VOICE CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2014

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2013)

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CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
VOICE Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of VOICE Charter School (the "School"), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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 School'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 School'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 VOICE Charter School as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited VOICE Charter School's 2013 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated October 22, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2014 on our consideration of the 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* in considering the School's internal control over financial reporting and compliance.

MBAF CPAs, LLC

New York, NY
October 20, 2014

VOICE CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2014

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2013)

ASSETS	**2014**	**2013**
Cash	$ 1,646,746	$ 1,104,143
Cash - NYCDOE Set-aside	70,000	70,000
Grants and other receivables	170,519	427,860
Prepaid expenses and other assets	449,397	396,801
Property and equipment, net	1,459,788	1,072,458
Construction in progress	334,794	358,573
TOTAL ASSETS	**$ 4,131,244**	**$ 3,429,835**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 87,915	$ 90,484
Accrued salaries and other payroll related expenses	1,025,447	893,781
Deferred rent	906,940	684,626
TOTAL LIABILITIES	2,020,302	1,668,891
NET ASSETS		
Net assets - unrestricted	2,010,942	1,552,444
Net assets - temporarily restricted	100,000	208,500
TOTAL NET ASSETS	2,110,942	1,760,944
TOTAL LIABILITIES AND NET ASSETS	**$ 4,131,244**	**$ 3,429,835**

The accompanying notes are an integral part of these financial statements.

VOICE CHARTER SCHOOL

STATEMENT OF ACTIVITIES

FOR YEAR ENDED JUNE 30, 2014

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR YEAR ENDED JUNE 30, 2013)

	Unrestricted	Temporarily Restricted	Total 2014	Total 2013
OPERATING REVENUE				
State and local per pupil operating revenue	$ 8,183,319	$ -	$ 8,183,319	$ 6,564,397
Government grants and contracts	223,765	-	223,765	455,997
	8,407,084	-	8,407,084	7,020,394
EXPENSES				
Program services	7,172,840	-	7,172,840	5,783,691
Management and general	888,987	-	888,987	772,854
	8,061,827	-	8,061,827	6,556,545
SURPLUS FROM SCHOOL OPERATION	345,257	-	345,257	463,849
SUPPORT AND OTHER INCOME				
Contributions, grants, and other income	2,616	-	2,616	395,325
Interest income	2,125	-	2,125	1,758
Net assets released from restrictions	108,500	(108,500)	-	-
	113,241	(108,500)	4,741	397,083
CHANGE IN NET ASSETS	458,498	(108,500)	349,998	860,932
NET ASSETS - BEGINNING OF YEAR	1,552,444	208,500	1,760,944	900,012
NET ASSETS - END OF YEAR	**$ 2,010,942**	**$ 100,000**	**$ 2,110,942**	**$ 1,760,944**

The accompanying notes are an integral part of these financial statements.

VOICE CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

FOR YEAR ENDED JUNE 30, 2014

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR YEAR ENDED JUNE 30, 2013)

	Program Services	Management and General	2014	2013
FUNCTIONAL EXPENSES				
Salaries and wages	$ 3,516,660	$ 527,574	$ 4,044,234	$ 3,277,861
Payroll taxes and employee benefits	994,516	75,836	1,070,352	890,023
Rent and utilities	647,348	87,118	734,466	730,444
Accounting fees	38,828	25,295	64,123	86,573
Professional fees	138,852	79,647	218,499	211,944
Classroom supplies and instructional materials	391,965	187	392,153	285,684
Furniture and fixtures - non-capitalizable	-	-	-	-
Insurance	30,920	4,438	35,358	25,185
Office expense	29,287	55,763	85,050	64,778
Parent activities	7,155	-	7,155	10,702
Postage and delivery	2,276	889	3,165	3,142
Printing and photocopying	1,514	419	1,933	6,725
Publications and advertisements	1,657	505	2,162	-
Repairs and maintenance	114,685	2,871	117,556	71,436
Other contracted services	678,707	1,861	680,568	323,602
Staff professional development	359,536	818	360,354	370,027
Student field trips and incentive programs	3,531	-	3,531	24,322
Student recruitment	14,275	-	14,275	-
Student food services	645	-	645	3,499
Staff recruitment	55,910	37	55,947	66,644
Telephone and internet	44,313	8,491	52,804	34,157
Depreciation and amortization	100,260	17,237	117,497	69,125
Loss on disposal of property and equipment	-	-	-	672
	$ 7,172,840	**$ 888,987**	**$ 8,061,827**	**$ 6,556,545**

The accompanying notes are an integral part of these financial statements.

