

I. School Information and Cover Page

School Name: Brighter Choice Charter School for Girls

School Leader: Darryl Williams

Primary address: 250 Central Avenue, Albany, NY 12206

School website: www.brighterchoice.org

School email: dwilliams@brighterchoice.org

Telephone: (518) 694-4100 Fax: (518) 694-4123

BEDS # 010100860830

District/CSD of Location: Albany CSD

Charter authorizer: Regents

Chair, Board of Trustees: M. Christian Bender

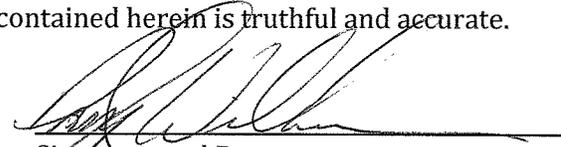
Date school first opened for instruction: 09-01-2002

2011-2012 Enrollment: 273

2011-2012 Grades Served: K-4

Our signatures below attest that all of the information contained herein is truthful and accurate.

Darryl Williams
Print Name, Head of Charter School


Signature and Date

M. Christian Bender
Print Name, President, Board of Trustees


Signature and Date

Brighter Choice Charter School For Girls

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II. New York State School Report Card

The New York State School Report Card (2010-2011) for Brighter Choice Charter School for Girls can be found at the following link:

<https://reportcards.nysed.gov/files/2010-11/AOR-2011-010100860830.pdf>

III. Key Focus Area Requests

1. Progress Toward Goal Achievement

- a. This section will be submitted at a later date as determined by the authorizer.

2. Instructional Time

- a. Instructional Timetable

2011-2012 Instructional Time	
Total number of instructional days for the 2011-2012 school year	209
First and last day of the 2011-2012 school year	Sept 6, 2011- Aug 9, 2012
Length of school day (please note if schedule varies throughout the week or the year)	8:00 – 3:30 In July-August 9:00-2:00

3. Financial Information

- a. Total Expenditures and Administrative Expenditures Per Child

School Expenditures Per Child	
Total Expenditures per Child	\$16,163
Administrative Expenditures per Child	\$ 5,644

- b. Financial Statements

- i. Unaudited financial statements for the fiscal year ending June 30, 2012 (FY 2012) are provided in Appendix D
- ii. FY2013 Budget provided in Appendix E

4. Charter Revisions

- a. There were no revisions to the school’s charter agreement during the 2011-12 school year.

5. Board of Trustees

- a. Financial Disclosure Statements Attached in Appendix F
- b. Current Board Member Table

Current Board Members					
Trustee Name and Email Address	Position on the Board (e.g., Officers or constituent representatives)	Committee affiliation(s)	Voting Member (Yes/No)	Area of expertise, and/or additional role at school (parent, staff member etc.)	Number of terms served and length of each, including date of election and expiration
Chris Bender	Chair		Yes	2001	2001
Karen Moreau	Treasurer		Yes	2010	2010
Joanne McElroy-Moore	Secretary		Yes	2010	2010
Zoe Nelson			Yes	2011	2011
Nilsa Velilla	Parent Representative		Yes	2011	2011
Total Members joining the board the 2011-2012 school year					2
Total Members departing the board during the 2011-2012 school year					2

6. Enrollment and Retention Targets

- a. In 2011-12, Brighter Choice Charter School for Girls continued to make a good faith effort in enforcing the school’s admission policy to attract and retain students with disabilities, English language learners, and students who are eligible for the free and reduced price lunch program. Current efforts are identified below.
 - Disclaimer on school’s website
 - Disclaimer on school’s admission application and notification
 - Discussions during meetings with current families with multi-lingual staff available
 - Discussions during tours with interested families with multi-lingual staff available
 - Discussions during door-to-door campaigns
 - Outreach to specialized feeder schools and programs

Brighter Choice Charter School For Girls

- Outreach to community by multi-lingual staff
- Outreach to immigrant communities
- Outreach to shelter and food pantries
- Translation of advertisements and school materials
- We deliver admission applications and brochures to all the County Head Start Programs in Albany and Troy along with various pre-K programs throughout the City of Albany

Going forward in 2012-13, Brighter Choice for Girls will incorporate the following additional efforts.

- All school brochures and mailings and application will include the disclaimer that the school accommodates students with disabilities, English language learners and participates in the free and reduced lunch program
- A Google language translator dropdown will be added to the school website
- Advertising materials will be distributed in the primary languages other than English spoken in the area

**BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011**

ASSETS

	<u>2012</u>	<u>2011</u>
Current Assets		
Cash	\$ 502,977	\$ 135,437
Accounts receivable	3,077	57,900
Federal and state aid receivable	1,137	136,582
Due from other governments	444,314	788,390
Due from others	3,366	-
Prepaid expenses	9,332	50,908
Total Current Assets	<u>964,203</u>	<u>1,169,217</u>
Property, Plant and Equipment		
Land	110,000	110,000
Building	7,578,457	7,578,457
Furniture and equipment	453,667	388,383
Textbooks	50,386	50,386
Total	<u>8,192,510</u>	<u>8,127,226</u>
Less accumulated depreciation	1,670,304	1,430,403
Net Property, Plant and Equipment	<u>6,522,206</u>	<u>6,696,823</u>
Other Assets		
Deferred financing costs, net	308,308	320,764
Bond trust accounts - restricted	901,130	867,999
Total Other Assets	<u>1,209,438</u>	<u>1,188,763</u>
TOTAL ASSETS	<u>\$ 8,695,847</u>	<u>\$ 9,054,803</u>
LIABILITIES AND NET DEFICIT		
Current Liabilities		
Current portion of bonded mortgage payable	\$ 190,000	\$ 162,500
Accounts payable	128,506	235,670
Accrued liabilities	178,148	332,773
Due to others	-	95,916
Deferred revenue	6,754	30,749
Total Current Liabilities	<u>503,408</u>	<u>857,608</u>
Long-term Liabilities		
Bonded mortgage payable	8,672,500	8,862,500
Bonded mortgage premium	104,031	106,185
Total Other Liabilities	<u>8,776,531</u>	<u>8,968,685</u>
TOTAL LIABILITIES	<u>9,279,939</u>	<u>9,826,293</u>
Net Deficit	<u>(584,092)</u>	<u>(771,490)</u>
TOTAL LIABILITIES AND NET DEFICIT	<u>\$ 8,695,847</u>	<u>\$ 9,054,803</u>

