

School Information and Cover Page

School Name: Riverhead Charter School
School Leader: Dorothy Porteus
Primary address: 3685 Middle Country Road, Calverton, NY 11933
School website: www.riverheadcharterschool.org
School email: dporteus@riverheadharterschool.org
Telephone: 631-369-5800 Fax: 631-369-6687
BEDS # 580602860032
District/CSD of Location: Riverhead CSD
Charter authorizer: NYS Board Of Regents
Chair, Board of Trustees: Deborah Rutigliano
Date school first opened for instruction: September 2001
2011-2012 Enrollment: 271
2011-2012 Grades Served: K-6

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

Dorothy Porteus
Print Name, Head of Charter School

Dorothy Porteus 7/25/12
Signature and Date

Deborah Rutigliano
Print Name, President, Board of Trustees

Deborah O. Rutigliano 7/23/12
Signature and Date

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New York State School Report Card

Below is a link to the most recent New York State School Report Card for the Riverhead Charter School

(<https://reportcards.nysed.gov/schools.php?year=2011&instid=800000036919>).

This report captures school-level enrollment and demographic information, staff qualifications, electronic student records, and attendance rates, as prescribed by New York State statute.

Progress Toward Goal Achievement

Given the timing of the release of 2011-2012 NYS state assessment data, this component of the Annual Report will be submitted separately **by a date specified by our authorizer, after the data is released.** See Appendix A.

Instructional Time

See Appendix B (Instructional Time Table)

Financial Information

See Appendix C, D, E (Please note that the final independent financial audit, management letter and financial statements will be submitted to SED's Charter School Office by November 1, 2012)

Charter Revisions

There were no requested revisions for the 2011 -2012 school year. We anticipate a charter revision for the 2012-2013 school year to increase student enrollment.

Board of Trustees

See Appendix F & G

Enrollment and Retention Targets

Riverhead Charter School actively works to recruit and retain students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program. Advertisements are placed in community papers that are written in languages other than English such as the La Voz newspaper. Our recruitment and application materials and flyers are written in both Spanish and English since Spanish is the language of the majority of the population of ELL students in the districts we serve. We have made a conscientious effort to hire people who speak languages such as Spanish and Polish to work in our administration office and building reception areas so that conversations can be easily exchanged and important information can be communicated accurately. We have a good relationship with the director of the local community organization that assists migrate workers and other Hispanic populations that are in need of assistance. We send flyers and newsletters to be displayed in their waiting areas. In addition, we have hired and placed teachers who speak Spanish at

each House level to assist with parent communications during parent teacher conferences and any daily communications that need to take place. We forward printed and telephone recorded communications to RCS parents from our office in two languages.

RCS recruiters go to preschools and day cares run by Head Start and other organizations that provide early intervention services and/or assistance to low income families. Our social worker attends community forums in which programs and services for low income families are planned. She is able to publicize what the charter school is doing as well for these families and is able to reach out to those parents who are seeking other educational opportunities for their children.

The RCS Principal and RCS Special Education Coordinator often attend the local chapter of Riverhead's Special Education Parent Association and converse with parents seeking an alternative educational setting for their child. We also provide expanded programs such as co-teaching integrated classes or an aide if necessary, so that needed services can be implemented according to their IEP. We also provide parent information sessions and educational speakers for specific focus topics such as OT, PT, autism and those with ADHD needs.

Required Forms: Appendices

Appendix A: Progress Toward Charter Goals

The following Tables reflect suggested formatting for Board of Regents-authorized charter schools. Schools should follow formats prescribed by their respective authorizers. Given the late release of 2011-12 NYS state assessment data, this component of the Annual Report will be submitted separately **by a date specified by our authorizer, once the data is released.**

Academic Goals Table

2011-2012 Progress Toward Attainment of Academic Charter Goals			
Academic goal or objective	Measure used to evaluate progress toward attainment of goal or objective	2011-2012 progress toward attainment of goal or objective	If not met, describe efforts to be undertaken to meet goal or objective

Organizational Goals Table

2011-2012 Progress Toward Attainment of Organizational Charter Goals			
Organizational goal or objective	Measure used to evaluate progress toward attainment of goal or objective	2011-2012 progress toward attainment of goal or objective	If not met, describe efforts to be undertaken to meet goal or objective

Financial Goals Table

2011-2012 Progress Toward Attainment of Financial Charter Goals			
Financial goal or objective	Measure used to evaluate progress toward attainment of goal or objective	2011-2012 progress toward attainment of goal or objective	If not met, describe efforts to be undertaken to meet goal or objective

Charter-Specific Goals Table¹

2011-2012 Progress Toward Attainment of Charter-Specific Goals			
Charter-specific goal or objective	Measure used to evaluate progress toward attainment of goal or objective	2011-2012 progress toward attainment of goal or objective	If not met, describe efforts to be undertaken to meet goal or objective

¹ Charter-specific goals can include objectives that support the school's model and/or essential characteristic, such as core area of expertise or theme (e.g. technology, arts. etc).