VOICE CHARTER SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operating revenue	$ 8,548,668	$ 6,915,326
Other cash received	120,498	319,743
Cash paid to employees and suppliers	(7,645,515)	(6,287,781)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,023,651	947,288
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(481,048)	(619,180)
NET CASH USED IN INVESTING ACTIVITIES	(481,048)	(619,180)
NET INCREASE IN CASH	542,603	328,108
CASH - BEGINNING OF YEAR	1,104,143	776,035
CASH - END OF YEAR	**$ 1,646,746**	**$ 1,104,143**

Reconciliation of change in net assets to net cash provided by operating activities:

	2014	2013
Change in net assets	$ 349,998	$ 860,932
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	117,497	69,125
Loss on disposal of property and equipment	-	672
Changes in operating assets and liabilities:		
Grants and other receivables	257,341	(182,410)
Prepaid expenses and other assets	(52,596)	(163,265)
Accounts payable and accrued expenses	(2,569)	(47,124)
Accrued salaries and other payroll related expenses	131,666	117,045
Deferred rent	222,314	302,313
Security deposit	-	(10,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 1,023,651**	**$ 947,288**

The accompanying notes are an integral part of these financial statements.

1. NATURE OF THE ORGANIZATION

VOICE Charter School (the "School") aims to create a safe and healthy learning environment that will nurture, motivate, and challenge all of our children to achieve the highest level of academic excellence and to develop into mindful, responsible, contributing participants in their education, their community, and the diverse society in which we live. The School incorporates music into a rigorous academic program. On January 15, 2008, the Board of Regents of the University of the State of New York granted the School a provisional charter valid for a term of five years and renewable upon expiration. The School was renewed for an additional 5 year period on January 15, 2013 for a period from July 1, 2013 to June 30, 2018.

On October 3, 2008, the School, as determined by the Internal Revenue Service, was approved for Federal income tax exemption under section 501(a) of the Internal Revenue Code ("IRC") as an organization described in Section 501(c)(3) of the IRC. It is also currently exempt under a similar provision under New York State income tax laws. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the IRC and qualifies for deductible contributions as provided in section 170(b)(1)(A)(ii) of the IRC. The School's primary sources of income are per pupil and other government funding. VOICE Charter School, located in Long Island City, Queens, primarily educates children residing in District 30.

In fiscal year 2014, the School operated classes for students in grades kindergarten through sixth grade. In fiscal year 2013, the School operated classes for students in grades kindergarten through fifth grade.

The New York City Department of Education ("NYCDOE") provides free lunches and transportation directly to a majority of the School's students.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The School's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The classification of an organization's net assets and its support, revenues, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Permanently Restricted

Net assets resulting from contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School.

Temporarily Restricted

Net assets resulting from contributions and other inflows of assets whose use by the School are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the School pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities. However, if a restriction is fulfilled in the same period in which the contribution is received, the School reports the support as unrestricted.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted

The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Cash

Included in cash is an escrow account of $70,000, which is held aside for contingency purposes as required by the NYCDOE.

Grants and Other Receivables

Grants and other receivables represent unconditional promises to give by donors. Grants and other receivables that are expected to be collected within one year and recorded at net realizable value amounts to $170,519 and $427,860 at June 30, 2014 and 2013, respectively. The School has determined that no allowance for uncollectible accounts is necessary as of June 30, 2014 and 2013. Such estimate is based on management's assessments of the creditworthiness of its donors, the aged basis of its receivables, as well as current economic conditions and historical information.