Appendix D
BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
REVENUE AND OTHER SUPPORT		
Student enrollment	\$ 3,865,967	\$ 3,719,365
State aid	15,901	16,992
Federal aid	595,195	571,477
Contributions	79,503	28,900
Interest	174	567
Rental income	4,668	46,783
Other income	38,400	8,047
Total Revenues, Gains and Other Support	<u>4,599,808</u>	<u>4,392,131</u>
EXPENSES		
Program Services:		
Regular education	1,952,201	1,686,544
Special education	174,354	133,519
Other programs	744,968	725,854
Supporting Services:		
Management and general	1,540,887	1,433,218
Total Expenses	<u>4,412,410</u>	<u>3,979,135</u>
Change in Net Assets	187,398	412,996
Net Deficit, Beginning of Year	<u>(771,490)</u>	<u>(1,184,486)</u>
Net Deficit, End of Year	<u>\$ (584,092)</u>	<u>\$ (771,490)</u>

Brighter Choice Charter School for Girls
Appendix E

	TOTAL
	2012-2013
	Preliminary
Ordinary Income/Expense	
Income	
40000 · PER PUPIL REVENUE	
Total 40000 · PER PUPIL REVENUE	3,833,988.00
41000 · FEDERAL REVENUE	
Total 41000 · FEDERAL REVENUE	225,000.00
44000 · CHILD NUTRITION PROGRAM	
Total 44000 · CHILD NUTRITION PROGRAM	240,000.00
45000 · OTHER REVENUE	
Total 45000 · OTHER REVENUE (incl eRate)	115,000.00
Total Income	<u>4,413,988.00</u>

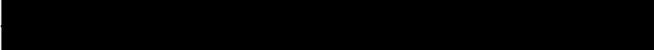
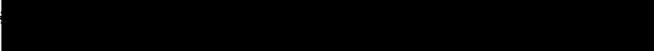
Brighter Choice Charter School for Girls
Appendix E

	TOTAL
	2012-2013
	Preliminary
Expense	
50000 · SALARIES	
Total 50000 · SALARIES	2,000,000.00
53000 · EMPLOYEE BENEFITS	
Total 53000 · EMPLOYEE BENEFITS	549,200.00
54000 · SUPPLIES & EXPENSES	
Total 54000 · SUPPLIES & EXPENSES	442,000.00
55000 · PUPIL TRANSPORTATION	
Total 55000 · PUPIL TRANSPORTATION	123,700.00
56000 · BUILDING MAINTENANCE	
Total 56000 · BUILDING MAINTENANCE	141,000.00
57000 · UTILITIES	
Total 57000 · UTILITIES	80,000.00
58000 · COMMUNICATIONS	
Total 58000 · COMMUNICATIONS	45,000.00
59000 · SMALL EQUIPMENT	
Total 59000 · SMALL EQUIPMENT	55,500.00
60000 · SMALL FURNITURE	
Total 60000 · SMALL FURNITURE	0.00
61000 · OTHER EXPENSES	
Total 61000 · OTHER EXPENSES	<u>754,200.00</u>
Total Expense	<u>4,190,600.00</u>
Net Ordinary Income	<u>223,388.00</u>
Net Income	<u><u>223,388.00</u></u>

Disclosure of Financial Interest Form

**Disclosure of Financial Interest by a New York Charter School Board of Trustees Member
Annual Report 2011-12**

**Note: This Disclosure is a public record, but asterisked data fields will be redacted.*

1. **Trustee Name (print)** M. Christian Bender
2. **Charter School Name** Brighter Choice Charter School for Girls
3. **Charter Authorizer Entity** New York State Education Department
4. **Home Address*** 
5. **Business Address*** 
6. **Daytime Phone*** 
7. **E-Mail Address*** 
8. List all positions held on board (e.g., chair, treasurer, parent representative)

Board Chair

9. Is the trustee an employee of the school? ___Yes ___X___No

If **Yes**, please provide a description of the position you hold and your responsibilities, your salary and your start date.

10. Is the trustee an employee or agent of the management company or institutional partner of the charter school? ___Yes ___X___No

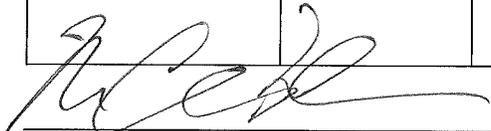
If **Yes**, please provide a description of the position you hold and your responsibilities, your salary and your start date.

11. Identify each interest/transaction (and provide the requested information) that you or any of your immediate family members or any persons who live with you in your house have held or engaged in with the charter school during the time you have served on the board, and in the six-month period prior to such service. If there has been no such financial interest or transaction, write **None**. Please note that if you answered **Yes** to Question 2-4 above, you need not disclose again your employment status, salary, etc.

