



*Syracuse Academy of Science Charter School*

Financial Report

June 30, 2009

# *Syracuse Academy of Science Charter School*

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June 30, 2009 and 2008

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## Independent Auditor's Report

To the Board of Directors  
Syracuse Academy of Science Charter School

We have audited the accompanying statements of financial position of Syracuse Academy of Science Charter School (a nonprofit organization) as of June 30, 2009 and 2008, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years ended June 30, 2009 and 2008. These financial statements are the responsibility of the Organization'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 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 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 Syracuse Academy of Science Charter School as of June 30, 2009 and 2008, and the changes in its net assets and 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 September 11, 2009 on our consideration of Syracuse Academy of Science Charter School's internal control over financial reporting and 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.

*Beard Miller Company LLP*

Beard Miller Company LLP  
Syracuse, New York  
September 11, 2009

# *Syracuse Academy of Science Charter School*

## **Statements of Financial Position**

**June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$1,021,298	\$ 455,584
Restricted cash - extra classroom funds	5,367	5,549
State and federal aid receivable	5,883	39,057
Other receivables, net	58,137	76,768
Prepaid expenses	28,165	12,000
<b>Total Current Assets</b>	<b>1,118,850</b>	<b>588,958</b>
<b>Property and Equipment, Net of Accumulated Depreciation</b>	<b>520,801</b>	<b>530,904</b>
<b>Total Assets</b>	<b><u>\$1,639,651</u></b>	<b><u>\$1,119,862</u></b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 25,942	\$ 4,845
Accrued liabilities	216,475	214,918
Restricted cash - extra classroom funds	5,367	5,549
Current portion of long-term debt	-	29,128
<b>Total Current Liabilities</b>	<b>247,784</b>	<b>254,440</b>
<b>Long-Term Debt, Net of Current Portion</b>	<b>-</b>	<b>69,689</b>
<b>Total Liabilities</b>	<b>247,784</b>	<b>324,129</b>
<b>Net Assets</b>		
Unrestricted	1,391,867	795,733
<b>Total Liabilities and Net Assets</b>	<b><u>\$1,639,651</u></b>	<b><u>\$1,119,862</u></b>

*See notes to financial statements.*

# *Syracuse Academy of Science Charter School*

## Statements of Activities and Changes in Net Assets

Years Ended June 30, 2009 and 2008

	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Revenues, Gains, and Other Support</b>				
Public School District:				
Revenue-resident student enrollment	\$3,431,096	\$ -	\$ -	\$3,431,096
Revenue-students with disabilities	198,442	-	-	198,442
State aid	2,463	-	-	2,463
Federal grants and aid	288,353	-	-	288,353
Other income	12,083	-	-	12,083
	<b>3,932,437</b>	<b>-</b>	<b>-</b>	<b>3,932,437</b>
<b>Total Revenues, Gains, and Other Support</b>				
<b>Expenses</b>				
Program Expenses:				
Regular education	2,137,207	-	-	2,137,207
Special education	205,950	-	-	205,950
Other program	-	-	-	-
	<b>2,343,157</b>	<b>-</b>	<b>-</b>	<b>2,343,157</b>
<b>Total Program Expenses</b>				
Supporting Services:				
Management and general	993,146	-	-	993,146
Fundraising and special events	-	-	-	-
	<b>993,146</b>	<b>-</b>	<b>-</b>	<b>993,146</b>
<b>Total Supporting Services</b>				
<b>Total Expenses</b>	<b>3,336,303</b>	<b>-</b>	<b>-</b>	<b>3,336,303</b>
<b>Increase in Net Assets</b>	596,134	-	-	596,134
<b>Net Assets, Beginning of Year</b>	795,733	-	-	795,733
<b>Net Assets, End of Year</b>	\$1,391,867	\$ -	\$ -	\$1,391,867

