retirement System (the Plan), a cost sharing multiple employer defined benefit pension plan administered by the New York State Teachers' Retirement Board. The Plan provides retirement, disability and death benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. Plan members who joined the Plan prior to July 27, 1976 are not required to make contributions. Members joining after who have less than ten years of service or membership are required to contribute three percent of their annual salary. Employers are required to contribute at an actuarially determined rate, currently 8.73 % of the annual payroll for covered employees. The School's contribution was \$162,153 and \$109,960 for the years ended June 30, 2009 and 2008, respectively.

**TAPESTRY CHARTER SCHOOL**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

**Note 10 - Revolving Lines of Credit**

The School has various revolving lines of credit available for operating expenses. The balances outstanding as of June 30, 2009 and 2008 are as follows:

	<u>Credit Limit</u>	<u>Interest Rate</u>	<u>2009</u>	<u>2008</u>
American Express	\$ 27,500	15.24%	\$ 3,010	\$ 7,258
First Bankcard Visa	10,000	11.99%	4,222	4,035
Sam's Club	1,250	14.80%	<u>473</u>	<u>180</u>
			<u>\$ 7,705</u>	<u>\$ 11,473</u>

**Note 11 - Concentration of Credit Risk**

The School maintains its cash balances at financial institutions within the Buffalo, New York area, which at times exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC), up to \$250,000 per institution. As of June 30, 2009 and 2008, the maximum loss that would have resulted from that risk totaled approximately \$109,067 and \$-0- respectively. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

**Note 12 - Subsequent Events**

In August 2009, the School received a letter of proposal from Ellicott Development Company (EDC) to rehabilitate the property at 65 Great Arrow in Buffalo, New York. As part of this proposal, EDC will lease the building from the School for an annual rate of \$1 per year. EDC will in turn make approximately \$5.7 million in leasehold improvements and sublease the property back to the School at a rate of \$569,750 annually, \$47,479 under an absolute triple net lease. As part of the absolute triple net lease, the School will be responsible for all maintenance, structure, insurance and upkeep of the building. Also as part of the proposed agreement, the mortgage note in the amount of \$1,020,000 as of June 30, 2009 will be assumed by EDC. Under the proposed agreement, the School will be allowed the option to buyout its leasehold interest and improvements in the property and building after year 7 and year 12 of the lease, with 180 day prior written notice.

**TAPESTRY CHARTER SCHOOL**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

**Note 12 - Subsequent Events (Continued)**

In September 2009, the School received a letter of commitment to secure financing from Northwest Savings Bank with a term note availability of \$900,000. The proceeds of the term note will refinance the existing note with First Niagara Bank with the additional availability of approximately \$816,000 available for furniture and fixture purchases for the Great Arrow Property. The School also received a letter of commitment to secure a line of credit with an availability of \$300,000 with Northwest Savings Bank and terminated its existing line of credit with First Niagara Bank.

The School has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 23, 2009 (the date the financial statements were available to be issued).

\* \* \* \* \*



**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 Directors  
Tapestry Charter School

We have audited the financial statements of Tapestry Charter School (a nonprofit organization) as of and for the year ended June 30, 2009, and have issued our report thereon dated October 23, 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 Tapestry 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 Tapestry Charter 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 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 organization'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 organization's financial statements that is more than inconsequential will not be prevented or detected by the organization'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 organization's internal control.

Our consideration of the 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.

36 Niagara Street  
Tonawanda, New York 14150

**Phone: 716.694.0336**

Fax: 716.694.5081

email: [info@amatofox.com](mailto:info@amatofox.com)

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tapestry 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 Directors, management, others within the organization, 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.

*Amato, Fox & Company, P.C.*

October 23, 2009