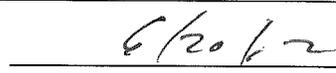
Date(s)	Nature of Financial Interest/Transaction	Steps taken to avoid a conflict of interest, (e.g., did not vote, did not participate in discussion)	Name of person holding interest or engaging in transaction and relationship to yourself
<p><i>Please write "None" if applicable. Do not leave this space blank.</i></p> <p style="font-size: 2em; font-weight: bold;">NONE</p>			

12. Identify each individual, business, corporation, union association, firm, partnership, committee proprietorship, franchise holding company, joint stock company, business or real estate trust, non-profit organization, or other organization or group of people doing business with the school **and** in which such entity, during the time of your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or other relationship. If you are a member, director, officer or employee of an organization formally partnered with the school that is doing business with the school through a management or services agreement, please identify only the name of the organization, your position in the organization as well as the relationship between such organization and the school. If there was no financial interest, write **None**.

Organization conducting business with the school	Nature of business conducted	Approximate value of the business conducted	Name of Trustee and/or immediate family member of household holding an interest in the organization conducting business with the school and the nature of the interest	Steps Taken to Avoid Conflict of Interest
<p><i>Please write "None" if applicable. Do not leave this space blank.</i></p> <p style="font-size: 2em; font-weight: bold;">NONE</p>				



Signature

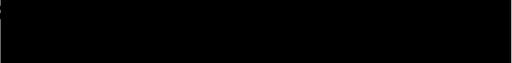
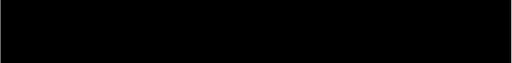
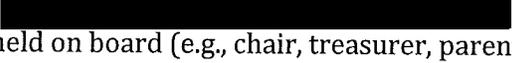


Date

Disclosure of Financial Interest Form

**Disclosure of Financial Interest by a New York Charter School Board of Trustees Member
Annual Report 2011-12**

**Note: This Disclosure is a public record, but asterisked data fields will be redacted.*

1. **Trustee Name (print)** Karen Moreau
2. **Charter School Name** Brighter Choice Charter School for Girls
3. **Charter Authorizer Entity** NY State Education Department
4. **Home Address*** 
5. **Business Address*** 
6. **Daytime Phone*** 
7. **E-Mail Address*** 
8. List all positions held on board (e.g., chair, treasurer, parent representative)

9. Is the trustee an employee of the school? **Yes** **No**

If **Yes**, please provide a description of the position you hold and your responsibilities, your salary and your start date.

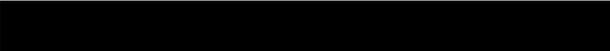
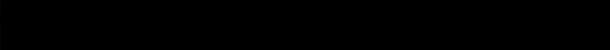
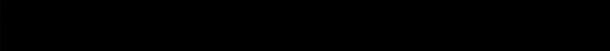
10. Is the trustee an employee or agent of the management company or institutional partner of the charter school? **Yes** **No**

If **Yes**, please provide a description of the position you hold and your responsibilities, your salary and your start date.

Disclosure of Financial Interest Form

**Disclosure of Financial Interest by a New York Charter School Board of Trustees Member
Annual Report 2011-12**

**Note: This Disclosure is a public record, but asterisked data fields will be redacted.*

1. **Trustee Name (print)** Nilsa Velilla
2. **Charter School Name** Brighter Choice Charter School for Girls
3. **Charter Authorizer Entity** NY State Education Department
4. **Home Address*** 
5. **Business Address*** 
6. **Daytime Phone*** 
7. **E-Mail Address*** 
8. List all positions held on board (e.g., chair, treasurer, parent representative)
Parent Representative

9. Is the trustee an employee of the school? ___Yes ___X___No

If **Yes**, please provide a description of the position you hold and your responsibilities, your salary and your start date.

10. Is the trustee an employee or agent of the management company or institutional partner of the charter school? ___Yes ___X___No

If **Yes**, please provide a description of the position you hold and your responsibilities, your salary and your start date.

11. Identify each interest/transaction (and provide the requested information) that you or any of your immediate family members or any persons who live with you in your house have held or engaged in with the charter school during the time you have served on the board, and in the six-month period prior to such service. If there has been no such financial interest or transaction, write **None**. Please note that if you answered **Yes** to Question 2-4 above, you need not disclose again your employment status, salary, etc.

Date(s)	Nature of Financial Interest/Transaction	Steps taken to avoid a conflict of interest, (e.g., did not vote, did not participate in discussion)	Name of person holding interest or engaging in transaction and relationship to yourself
<p><i>Please write "None" if applicable. Do not leave this space blank.</i></p> <p style="font-size: 2em; font-weight: bold; margin-left: 200px;">NONE</p>			

12. Identify each individual, business, corporation, union association, firm, partnership, committee proprietorship, franchise holding company, joint stock company, business or real estate trust, non-profit organization, or other organization or group of people doing business with the school **and** in which such entity, during the time of your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or other relationship. If you are a member, director, officer or employee of an organization formally partnered with the school that is doing business with the school through a management or services agreement, please identify only the name of the organization, your position in the organization as well as the relationship between such organization and the school. If there was no financial interest, write **None**.