*See notes to financial statements.*

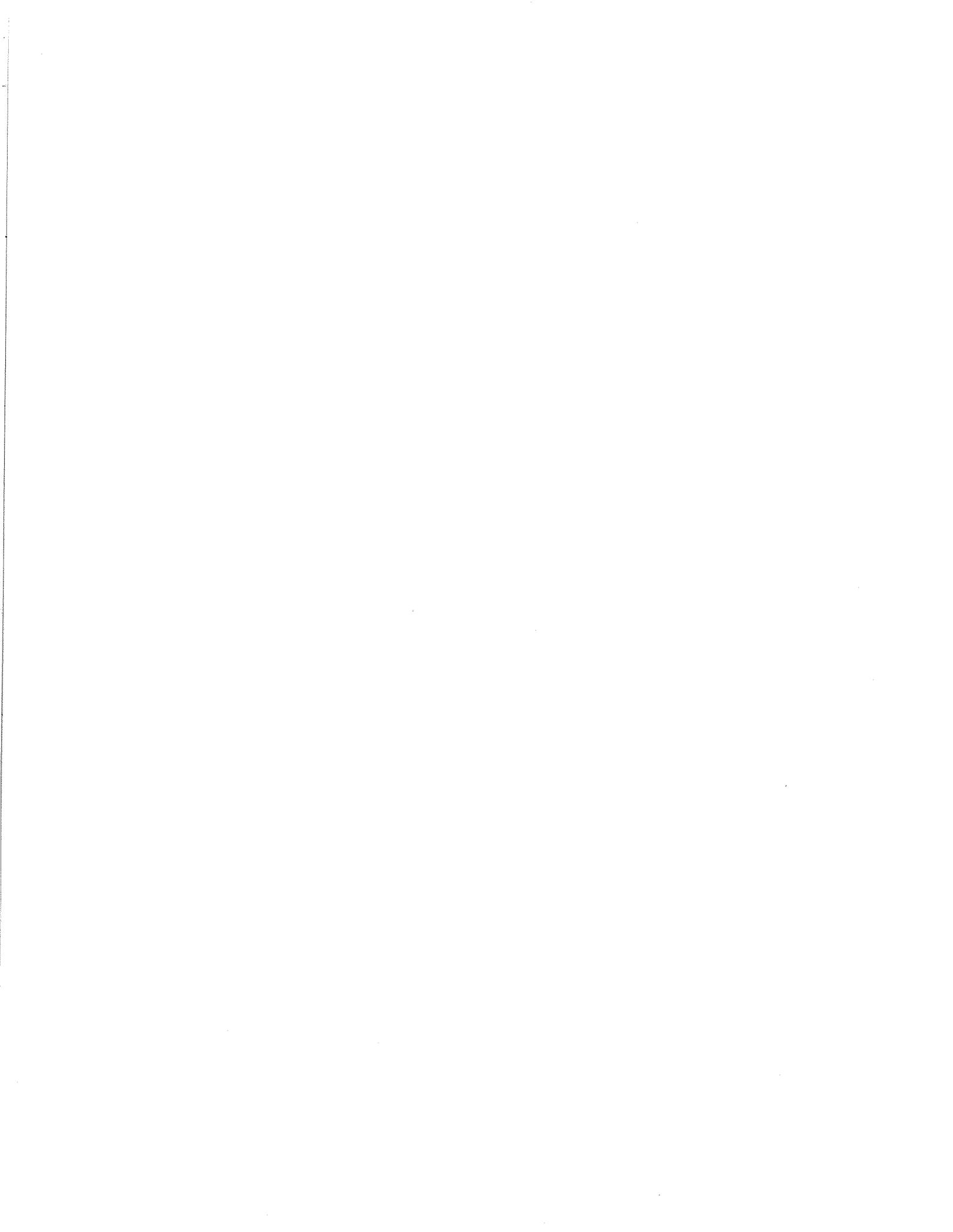
# *Syracuse Academy of Science Charter School*

