VOICE Charter School

Communication With Those Charged With Governance

OCTOBER 23, 2012

MBAF

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

October 23, 2012

To the Audit Committee
VOICE Charter School

We have audited the financial statements of VOICE Charter School (the "School") for the year ended June 30, 2012 and are prepared to issue our report thereon dated October 23, 2012. Professional standards require that we provide you with the following information related to our audit. This letter is divided into two sections: 1) required communications from the auditors to those with audit oversight responsibilities and 2) opportunities for strengthening internal controls or enhancing operating efficiency and our related recommendations.

REQUIRED COMMUNICATIONS

A. Our Responsibility under U.S. Generally Accepted Auditing Standards:

As stated in our engagement letter dated May 21, 2012, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of VOICE Charter School. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

B. Planned Scope and Timing of the Audit:

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on May 24, 2012.

C. Auditor Independence:

We affirm that MBAF CPAs, LLC is independent with respect to VOICE Charter School.

D. Qualitative Aspects of Accounting Practices:

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by VOICE Charter School are described in Note 2 to the financial statements. As described therein, the School elected to implement the application of an accounting pronouncement pertaining to accounting for uncertain tax positions. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

E. Accounting Estimates Used in the Financial Statements:

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

1. Allowance for Doubtful Accounts:

As of June 30, 2012, VOICE Charter School recorded grants and other receivables of $245,450. Management concluded that no allowance for doubtful accounts was necessary. Management calculated based on the assessment of the credit-worthiness of the School's donors, the aged basis of the receivables, as well as economic conditions and historical information. Based on our audit procedures which included a discussion with the Principal, Finance Manager, and a review of subsequent collections (which amounted to 54% as of October 10, 2012) we concur with management's conclusion.

2. Pension Plan:

The Teachers' Retirement System of the City of New York ("TRS") was founded in 1917 to provide eligible New York City educators with a retirement plan. Effective September 1, 2008, the School adopted the Teachers' Retirement System of the City of New York ("The Plan"), which covers only employees with approved job titles ("Principal" and "Teacher"). Employees enrolled in the plan are required to contribute 4.85% for the first ten years and 1.85% thereafter through twenty-seven years. Employees become vested in the School's contribution to the plan after ten years of service. In prior years, the School used a rate of 29% to accrue for the School's portion of this pension benefit. This rate was based on the percentage of other participating TRS charter schools' contributions. However, during the year ended June 30, 2012, the School used the rate of 15% which is based on actuarial assumptions and methods known as the "2012 A&M", which was adopted by the TRS Retirement Board on May 17, 2012. The difference between the two percentages yielded an accumulative credit of approximately $450,000. This credit was netted against the current year's pension expense. For the fiscal years ended June 30, 2012 and 2011, pension expense for the School was $69,523 and $218,330, respectively, which is included in payroll taxes and employee benefits in the accompanying statement of functional expenses.

3. Functional Statement Allocation:

Management's estimate of the allocation of functional expenses is directly identified with the program or supporting service to which they relate. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

4. Depreciation:

Management's estimate of depreciation is based on estimated useful lives of assets. We evaluated the estimated useful of assets in comparison to generally accepted accounting principles in determining that it is reasonable in relation to the financial statements taken as a whole.

F. Sensitive Disclosures Affecting the Financial Statements:

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

The disclosure of Risk Management in Note 6 to the financial statements which describes various risks to which the School is exposed.

G. Corrected and Uncorrected Misstatements:

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Except as those made known to you, management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and uncorrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. We will identify those adjustments proposed both corrected and uncorrected:

Proposed and Corrected:

There were 6 audit adjustments (1 of which was a reclassifying entry) that increased net assets by approximately $5,000. In the prior year, there were 4 audit adjustments (2 of which were reclassifying entries) that increased net assets by approximately $10,000. The most significant adjustments were as follows:

1. To correct accounts payable and prepaid expenses by reducing each account by $30,000. This had no effect on net assets.

2. To increase net assets by approximately $8,000 to correct prepaid expenses.

3. To decrease net assets by $4,800 to correct e-rate receivable.

Proposed and Uncorrected:

There were no audit adjustments not recorded due to immateriality.

H. Audit Difficulties and Disagreements with Management:

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report.

We are pleased to report that no such disagreements arose during the course of our audit.

I. Management Representations:

We have requested certain representations from management that are included in the management representation letter dated October 23, 2012.

J. Management Consultations with Other Independent Accountants:

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

K. Other Audit Findings or Issues:

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OPPORTUNITIES FOR STRENGTHENING INTERNAL CONTROLS OR ENHANCING OPERATING EFFICIENCY

Please note: Comments with an asterisk (*) were communicated in the prior fiscal year.

***School Facility Lease Agreement:**
Through conversations with the School's Principal, we have been informed that a formal written agreement between VOICE Charter School and the Department of Education does not exist. We recommend that VOICE Charter School periodically re-explore the risks of such a relationship.

***Federal Grants:**
We understand that the School was awarded various Federal and ARRA grants totaling $95,311. While federal funds are a valuable source of revenue, the grants impose very specific and stringent reporting requirements and compliance. In addition, where expenditure of federal funds exceeds $500,000, an additional audit is performed in accordance with OMB Circular A-133. We recommend that the School closely review its obligations under any programs in which federal funds are received.

We wish to thank management and personnel for their support and assistance during our audit. We would be pleased to further discuss the contents of this report with you at your convenience.

This information is intended solely for the use of the Audit Committee, Board of Trustees, and management of VOICE Charter School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

MBAF CPAs, LLC

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