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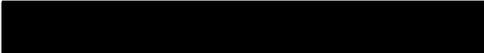
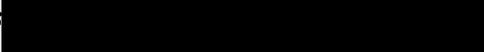
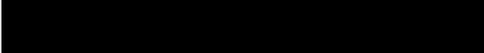
Misa Veicella
Signature

6/14/12
Date

Disclosure of Financial Interest Form

**Disclosure of Financial Interest by a New York Charter School Board of Trustees Member
Annual Report 2011-12**

*1*Note: This Disclosure is a public record, but asterisked data fields will be redacted.*

1. **Trustee Name (print)** Joanne McElroy-Moore
2. **Charter School Name** Brighter Choice Charter School for Girls
3. **Charter Authorizer Entity** New York State Education Department
4. **Home Address*** 
5. **Business Address*** 
6. **Daytime Phone*** 
7. **E-Mail Address*** 
8. List all positions held on board (e.g, chair, treasurer, parent representative)
Secretary

-
9. Is the trustee an employee of the school? ___Yes ___X___No

If **Yes**, please provide a description of the position you hold and your responsibilities, your salary and your start date.

-
10. Is the trustee an employee or agent of the management company or institutional partner of the charter school? ___Yes ___X___No

If **Yes**, please provide a description of the position you hold and your responsibilities, your salary and your start date.

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<p><i>Please write "None" if applicable. Do not leave this space blank.</i></p> <p style="font-size: 2em; font-family: cursive;">None</p>			

12. Identify each individual, business, corporation, union association, firm, partnership, committee proprietorship, franchise holding company, joint stock company, business or real estate trust, non-profit organization, or other organization or group of people doing business with the school **and** in which such entity, during the time of your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or other relationship. If you are a member, director, officer or employee of an organization formally partnered with the school that is doing business with the school through a management or services agreement, please identify only the name of the organization, your position in the organization as well as the relationship between such organization and the school. If there was no financial interest, write **None**.

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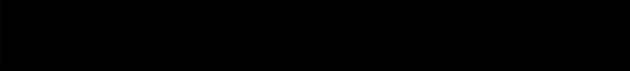
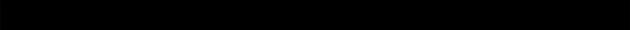
Signature Joanne McLaughlin

Date 6/10/12

Disclosure of Financial Interest Form

**Disclosure of Financial Interest by a New York Charter School Board of Trustees Member
Annual Report 2011-12**

*1*Note: This Disclosure is a public record, but asterisked data fields will be redacted.*

1. **Trustee Name (print)** Zoe Nelson
2. **Charter School Name** Brighter Choice Charter School for Girls
3. **Charter Authorizer Entity** New York State Education Department
4. **Home Address*** 
5. **Business Address*** 
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8. List all positions held on board (e.g., chair, treasurer, parent representative)

-
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<i>Please write "None" if applicable. Do not leave this space blank</i>			
<i>None</i> _____			

12. Identify each individual, business, corporation, union association, firm, partnership, committee proprietorship, franchise holding company, joint stock company, business or real estate trust, non-profit organization, or other organization or group of people doing business with the school **and** in which such entity, during the time of your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or other relationship. If you are a member, director, officer or employee of an organization formally partnered with the school that is doing business with the school through a management or services agreement, please identify only the name of the organization, your position in the organization as well as the relationship between such organization and the school. If there was no financial interest, write **None**.

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<i>Please write "None" if applicable. Do not leave this space blank.</i>				
<i>None</i> _____				

Z. Culm
Signature

June 18, 2012
Date



BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS

**FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT**

June 30, 2012 and 2011

BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS

**FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT**

June 30, 2012 and 2011

C O N T E N T S

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BOLLAM, SHEEDY, TORANI & CO. LLP
Certified Public Accountants
Albany, New York

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Brighter Choice Charter School for Girls
Albany, New York

We have audited the accompanying statements of financial position of Brighter Choice Charter School for Girls as of June 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Brighter Choice Charter School for Girls' 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 audits 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 Brighter Choice Charter School for Girls as of June 30, 2012 and 2011, 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 29, 2012, on our consideration of Brighter Choice Charter School for Girls' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract 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 read in conjunction with this report in considering the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bollam Sheedy Torani & Co. LLP

Albany, New York
October 29, 2012

BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS

STATEMENTS OF FINANCIAL POSITION

	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 503,152	\$ 135,437
Accounts receivable	13,547	57,900
Federal and state aid receivable	4,290	136,582
Due from other governments	444,314	788,390
Due from others	2,609	-
Prepaid expenses	9,332	50,908
Total current assets	<u>977,244</u>	<u>1,169,217</u>
PROPERTY AND EQUIPMENT, net		
Land	110,000	110,000
Building	7,578,457	7,578,457
Furniture and equipment	453,667	388,383
Textbooks	50,386	50,386
	<u>8,192,510</u>	<u>8,127,226</u>
Less accumulated depreciation	1,669,051	1,430,403
	<u>6,523,459</u>	<u>6,696,823</u>
OTHER ASSETS		
Deferred financing costs, net	308,308	320,764
Bond trust accounts, restricted	901,130	867,999
	<u>1,209,438</u>	<u>1,188,763</u>
	<u>\$ 8,710,141</u>	<u>\$ 9,054,803</u>
LIABILITIES AND NET DEFICIT		
CURRENT LIABILITIES		
Current portion of bonded mortgage payable	\$ 190,000	\$ 162,500
Accounts payable	125,040	235,670
Accrued liabilities	289,817	332,773
Due to others	-	95,916
Deferred revenue	-	30,749
Total current liabilities	<u>604,857</u>	<u>857,608</u>
LONG-TERM LIABILITIES		
Bonded mortgage payable	8,672,500	8,862,500
Bonded mortgage premium	104,031	106,185
Total long-term liabilities	<u>8,776,531</u>	<u>8,968,685</u>
Total liabilities	9,381,388	9,826,293
NET DEFICIT	<u>(671,247)</u>	<u>(771,490)</u>
	<u>\$ 8,710,141</u>	<u>\$ 9,054,803</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS

STATEMENTS OF ACTIVITIES

	Years Ended June 30,	
	2012	2011
REVENUE AND OTHER SUPPORT		
Student enrollment	\$ 3,865,967	\$ 3,719,365
State aid	15,901	16,992
Federal aid	605,102	571,477
Contributions	77,311	28,900
Interest	174	567
Rental income	4,668	46,783
Other income	48,869	8,047
Total revenues and other support	<u>4,617,992</u>	<u>4,392,131</u>
EXPENSES		
Program Services		
Regular education	2,006,969	1,686,544
Special education	208,384	133,519
Other programs	758,653	725,854
Supporting Services		
Management and general	1,543,743	1,433,218
Total expenses	<u>4,517,749</u>	<u>3,979,135</u>
CHANGE IN NET ASSETS	100,243	412,996
NET DEFICIT, beginning of year	<u>(771,490)</u>	<u>(1,184,486)</u>
NET DEFICIT, end of year	<u><u>\$ (671,247)</u></u>	<u><u>\$ (771,490)</u></u>

The accompanying Notes to Financial Statements are an integral part of these statements.

BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS

STATEMENTS OF CASH FLOWS

	<u>Years Ended June 30,</u>	
	<u>2012</u>	<u>2011</u>
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 100,243	\$ 412,996
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	238,648	247,195
Amortization of deferred financing costs	12,456	12,456
Amortization of bonded mortgage premium	(2,154)	(2,054)
Bad debt	38,931	160
(Increase) decrease in		
Accounts receivable	44,353	(41,316)
Federal and state aid receivable	132,292	(54,570)
Due from other governments	305,145	(758,860)
Due from others	(2,609)	4,130
Prepaid expenses	41,576	(50,908)
Increase (decrease) in		
Accounts payable	(110,630)	182,779
Accrued liabilities	(42,956)	34,938
Due to other governments	-	(19,670)
Due to others	(95,916)	95,916
Deferred revenue	(30,749)	(4,266)
	<u>628,630</u>	<u>58,926</u>
 CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(65,284)</u>	<u>(2,771)</u>
 CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES		
Principal payments on bond mortgage	(162,500)	(140,000)
Disbursements from bond trust accounts, restricted	628,326	594,018
Deposits to bond trust accounts, restricted	<u>(661,457)</u>	<u>(611,494)</u>
	<u>(195,631)</u>	<u>(157,476)</u>
 Net increase (decrease) in cash and cash equivalents	367,715	(101,321)
 CASH AND CASH EQUIVALENTS, beginning of year	<u>135,437</u>	<u>236,758</u>
 CASH AND CASH EQUIVALENTS, end of year	<u>\$ 503,152</u>	<u>\$ 135,437</u>
 SUPPLEMENTAL CASH FLOWS INFORMATION		
Cash paid during the year for		
Interest	\$ 443,377	\$ 451,876

The accompanying Notes to Financial Statements are an integral part of these statements.

BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 1 - ORGANIZATION

Brighter Choice Charter School for Girls (School) is a non-for-profit corporation, which was formed in 2000 in order to build and operate a charter school in the City of Albany, New York (City). Brighter Choice Charter School for Girls, along with its companion charter school, the Brighter Choice Charter School for Boys (Boys School), was established to provide a quality educational alternative for at-risk elementary students in the City.

The School provides a broad and rigorous liberal arts education, including instruction on phonics-based reading, traditional mathematics, science, visual and performing arts, American and world history, and physical education. Students benefit from a longer school day and school year, which will provide them with an equivalent of two years of academic instruction over their elementary years.

A provisional charter, valid for five years, was granted to the School by the New York State Education Department in 2011. During the year ended June 30, 2012, the School had enrollment of approximately 273 students serving kindergarten through 4th grade.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Statement Presentation

The financial statement presentation follows accounting principles generally accepted in the United States of America (GAAP) for not-for-profit organizations with information regarding financial position and activities as being reported according to three classes of net assets: unrestricted, temporarily restricted, or permanently restricted. There were no temporarily or permanently restricted net assets at June 30, 2012 and 2011.

b. Cash and Cash Equivalents

The School's cash and cash equivalents consist of cash on hand and demand deposits. The School considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

c. Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded when received. An account receivable is considered past due if any portion of the receivable balance is outstanding for more than 90 days. Management considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

d. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor imposed restrictions.

The School reports grants of cash and other assets as restricted support if they are received with stipulations that limit their use. 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 statements of activities as net assets released from restrictions.

The School reports restricted grants as unrestricted support whenever the restrictions are met in the same year the grants are received.

BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

e. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures 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.

f. Fair Value Measurements

Fair value is defined as an exchange price that would be received for an asset or paid to transfer a liability (an “exit” price) in the principal or most advantageous market for the asset or liability between market participants on the measurement date.

g. Income Taxes

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and the School is exempt from state income tax. The School has been classified as a publicly-supported organization that is not a private foundation under Section 509(a) of the Code.

The tax-exempt status of a tax-exempt entity is an uncertain tax position, since events could potentially occur that jeopardize the tax-exempt status. Management is not aware of any events that could jeopardize the School’s tax-exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements.

Forms 990 filed by the School are subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Forms 990 filed by the School are no longer subject to examination for the fiscal years ended June 30, 2008, and prior.

h. Grant Revenue and Deferred Revenue

Grant revenue is recognized as revenue in the period in which it is spent. Amounts received under these grants that have not yet been spent are recorded as deferred revenue.

i. Property and Equipment

Property and equipment are stated at cost. Donations of property and equipment are recorded as support at their estimated fair values on the date of donation. Donations of property and equipment are recorded as support at their estimated fair values. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited or charged to the changed in net assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building	40
Land	10-20
Furniture and equipment	3-10
Textbooks	3

Depreciation expense was \$238,648 and \$247,195 for the years ended June 30, 2012 and 2011, respectively.

BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS

NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

j. Revenue Recognition

A substantial portion of the School's revenue and related receivables is derived from its arrangement with the local School Districts, which reimburse the School based on per capita enrollment. These revenues are recognized ratably over the related school year during which they are earned.

Revenue from other governmental sources generally represents various entitlements and is recognized as earned as allowable expenditures are incurred.

k. Allocation of Expenses

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services using specific allocation methods. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of School.

l. Subsequent Events

The School has evaluated subsequent events that provide additional evidence about conditions that existed at the financial statement date through October 29, 2012, the date the financial statements were available to be issued.

NOTE 3 - EMPLOYEE RETIREMENT PLAN

The School has a 403(b) tax-deferred annuity retirement plan, which is funded by contributions from both the School and its employees. The School's contribution is from 2% to 6% of eligible employees' salaries based on years of service. Pension expense was \$69,428 and \$69,807 for the years ended June 30, 2012 and 2011, respectively.

NOTE 4 - DUE TO (DUE FROM) OTHER

The School, along with its companion charter school, the Boys School, share facility, program, and supporting services costs. The joint costs are allocated equally except for costs associated for the specific School. Joint costs due from (due to) the Boys School were \$2,609 and \$(95,916) for the years ended June 30, 2012 and 2011, respectively.

NOTE 5 - BONDED MORTGAGE PAYABLE

The School's facilities, together with the facilities of the Boys School, are jointly owned by the two Schools. The facilities were acquired through financing provided by the City of Albany Industrial Development Agency (IDA) in March 2007. The IDA issued taxable and tax-exempt Civic Facility Revenue Bonds totaling \$18,490,000 to acquire and renovate the facilities of the two Schools. The Schools acquired the facilities from the IDA through an installment sale agreement which provides for the Schools to make installment purchase payments in amounts sufficient to pay the principal of, premiums on, and interest on, the Bonds when due. Under the installment sale agreement, each School is jointly and severally obligated to make the installment purchase payments. The installment sale agreement is collateralized by a first mortgage lien and security interest in the land, buildings, and equipment of the Schools' facilities.

Each of the Schools initially recorded 50% of the total cost of the facilities acquisition and renovation as well as 50% of the installment purchase agreement liability in 2007.

BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 5 - BONDED MORTGAGE PAYABLE - Continued

Maturities, remaining principal amounts and interest rates of the Bonds (and underlying installment purchase agreement), as allocated to the School, are as follows:

	June 30,	
	2012	2011
6.00% Term Bond, Series 2007B due April 1, 2012	\$ -	\$ 77,500
4.55% Term Bond, Series 2007A due April 1, 2015	600,000	685,000
4.50% Term Bond, Series 2007A due April 1, 2018	682,500	682,500
5.00% Term Bond, Series 2007A due April 1, 2020	510,000	510,000
5.00% Term Bond, Series 2007A due April 1, 2027	2,230,000	2,230,000
5.00% Term Bond, Series 2007A due April 1, 2032	2,127,500	2,127,500
5.00% Term Bond, Series 2007B due April 1, 2037	2,712,500	2,712,500
	8,862,500	9,025,000
Current portion on bonded mortgage payable	190,000	162,500
Total bonded mortgage payable, less current portion	<u>\$ 8,672,500</u>	<u>\$ 8,862,500</u>

The School is contingently liable for the same amount under the portion of the installment purchase agreement obligation recorded on the books of the Boys School.

The following is a summary of maturing debt service requirements:

For the year ending June 30, 2013	\$ 190,000
2014	200,000
2015	210,000
2016	217,500
2017	227,500
Thereafter	7,817,500
	<u>\$ 8,862,500</u>

The total interest expense was \$441,247 and \$449,776 for the years ended June 30, 2012 and 2011, respectively.

In September 2011, the School negotiated an amendment to the financing agreement. The amendment added covenants for maintaining a debt service coverage ratio of at least 1.10 to 1 as measured annually and a liquidity requirement of maintaining days cash on hand of not less than twenty days as measured semi-annually. Both covenants were met for the year ended June 30, 2012.

NOTE 6 - DEFERRED FINANCING COSTS, NET

Deferred financing costs consist of bond closing costs incurred in connection with tax-exempt and taxable Civic Facility Revenue Bonds issued by the IDA.

Bond closing costs are amortized using the straight-line method over the term of the obligation. Accumulated amortization at June 30, 2012 and 2011, was \$65,394 and \$52,938, respectively. Amortization expense was \$12,456 for both years ended June 30, 2012 and 2011.

Estimated amortization expense is \$12,456 for each of the next five years.

BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 7 - BONDED MORTGAGE PREMIUM

Bond premiums received in connection with tax-exempt and taxable Civic Facility Revenue Bonds issued by the IDA are amortized using the effective interest method over the term of the obligation.

Premium amortization charged to operations as a reduction of interest expense was \$2,154 and \$2,054 for the years ended June 30, 2012 and 2011, respectively.

A summary of the future premium amortization is as follows:

For the year ending June 30, 2013	\$ 2,232
2014	2,340
2015	2,454
2016	2,573
2017	2,699

NOTE 8 - BOND TRUST ACCOUNTS - RESTRICTED

The School has entered into a custody agreement with Manufacturers and Traders Trust Company as Custodian and as Trustee. Debt service reserve represents funds held by Manufacturers and Traders Trust Company in the name of the School. The School will direct educational aid payments to be deposited with the Custodian. The Custodian will pay the Trustee, for deposit in the Debt Service Fund, an amount equal to a proportionate share of the next interest payment and principal payment on the Bonds for which funds have not already been provided. Any funds remaining with the Custodian following such transfers will be transferred to the School.