## Statements of Activities and Changes in Net Assets

Years Ended June 30, 2009 and 2008

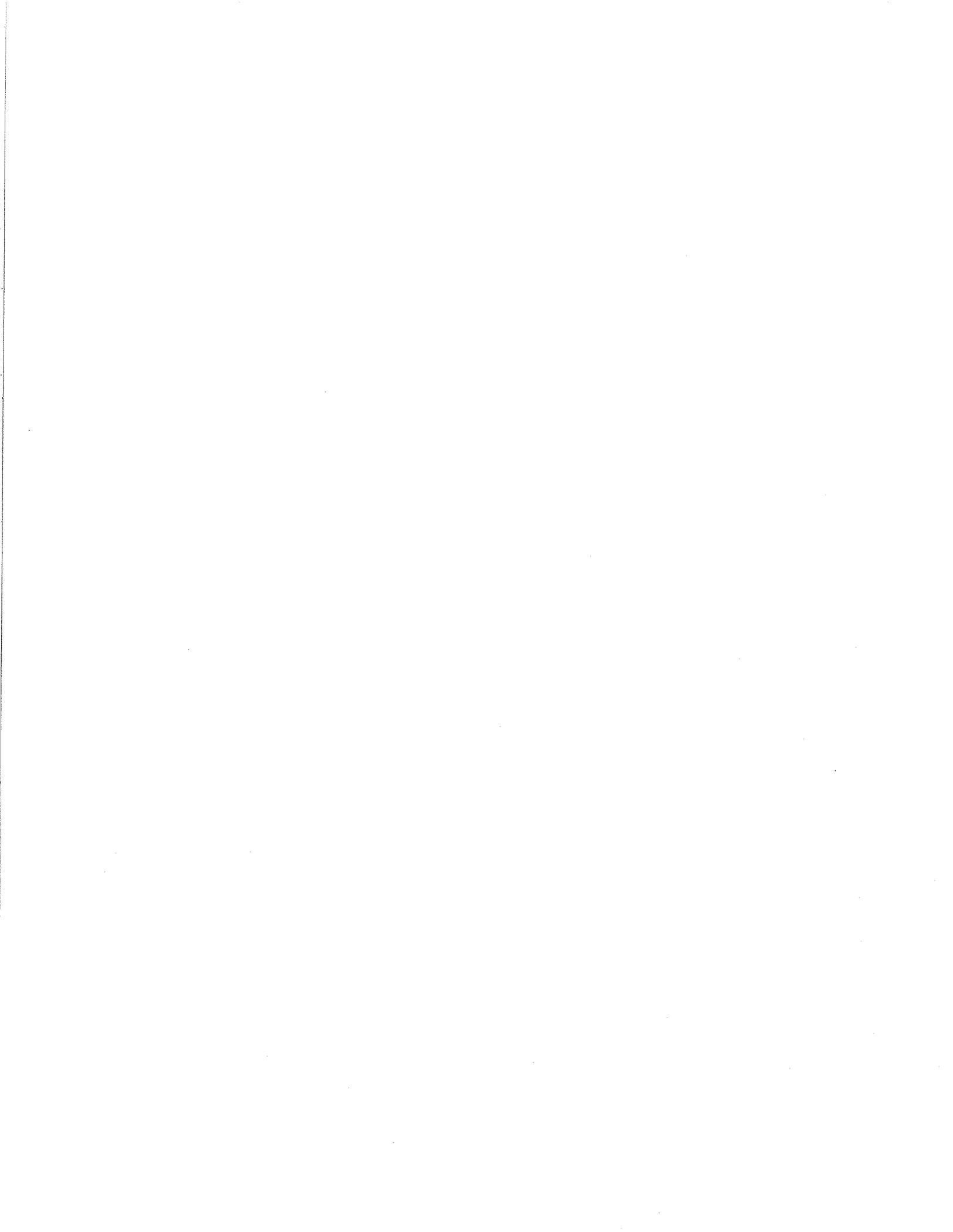
	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Revenues, Gains, and Other Support</b>				
Public School District:				
Revenue-resident student enrollment	\$3,083,362	\$ -	\$ -	\$3,083,362
Revenue-students with disabilities	189,144	-	-	189,144
State aid	3,259	-	-	3,259
Federal grants and aid	465,500	-	-	465,500
Other income	11,507	-	-	11,507
<b>Total Revenues, Gains, and Other Support</b>	<b>3,752,772</b>	<b>-</b>	<b>-</b>	<b>3,752,772</b>
<b>Expenses</b>				
Program Expenses:				
Regular education	2,185,425	-	-	2,185,425
Special education	261,435	-	-	261,435
Other program	-	-	-	-
<b>Total Program Expenses</b>	<b>2,446,860</b>	<b>-</b>	<b>-</b>	<b>2,446,860</b>
Supporting Services:				
Management and general	1,129,966	-	-	1,129,966
Fundraising and special events	-	-	-	-
<b>Total Supporting Services</b>	<b>1,129,966</b>	<b>-</b>	<b>-</b>	<b>1,129,966</b>
<b>Total Expenses</b>	<b>3,576,826</b>	<b>-</b>	<b>-</b>	<b>3,576,826</b>
<b>Increase in Net Assets</b>	<b>175,946</b>	<b>-</b>	<b>-</b>	<b>175,946</b>
<b>Net Assets, Beginning of Year</b>	<b>619,787</b>	<b>-</b>	<b>-</b>	<b>619,787</b>
<b>Net Assets, End of Year</b>	<b>\$ 795,733</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 795,733</b>

See notes to financial statements.