Appendix B: Instructional Timetable

This Table is required only of Board of Regents-authorized charter schools.

2011-2012 Instructional Time	
Total number of instructional days for the 2011-2012 school year	183
First and last day of the 2011-2012 school year	Sept 6, 2011- June 22, 2012
Length of school day (please note if schedule varies throughout the week or the year)	8am-3:45pm

Riverhead Charter School

Appendix C (Total Expenditures and Administrative Expenditures Per Child):

<i>Total Expenditures Per Child</i>	9,435.57
<i>Total Administrative Expenditures Per Child</i>	2,084.89

Riverhead Charter School
Profit & Loss
 July 2011 through June 2012

	Jul '11 - Jun 12
Income	
Suspense	0
40000 · Tuition and Program Revenue	
40005 · Base Tuition	4,142,795
40010 · SPED Tuition	115,475
Total 40000 · Tuition and Program Revenue	4,258,270
41000 · Government Grants	
41025 · Title IA	13,176
41030 · Title IIA (Prof Dev)	2,320
41050 · IDEA Part B (SPED)	24,895
Total 41000 · Government Grants	40,391
41090 · Miscellaneous Revenue - Grants	2,500
41500 · Fundraising/Development	
41525 · Donations	435
41550 · Fundraisers	5,736
Total 41500 · Fundraising/Development	6,171
42000 · Interest Income	2,582
Total Income	4,309,914
Expense	
50005 · Salaries	1,300,330
50007 · FICA/Medicare Expense	93,061
50010 · SUI Expense	29,408
50011 · NY Metro Tax	1,447
50012 · Medical Benefits	234,978
50015 · Workers Comp	21,741
50017 · Retirement	10
50020 · Other Salary Related	49,114
50030 · Consultants	69,189
50035 · Outside Services	8,664
50045 · Core Curriculum Consumables	2,985
50050 · Classroom Supplies	14,512
50055 · Athletic Supplies and Equipment	635
50060 · Extracurricular Supplies	3,126
50065 · Field Trips	563
50070 · Student Transportation	175,680
50072 · Student Meals	-12,828
50075 · Printed Materials & Reprod	2,198
50080 · Insurance	45,765
50085 · Dues and Subscriptions	3,930
50090 · Employee Recruitment	307
50095 · Office Supplies	776
50100 · Travel and Transport	370
50105 · Student Enrollment Costs	619

Riverhead Charter School
Profit & Loss
 July 2011 through June 2012

	Jul '11 - Jun 12
50110 · Graduation Expenses	100
50150 · Rent (Facility)	2,160
50155 · Utilities	45,083
50160 · Facilities Maintenance	63,822
50165 · Facility Repairs	12,617
50170 · Equipment Rental	8,304
50175 · Equip Repairs & Maint	8,380
50180 · Custodial Supplies	12,149
50200 · Technology Expense	35,615
50205 · Communications Exp	3,446
50210 · Postage and Delivery	1,652
50215 · Staff Development	4,739
50216 · Board Development	2,843
50250 · Prof Fees - Legal	23,993
50255 · Prof Fees - Accting/Audit	43,997
50275 · Miscellaneous	3,557
50280 · Interest Expense	285,115
66900 · Reconciliation Discrepancies	-0
70277 · Bank Charges	66
Total Expense	2,604,219
Net Income	1,705,695

Riverhead Charter School
Balance Sheet
 As of June 30, 2012

Jun 30, 12

ASSETS		
Current Assets		
Checking/Savings		
Cash		
10050 · Petty Cash	145	
1054 · BNB Dissolution Escrow Acct	75,050	
1055 · BNB Operating Account - 2455	4,181,123	
1056 · BNB Fundraising Acct- 0544	39,889	
1057 · BNB-Title Grants - 0528	15,503	
1059 · BNB Cash Account 4261	9,510	
Total Cash	4,321,220	
10100 · SCNB - Certificate of Deposit	58,968	
Total Checking/Savings	4,380,188	
Accounts Receivable		
11000 · Accounts Receivable - Tuition	275,937	
11025 · Reimbursable IDEA	52,646	
11120 · Other Receivables	63,021	
11125 · Allowance for Doubtful Accounts	(63,021)	
Total Accounts Receivable	328,583	
Total Current Assets	4,708,771	
Fixed Assets		
Fixed Assets		
14005 · Building	1,926,876	
14010 · Building Improvements	673,390	
14015 · Building Improvements - Site 2	463,922	
14020 · Capitalized Interest	310,214	
14025 · Partitions	983	
14030 · Equipment	216,689	
14075 · Land	186,649	
14080 · Land - Site 2	607,808	
Total Fixed Assets	4,386,530	
Fixed Assets - Accum Depr		
15005 · Accum Depr - Building	(719,308)	
15010 · Accum Depr - Bldg Improv	(377,774)	
15020 · Accum Depr - Capitalized Int	(19,717)	
15025 · Accum Depr - Partitions	(494)	
15035 · Accum Depr - Equipment	(194,864)	
Total Fixed Assets - Accum Depr	(1,312,158)	
Total Fixed Assets	3,074,372	