In connection with the bonded mortgage with the IDA, the School is required to maintain bond trust accounts, which are administered, by Manufacturers and Traders Trust Company. The underlying investments in the bond trust accounts at June 30, 2012 and 2011, consist of money market funds.

Bond trust accounts, restricted consist of the following:

	June 30,	
	2012	2011
Debt reserve fund	\$ 609,067	\$ 629,283
Bond fund	129,613	104,101
Educational aid fund	104,887	104,881
Custodial account	-	64
Renewal and replacement fund	57,563	29,670
	<u>\$ 901,130</u>	<u>\$ 867,999</u>

Funds held by the bond trustees earned interest income of \$102 and \$105 for the years ended June 30, 2012 and 2011, respectively.

The School has entered into a collateral agreement for bond trust accounts not covered under federal deposit insurance. Cash is fully insured and collateralized under the bond trust accounts as of June 30, 2012.

BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS

NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 9 - FEDERAL AND STATE AID

The School has received grants which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Management believes disallowances, if any, will be immaterial.

A summary of grant support utilized for operations and to acquire property, equipment, and textbooks is as follows:

	Years Ended June 30,	
	2012	2011
Child Nutrition Program	\$ 399,817	\$ 417,579
Title I	209,816	152,519
Title IIA	11,370	18,371
	<u>\$ 621,003</u>	<u>\$ 588,469</u>

NOTE 10 - RENTAL INCOME

The School leases space located at 250 Central Avenue, Albany, New York to other not-for-profit organizations. Rental income was \$4,668 and \$46,783 for the years ended June 30, 2012 and 2011, respectively. The leases with these organizations expired during the year ended June 30, 2012.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

a. Economic Dependency

The School receives a substantial portion of its funding from school districts where the School's students reside. One school district constituted 72% and 75% of total revenue and support for the years ended June 30, 2012 and 2011, respectively. Receivable from this school district made up 45% of the total due from other governments as of June 30, 2012.

b. Uninsured Cash

The School maintains cash balances in a financial institution located in the northeast. Accounts at this institution are insured, up to certain limits, by the Federal Deposit Insurance Corporation (FDIC). At times, the School has bank deposits in excess of amounts insured by the FDIC. However, at June 30, 2012, the School had no uninsured cash balances.

c. Operating Equipment Leases

The School lease office equipment with varying expiration dates. Lease expense for office equipment was approximately \$7,900 and \$9,900 for the years ended June 30, 2012 and 2011, respectively.

Future equipment lease payments are as follows:

For the year ending June 30, 2013	\$ 14,029
2014	14,029
2015	14,029
2016	11,747
2017	409

BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS
SUPPLEMENTAL INFORMATION - FUNCTIONAL EXPENSES

	Year Ended June 30, 2012 (comparative totals for 2011)					
	Regular Education	Special Education	Other Program	Management and General	2012 Totals	2011 Totals
Salaries	\$ 1,304,521	\$ 105,074	\$ 48,972	\$ 441,366	\$ 1,899,933	\$ 1,676,931
Employee benefits	353,333	28,460	13,264	119,545	514,602	454,244
	<u>1,657,854</u>	<u>133,534</u>	<u>62,236</u>	<u>560,911</u>	<u>2,414,535</u>	<u>2,131,175</u>
Accounting	-	-	-	53,255	53,255	40,318
Amortization	-	-	-	12,456	12,456	12,456
Bad debt	-	-	-	38,931	38,931	160
BCF Network fee	-	-	-	37,136	37,136	-
Consultants	-	23,728	-	43,707	67,435	52,503
Contracted services	60,312	35,233	36,844	52,536	184,925	151,782
Field trips	10,818	-	-	-	10,818	1,836
Food Program	-	-	413,986	-	413,986	428,005
Insurance	-	-	-	20,361	20,361	18,497
Interest	-	-	-	441,247	441,247	449,776
Legal	-	-	-	30,199	30,199	3,306
Maintenance and repairs	23,171	2,308	14,155	13,961	53,595	48,698
Printing and postage	-	-	-	18,120	18,120	29,867
Public relations	-	-	-	36,665	36,665	12,878
Small equipment	6,252	-	-	6,539	12,791	2,702
Staff development	34,372	-	-	-	34,372	9,888
Student services	15,531	-	-	-	15,531	11,508
Student uniforms	7,698	-	-	-	7,698	29,877
Supplies and materials	54,631	-	1,528	44,708	100,867	46,245
Telephone	-	-	-	50,868	50,868	42,949
Transportation	-	-	146,622	-	146,622	103,952
Utilities	33,155	3,303	20,254	19,976	76,688	103,562
Expenses from operations	<u>1,903,794</u>	<u>198,106</u>	<u>695,625</u>	<u>1,481,576</u>	<u>4,279,101</u>	<u>3,731,940</u>
Depreciation	<u>103,175</u>	<u>10,278</u>	<u>63,028</u>	<u>62,167</u>	<u>238,648</u>	<u>247,195</u>
	<u>\$ 2,006,969</u>	<u>\$ 208,384</u>	<u>\$ 758,653</u>	<u>\$ 1,543,743</u>	<u>\$ 4,517,749</u>	<u>\$ 3,979,135</u>