<b>Administrative</b>									
Accounting/auditing fees	-	-	-	-	-	-	-	-	10,470
Fixed asset disposals	-	-	-	-	-	-	-	-	8,442
Field trip expense	4,315	-	-	-	-	-	-	-	4,315
Maintenance and repairs	18,553	-	-	-	-	-	-	-	81,229
Marketing	5,801	-	-	-	-	-	-	-	5,801
Other expenses	7,443	-	-	-	-	-	-	-	11,621
Printing	2,614	-	-	-	-	-	-	-	5,111
Postage and delivery	544	-	-	-	-	-	-	-	10,374
Retirement expense	95,193	-	-	-	-	-	-	-	117,885
Staff development	13,854	8,548	-	-	-	-	-	-	35,071
Staff recruitment	4,327	15,075	-	-	-	-	-	-	4,327
Supplies and materials	125,897	1,380	-	-	-	-	-	-	171,348
Telephone	9,061	-	-	-	-	-	-	-	22,913
Interest expense	-	-	-	-	-	-	-	-	5,952
Consulting expense	26,217	-	-	-	-	-	-	-	44,186
Travel	3,919	-	-	-	-	-	-	-	6,330
Utilities	-	-	-	-	-	-	-	-	59,157
<b>Total Administrative</b>	<b>317,738</b>	<b>25,003</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>261,791</b>	<b>604,532</b>
<b>Total Expenses before Depreciation</b>	<b>2,137,207</b>	<b>205,950</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>937,623</b>	<b>3,280,780</b>
<b>Depreciation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,523</b>	<b>55,523</b>
<b>Total Expenses</b>	<b>\$2,137,207</b>	<b>\$205,950</b>	<b>\$ -</b>	<b>\$993,146</b>	<b>\$3,336,303</b>				

See notes to financial statements.



<b>Administrative</b>									
Accounting/auditing fees	-	-	-	-	-	-	-	9,640	9,640
Fixed asset disposals	-	-	-	-	-	-	-	16,157	16,157
Field trip expense	8,984	-	-	-	-	-	-	8,984	8,984
Maintenance and repairs	14,901	-	-	-	-	-	-	172,033	172,033
Marketing	14,909	50,000	-	-	-	-	107,132	17,895	17,895
Other expenses	4,752	-	-	-	-	-	2,986	4,187	8,939
Printing	4,382	-	-	-	-	-	331	4,713	4,713
Postage and delivery	1,894	-	-	-	-	-	7,259	9,274	9,274
Retirement expense	122,341	121	-	-	-	-	10,943	139,866	139,866
Staff development	5,088	17,262	-	-	-	-	933	23,283	23,283
Staff recruitment	2,079	-	-	-	-	-	1,079	3,158	3,158
Supplies and materials	161,240	6,674	-	-	-	-	44,025	211,939	211,939
Telephone	7,744	-	-	-	-	-	14,629	22,373	22,373
Interest expense	-	-	-	-	-	-	7,706	7,706	7,706
Consulting expense	24,617	5,521	-	-	-	-	33,541	63,679	63,679
Travel expense	2,841	-	-	-	-	-	2,447	5,288	5,288
Utilities	-	-	-	-	-	-	72,154	72,154	72,154
<b>Total Administrative</b>	<b>375,772</b>	<b>86,160</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>335,149</b>	<b>797,081</b>	<b>797,081</b>
<b>Total Expenses before Depreciation</b>	<b>2,185,425</b>	<b>261,435</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,075,695</b>	<b>3,522,555</b>	<b>3,522,555</b>
<b>Depreciation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,271</b>	<b>54,271</b>	<b>54,271</b>
<b>Total Expenses</b>	<b>\$2,185,425</b>	<b>\$261,435</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$1,129,966</b>	<b>\$3,576,826</b>	<b>\$3,576,826</b>

See notes to financial statements.