Revenue Recognition

Revenue from the state and local governments resulting from the School's charter status is based on the number of students enrolled and is recorded when services are performed in accordance with the charter agreement.

Revenue from federal, state and local government grants and contracts are recorded by the School when qualifying expenditures are incurred and billable. Funds received in advance for which qualifying expenditures have not been incurred, if any, are reflected as refundable advances from state and local government grants in the accompanying statements of financial position.

Premises Provided by Government Authorities

The School does not record any in-kind contributions and related costs with respect to dedicated and shared space provided to it by the NYCDOE (see Note 8) as the premises are temporary in nature, is excess shared space whereby a fair value cannot be determined, and is industry practice.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Property and equipment are being depreciated in accordance with the straight-line method over their estimated useful lives. Leasehold improvements are amortized over the shorter of the life of the asset or the life of the lease. The School has established a $5,000 threshold above which assets are capitalized. Property and equipment acquired with certain government contract funds is recorded as expenses pursuant to the terms of the contract in which the government funding source retains ownership of the property. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized.

Impairment

The School reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the School recognizes an impairment loss. No impairment losses were recognized for the year ended June 30, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Rent

In accordance with U.S. GAAP, rent expense is recognized on a straight-line basis over the life of the lease, including future escalations of rent, rather than in accordance with lease payments. Deferred rent represents the adjustment to future rents as a result of using the straight-line method.

Functional Allocation of Expenses

Expenses that can be directly identified with a specific program or supporting service are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications based upon benefits received.

Estimates

The preparation of financial statements in conformity with U.S GAAP 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 the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The School has evaluated events through October 20, 2014, which is the date the financial statements were available to be issued.

Comparative Financial Information

The June 30, 2014 financial statements include certain prior year summarized comparative information in total but not by net asset class. In addition, only certain of the notes to the financial statements for June 30, 2013 are presented. As a result, the June 30, 2013 comparative information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such June 30, 2013 information should be read in conjunction with the School's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Income Taxes

The School follows the accounting standard for uncertainty in income taxes. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, disclosure and transition.

The School files informational returns in the federal and New York State jurisdictions. With few exceptions, the School is no longer subject to federal, state, or local income tax examinations by tax authorities for fiscal years before 2011.

The School believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year. Management believes that its nonprofit status would be sustained upon examination.

Should there be interest on underpayments of income tax, the School would classify it as “Interest Expense.” The School would classify penalties in connection with underpayments of tax as “Other Expense.”

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standard update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2017 and in interim periods in annual periods beginning after December 15, 2018. Early application is permitted but no earlier than annual reporting periods beginning after December 31, 2016. The School is currently evaluating the effect the update will have on its financial statements.

Reclassifications

The prior year statement of cash flows has been reclassified from the indirect method to the direct method in the current year financial statements. This reclassification had no effect on previously reported change in net assets.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	2014	2013	Estimated Useful Lives
Furniture and fixtures	$ 136,676	$ 108,910	7 years
Musical instruments	6,610	6,610	3 years
Computers	74,842	38,415	3 years
Software	26,401	18,530	3 years
Leasehold improvements	1,471,513	1,029,850	Life of lease
	1,716,042	1,211,215	
Less: accumulated depreciation and amortization	(256,254)	(138,757)	
	$ 1,459,788	$ 1,072,458	

Depreciation and amortization expense for the years ended June 30, 2014 and 2013 was $117,497 and $69,797, respectively.

4. CONSTRUCTION IN PROGRESS

During the year ended June 30, 2012, the School underwent construction due to the expansion of the School. The School operates on a work-order basis and has not entered into any contract. For the years ended June 30, 2014 and 2013, construction in progress was $334,794 and $358,573, respectively.

While the School is not committed to any construction contract, the total estimated cost of the construction project is approximately $1,200,000. At June 30, 2014 and 2013, approximately 67% and 49%, respectively, of the project has been completed.