See Independent Auditor's Report

BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS

SINGLE AUDIT REPORTS

Year Ended June 30, 2012

BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS

SINGLE AUDIT REPORTS

Year Ended June 30, 2012

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BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/ Pass-through Grantor/ Program Title	Year Ended June 30, 2012		
	CFDA Number	Pass-Through Grant Number	Federal Expenditures
United States Department of Agriculture/ New York State Education Department/ Child Nutrition Cluster			
School Breakfast Program	10.553	N/A	\$ 149,355
National School Lunch Program	10.555	N/A	<u>234,561</u>
			<u>383,916</u>
U.S. Department of Education/ New York State Education Department/ Title I, Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	0021-11-4015	65,243
Title I Grants to Local Educational Agencies	84.010	0021-12-4015	<u>144,573</u>
			<u>209,816</u>
Improving Teacher Quality State Grants	84.367	0147-11-4015	<u>11,370</u>
Albany City School District/ Special Education, Grants to States - Section 611 (IDEA, Part B)	84.027	N/A	<u>6,015</u>
			<u>\$ 611,117</u>

See accompanying 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*, and Independent Auditor's Report on Compliance With Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133, and Notes to Schedule of Expenditures of Federal Awards.

BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) has been prepared in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The purpose of the Schedule is to present a summary of those activities of the School funded by the federal government or pass-through entities for the year ended June 30, 2012, using the accrual basis of accounting. For purposes of this Schedule, federal awards include assistance provided by a federal agency directly or indirectly in the form of grants, contracts, co-operative agreements, loans and loan guarantees, and other non-cash assistance.

Negative amounts on the Schedule represent adjustments made to prior year expenditures in the normal course of business.

b. Relationship to Financial Statements

Federal award revenues are reported in the School's financial statements as government grants. The School's financial statements are presented using the accrual basis. The Schedule presents only a selected portion of the activities of the School. It is not intended to, and does not, present the financial position, statement of activities, or other changes in net assets of the School.

c. Direct and Indirect Costs

Expenditures for direct and indirect costs are recognized as incurred using the accrual method of accounting and in accordance with OMB A-122, *Cost Principles for Non-Profit Organizations*. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 - NON-CASH ASSISTANCE

There were no federal awards expended in the form of non-cash assistance by the School during the year ended June 30, 2012.

NOTE 3 - LOANS AND LOAN GUARANTEES

The School had no federal loans or loan guarantees outstanding as of June 30, 2012.

NOTE 4 - INSURANCE

The School did not participate in any federal insurance programs as of June 30, 2012.

NOTE 5 - SUBRECIPIENTS

The School did not provide federal awards to subrecipients during the year ended June 30, 2012.

BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS

SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2012

Section II - Financial Statements Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

11-01. Supervisory Review over Child Nutrition Cluster

Child Nutrition Cluster

School Breakfast Program CFDA# 10.553

National Lunch Program CFDA# 10.553

Condition: Manual count sheets are compiled to create a monthly summary that is used to determine the total number of meals served. Based on review of supporting documentation, it was noted that these count sheets and monthly summaries are not being thoroughly reviewed by the appropriate level of management during the submission process. As a result, two out of the twelve claim submissions tested were submitted incorrectly.

Status: This is a repeat finding. See finding 12-01 in the Schedule of Findings and Questioned Costs.

**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***

Board of Trustees
Brighter Choice Charter School for Girls
Albany, New York

We have audited the financial statements of Brighter Choice Charter School for Girls (the School) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 29, 2012. 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

Management of the School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the 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 the 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 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

We noted a certain matter that we reported to management of the School in a separate letter dated October 29, 2012.

This report is intended solely for the information and use of the Board of Trustees, management, 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.

Bollam Sheedy Torani & Co LLP

Albany, New York
October 29, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Brighter Choice Charter School for Girls
Albany, New York

Compliance

We have audited Brighter Choice Charter School for Girls' (School) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2012. The School's major federal programs are identified in the summary of independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the School's management. Our responsibility is to express an opinion on the School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School's compliance with those requirements.

In our opinion, the School complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questions Costs as item 12-01. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The School's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the School's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the School as of and for the year ended June 30, 2012, and have issued our report thereon dated October 29, 2012. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the School's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the Board of Trustees, management, 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.

Bollam Sheedy Torani & Co. LLP

Albany, New York
October 29, 2012

BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Section I - Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? X Yes _____ No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? X Yes _____ No

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

10.553/10.555

Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

Section II - Financial Statements Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

12-01. Supervisory Review over Child Nutrition Cluster

Child Nutrition Cluster

School Breakfast Program CFDA# 10.553

National Lunch Program CFDA# 10.553

Criteria: Claims to be submitted to New York State through the Child Nutrition Management System should be reviewed for accuracy by responsible parties prior to submission by the Finance Manager.

Condition: Manual count sheets are compiled to create a monthly summary that is used to determine the total number of meals served. Based on review of supporting documentation, it was noted that these count sheets and monthly summaries are not being thoroughly reviewed by the appropriate level of management during the submission process. As a result, two out of the twelve claim submissions tested were submitted incorrectly.

Cause: There is not a thorough review by the appropriate level of management prior to submission.

Effect: There is potential for the School to continuously submit incorrect claims, and as a result, not receive the full benefit of available federal funding. Also, it is possible that these submissions may not occur timely, or at all.

Recommendation: School management should implement review procedures by an appropriate level of management to ensure that submissions are accurate and occur timely.

View of Responsible Officials Planned Corrective Actions: Management agrees with the finding. During July 2012, an automated system was installed that tallies daily meal counts. On a monthly basis, a summarized daily activity report is generated that provides the monthly meal counts that are used by the Finance Manager to enter the monthly activity into the New York State Child Nutrition Management System (NYSCNS). Prior to the final submission to NYSCNS, a review of the totals to be submitted is compared to the monthly summarized meal counts to ensure accuracy and completeness of the NYSCNS submission.