# *Syracuse Academy of Science Charter School*

## **Statements of Cash Flows**

**Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Cash Flows from Operating Activities</b>		
Revenues from School Districts	\$3,660,511	\$3,218,149
Grant revenues	312,151	465,500
Miscellaneous sources	(4,584)	46,016
Payments to vendors for goods and services rendered	(874,090)	(1,058,722)
Payments to charter school personnel for services rendered	(2,369,643)	(2,442,043)
Interest payments	(5,952)	(7,706)
<b>Net Cash Provided by Operating Activities</b>	<u>718,393</u>	<u>221,194</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of equipment	(53,862)	(289,642)
<b>Net Cash Used in Investing Activities</b>	<u>(53,862)</u>	<u>(289,642)</u>
<b>Cash Flows from Financing Activities</b>		
Principal payments of long-term debt	(98,817)	(27,324)
Proceeds of long-term debt	-	120,000
<b>Net Cash Provided by (Used in) Financing Activities</b>	<u>(98,817)</u>	<u>92,676</u>
<b>Net Increase in Cash and Cash Equivalents</b>	565,714	24,228
<b>Cash and Cash Equivalents - Beginning</b>	<u>455,584</u>	<u>431,356</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$1,021,298</u>	<u>\$ 455,584</u>

*See notes to financial statements.*

# *Syracuse Academy of Science Charter School*

## **Statements of Cash Flows**

**Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities</b>		
Increase in net assets	\$596,134	\$175,946
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	55,523	54,271
Loss on disposals	8,442	16,157
(Increase) decrease in assets:		
State and federal aid receivable	33,174	(13,550)
Other receivables	18,631	(40,807)
Prepaid expenses	(16,165)	31,250
Increase (decrease) in liabilities:		
Accounts payable	21,097	(41,017)
Accrued liabilities	1,557	39,311
Refundable advances - grants	-	(367)
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$718,393</u></u>	<u><u>\$221,194</u></u>

*See notes to financial statements.*

# ***Syracuse Academy of Science Charter School***

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## **Notes to Financial Statements**

**June 30, 2009 and 2008**

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

#### **Nature of Activities**

Syracuse Academy of Science Charter School was organized and is operated exclusively for educational purposes pursuant to Article 56 of the Education law and in accordance with the charter agreement between the board and the board of regents as approved by the Board of Regents on January 15, 2003. A provisional charter was issued for a term of five years incorporating them as an education corporation under the name Syracuse Academy of Science Charter School, located in the City of Syracuse, County of Onondaga, and State of New York. The charter was renewed in January 2008 for 4.5 years through June 30, 2012.

The corporation was created as a nonstock corporation organized and operated exclusively for educational purposes as defined in section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law), and no part of its earnings or net income shall inure to the benefit of any individual, and no officer, member, or employee of the corporation shall receive or be entitled to receive any pecuniary profit from the operations thereof, except reasonable compensation for services.

#### **Basis of Accounting**

The Academy follows the practice of recording revenues when earned and expenses when incurred. Investment income is recognized on the accrual basis. Pledges for contributions are recorded as support in the period in which they are made unless the pledge specifies that it is for use in future periods, in which case it is discounted to the present value. Gifts received, other than in cash, are recorded at their fair market value at the date of gift. Contributions are recorded as received and considered to be available for unrestricted use unless specifically restricted by the donor.

Contributions which are restricted by the donor for a particular purpose are deemed to be earned and reported as support when the Academy has incurred expenditures in compliance with the specific restrictions. Such amounts received but not yet earned are reported as temporarily restricted support and then reclassified to unrestricted net assets upon expiration of the time restriction.

#### **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, temporarily restricted, and permanently restricted.

# ***Syracuse Academy of Science Charter School***

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## **Notes to Financial Statements**

**June 30, 2009 and 2008**

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

#### **Income Tax Status**

The Academy is exempt from income taxes as a nonprofit organization under the provisions of Section 501(c)(3) of the Internal Revenue Code. It has been classified by the Internal Revenue Service as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code.