5. PENSION PLAN

The School participates in the Teachers' Retirement System of the City of New York ("TRS" or "The Plan"), which covers principals and teachers. 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. The School's contribution is a rate based on actuarial assumptions and methods and a percentage of other participating TRS charter schools' contributions. During the years ended June 30, 2014 and 2013, the School used a rate of 12% and 13.75%, respectively. The difference between the two percentages yielded accumulative credits of approximately $46,000 and $74,000 for the years ended June 30, 2014 and 2013, respectively, which were netted against the pension expense. For the fiscal years ended June 30, 2014 and 2013, the School incurred a pension expense of $318,133 and $266,940, respectively, which is included in payroll taxes and employee benefits in the accompanying statement of functional expenses.

Accounting standards require employers participating in multiemployer plans to provide detailed quantitative and qualitative disclosures for these plans. TRS, which is sponsored by the City of New York, does not impose an expiration date on participating employers. The zone status is consistent with the Pension Protection Act and is for the Plan's year-end at June 30, 2013. The zone status is based on information provided in the TRS Comprehensive Annual Financial Report, which includes information from TRS' actuary and is certified by TRS' auditor. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded and plans in the green zone are at least 80 percent funded. TRS did not report a rehabilitation plan. Information related to the Plan is comprised of the following:

			Contributions	
Pension Fund	*Plan Month/Day End Date*	*Zone Status*	*2014*	*2013*
Teachers' Retirement System	06/30	*Red – As of June 30, 2013*	*$318,133*	*$266,940*

Employees may also participate in a Tax-Deferred Annuity ("TDA") Program, which is defined-contribution pension plan. Employees may contribute as little as 1% of their salary to the TDA Program and as much as their designated Maximum Contribution Rate. This rate is based on their salary and the allowable maximum contribution amount the Internal Revenue Service (IRS) has established for that year.

In May 2014, the School adopted a 403(b) pension plan beginning fiscal year 2014-2015.

6. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School maintains commercial insurance to help protect itself from such risks.

The School entered into contractual relationships with certain governmental funding sources. The governmental agencies may request return of funds as a result of noncompliance by the School, as well as additional funds for the use of facilities. The accompanying financial statements make no provision for the possible disallowance or refund.

7. CONCENTRATIONS

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of cash deposits. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

The School received approximately 97% and 90% of its total revenue from per pupil funding from NYCDOE during the years ended June 30, 2014 and 2013, respectively.

The School's grants and other receivables consist of two major grantors as of June 30, 2014.

The School’s payables consist of four major vendors as of June 30, 2014.

8. COMMITMENT AND CONTINGENCIES

In June 2011, the School entered into a Lease Agreement with The Roman Catholic Church of St. Rita, for leasing the premises at 36-25 11th Street, Long Island City, New York 11106. The lease term is from July 1, 2011 to June 30, 2031. Future minimum rental lease payments are as follows:

June 30,	
2015	$ 560,000
2016	560,000
2017	616,200
2018	631,400
2019	647,185
Thereafter	9,151,482
	$ 12,166,267

Rent expense for the years ended June 30, 2014 and 2013 was $672,686 and $668,335, respectively, and is included in rent and utilities on the statement of functional expenses.

The School also shares space with P.S. 111 Jacob Blackwell located at 37-15 13th Street, Queens, New York 11101. The School occupies 8,971 square feet at this location, and shares another 7,828 square feet. There is no lease or agreement in place for the shared space and no rent is charged to the School.

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are time restricted and consist of the following balances at June 30, 2014:

	2014
Time restricted:	
CEI-PEA Grant	$ 100,000
Total temporarily restricted net assets:	**$ 100,000**

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
VOICE Charter School

We have audited, 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, the financial statements of VOICE Charter School (the "School"), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, 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 20, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 School'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 the 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*.

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We noted certain matters that we reported to management of the School in a separate letter dated October 20, 2014.

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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MBAF CPAs, LLC

New York, NY
October 20, 2014