In December 2008, the Financial Accounting Standards Board issued FASB Staff Position (FSP) FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*. The FSP defers the effective date of FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, to be effective for fiscal years beginning after December 15, 2008 for certain nonpublic enterprises. The FSP requires a nonpublic enterprise that elects to defer the application of FIN 48 shall explicitly disclose that fact and also requires the disclosure of the enterprise's accounting policy for evaluating uncertain tax positions for each set of financial statements where the deferral applies.

The Academy has elected to defer the application of FIN 48. For the years ended June 30, 2009 and 2008, the Academy has accounted for uncertain tax positions in accordance with Statement of Financial Accounting Standards No. 5, *Accounting for Contingencies*.

#### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

#### **Restricted and Unrestricted Revenue and Support**

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. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

#### **Cash and Cash Equivalents**

For purposes of these financial statements, the Academy considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

# ***Syracuse Academy of Science Charter School***

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## **Notes to Financial Statements**

**June 30, 2009 and 2008**

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

#### **Accounts Receivable**

The Academy considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. There were no trade accounts receivables at June 30, 2009 and 2008, respectively.

#### **Inventories**

Inventories consist primarily of supplies and are stated at the lower of cost (first-in first-out) or market value. There was no inventory at June 30, 2009 and 2008, respectively.

#### **Subsequent Events**

The Academy has evaluated subsequent events through September 11, 2009, which is the date of the financial statements were available to be issued.

#### **Investments**

The Academy currently carries no investments in marketable securities.

#### **Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Academy, that is, in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. There were no contributions received at June 30, 2009 and 2008, respectively.

#### **Property and Equipment**

Property and equipment purchases are recorded at historical cost at acquisition or fair market value at date of donation. Expenditures for fixed assets in excess of \$500 and with an expected life greater than one year are capitalized; the fair value of donated assets is similarly capitalized. Depreciation expense is recorded on all property and equipment on a straight-line basis over their estimated useful lives. Depreciation expense amounted to \$55,523 and \$54,271 for June 30, 2009 and 2008, respectively.

#### **Donated Materials, Services, Property and Equipment**

Donated materials and services are reflected as contributions at their estimated values with an offsetting charge to expense. Only those materials for which there is an objective basis of valuation are reflected in the financial statements. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. There were no property and equipment donations at June 30, 2009 and 2008, respectively.

# *Syracuse Academy of Science Charter School*

## **Notes to Financial Statements**

**June 30, 2009 and 2008**

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

#### **Retirement Expense**

The Academy participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing multiple employer public employee retirement system. The System offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

The New York State Teachers' Retirement Board administers NYSTRS. The System provides 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. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

The System is noncontributory, except for employees who joined the System after July 27, 1976, who contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The Academy is required to contribute at an actuarially determined rate. The Academy contributions made to the System were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>NYSTRS</u>
2008 - 2009	\$115,757
2007 - 2008	139,866
2006 - 2007	106,953

#### **Functional Allocation of Expenses**

The costs of providing the various programs have been summarized on a functional basis in the Statements of Activities. The costs are functionalized on a direct basis, where possible. Indirect costs are allocated on the basis of direct costs to total costs by function.

#### **Tax-Deferred Annuity Plan**

During the year ended June 30, 2009, the Academy entered into a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers employees working over 1,000 hours in a twelve-month period or more than twenty hours per week. The Academy matches up to \$780 per participant in each calendar year. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. Plan expenses were \$2,128 for the year ended June 30, 2009.

# *Syracuse Academy of Science Charter School*

## **Notes to Financial Statements**

**June 30, 2009 and 2008**

### **Note 2 - Accounts Receivable**

There was \$1,162 and \$-0- of Accounts Receivable as of June 30, 2009 and 2008, respectively. However, there was \$56,975 and \$76,768 of other receivables that related to Charter school payments and tuition at June 30, 2009 and 2008, respectively.

The Academy grants credit to New York State and also school districts located within the Central New York State region.

### **Note 3 - Property and Equipment**

Property and equipment consists of the following at June 30:

	<u>2009</u>	<u>2008</u>
Equipment and furnishings	\$409,859	\$377,803
Reading books and textbooks	101,604	101,604
Leasehold improvements	207,925	105,743
Computer software and hardware	<u>112,723</u>	<u>209,325</u>
	832,111	794,475
Accumulated depreciation	<u>(311,310)</u>	<u>(263,571)</u>
	<u>\$520,801</u>	<u>\$530,904</u>

### **Note 4 - Commitments**

The Academy leases office space under an operating lease. The Academy renewed the lease through June 30, 2014.

The Academy entered into two operating leases with IKON Financial Services for copiers. The first lease is for forty-eight months, starting as of March 31, 2009. The total monthly payment is \$487. The second lease is for thirty-six months, starting November, 2007. The total monthly payment is \$333.

The following is a schedule of future minimum rental payments required under the above leases as of June 30, 2009:

2010	\$185,042
2011	189,385
2012	195,341
2013	200,972
2014	<u>204,957</u>
	<u>\$975,697</u>

Rent expense amounted to \$171,705 and \$164,296 for June 30, 2009 and 2008, respectively.

# ***Syracuse Academy of Science Charter School***

## **Notes to Financial Statements**

**June 30, 2009 and 2008**

### **Note 5 - Related Party Transactions**

There were no related party transactions as of June 30, 2009 and 2008, respectively.

### **Note 6 - Restrictions on Net Assets**

There were no restrictions on net assets as of June 30, 2009 and 2008, respectively.

### **Note 7 - Concentrations of Credit Risk**

Financial instruments that potentially subject the Academy to concentrations of credit risk consist principally of cash and revenues.

#### **Cash**

The Academy has checking accounts held at a financial institution used for day to day operations. The balances are insured by the Federal Deposit Insurance Corporation (FDIC). On October 3, 2008, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009. Uninsured cash balances amounted to \$781,760 and \$355,584 at June 30, 2009 and 2008, respectively.

#### **Revenue**

The majority of the Academy's program service fees come from New York State and School Districts within New York State. The School's support is, therefore, directly dependent on state spending.

### **Note 8 - Long-Term Debt**

The Academy's obligations under notes payable at June 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Installment note payable at 14.46% interest, at \$361.58 per month for 36 months through August 2008. This note was paid off in August 2008.	\$ -	\$ 710
Installment note payable at 7.99% interest for 48 months at \$2,936 per month through August 2011. This note was paid off in April 2009.	-	98,107
	-	98,817
Current portion	-	(29,128)
<b>Long-Term Portion</b>	<u>\$ -</u>	<u>\$69,689</u>

# *Syracuse Academy of Science Charter School*

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## **Notes to Financial Statements**

**June 30, 2009 and 2008**

### **Note 9 - Line of Credit**

The Academy has a \$25,000 revolving line of credit. Bank advances plus any unpaid accrued interest on the credit line are payable on demand and carry an interest rate of 7.00% and 8.75% at June 30, 2009 and 2008, respectively. Any borrowings are secured by inventory, equipment, and deposit accounts. As of June 30, 2009 and 2008, there were no outstanding borrowings.



**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 Directors of  
Syracuse Academy of Science Charter School

We have audited the financial statements of Syracuse Academy of Science Charter School as of June 30, 2009, and for the year then ended, and have issued our report thereon dated September 11, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 Syracuse Academy of Science Charter School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Syracuse Academy of Science Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Syracuse Academy of Science Charter School's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 Syracuse Academy of Science Charter School'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 Syracuse Academy of Science Charter School's financial statements that is more than inconsequential will not be prevented or detected by the Syracuse Academy of Science Charter School's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting. Item 2009-1: The accounting staff could not prepare the Organization's financial statements, including full footnote disclosures. The Organization is aware of this issue and does not believe the cost/benefit of having this control in place would significantly impact the accuracy of the current auditor's prepared financial statements.

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 Syracuse Academy of Science Charter School'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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider Item 2009-1 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Syracuse Academy of Science 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.

We noted certain matters that we reported to management of Syracuse Academy of Science Charter School in a separate letter dated September 11, 2009.

Syracuse Academy of Science Charter School's response to the findings identified in our audit is described above. We did not audit Syracuse Academy of Science Charter School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management of Syracuse Academy of Science Charter School. However, this report is a matter of public record and its distribution is not limited.

*Beard Miller Company LLP*

Beard Miller Company LLP  
Syracuse, New York  
September 11, 2009