Riverhead Charter School
Balance Sheet
 As of June 30, 2012

	Jun 30, 12
Other Assets	
16005 · Security Deposits	1,060
Total Other Assets	1,060
TOTAL ASSETS	7,784,203
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	30,000
20005 · Accounts Payable	30,000
Total Accounts Payable	30,000
Other Current Liabilities	
22000 · Payroll Liabilities	0
22002 · FWT Payable	2,287
22008 · Union Dues	4,500
22012 · Retirement	4,765
22014 · Retirement Loans	11,552
Total 22000 · Payroll Liabilities	11,552
22020 · Accrued Teachers/Site Bonus	80,000
22050 · Due to Edison Schools	390,560
22250 · Loan Principal - 1	3,355,645
Total Other Current Liabilities	3,837,757
Total Current Liabilities	3,867,757
Total Liabilities	3,867,757
Equity	
30000 · Opening Bal Equity	-799,461
32000 · Unrestricted Net Assets	3,010,212
Net Income	1,705,695
Total Equity	3,916,446
TOTAL LIABILITIES & EQUITY	7,784,203

Riverhead Charter School

Appendix E FY 2013 Budget

2013 BUDGET

Income

40000 · Tuition and Program Revenue	
40005 · Base Tuition	\$4,099,600
40010 · SPED Tuition	\$130,000
Total 40000 · Tuition and Program Revenue	\$4,229,600
41000 · Government Grants	
41025 · Title IA	\$60,000
41030 · Title IIA (Prof Dev)	\$8,000
41035 · Title IID (Ed Tech)	
41040 · Title IV (Safe & Drug Free)	
41048 · ARRA Grant	
41050 · IDEA Part B (SPED)	
41070 · Reading First	
41080 · Reap	
Stimulus (Bldg)	
Total 41000 · Government Grants	\$68,000
41500 · Fundraising/Development	
41525 · Donations	
41550 · Fundraisers	
41575 · Events	
Total 41500 · Fundraising/Development	\$0
42000 · Interest Income	
44000 · Insurance Proceeds	
49900 · Uncategorized Income	
Total Income	\$4,297,600

Expense

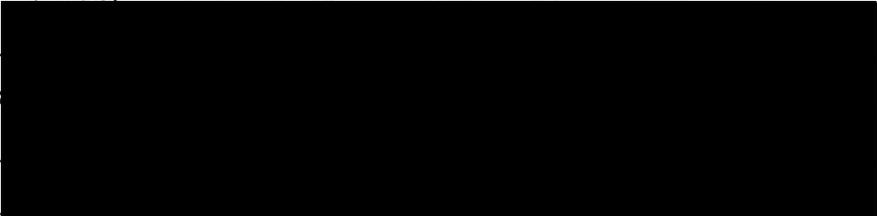
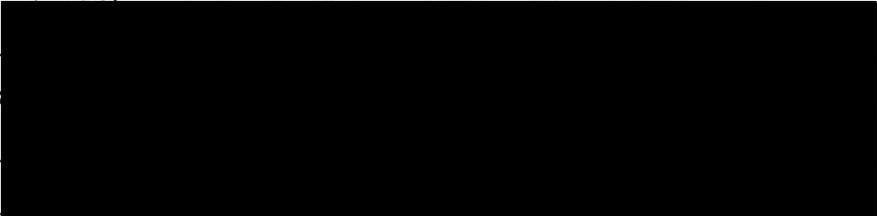
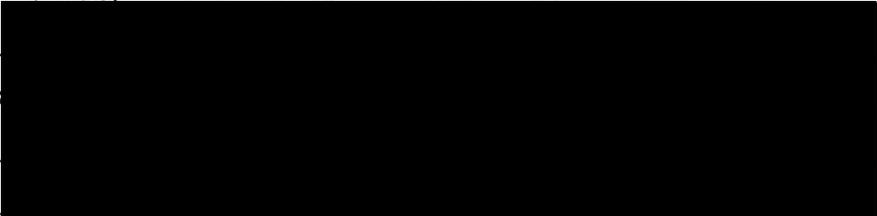
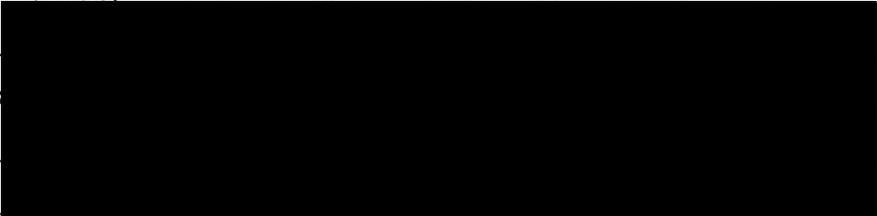
50005 · Salaries	\$2,124,617
50007 · FICA/Medicare Expense	\$169,969
50010 · SUI Expense	\$72,237
50011 · NY Metro Tax	\$0
50012 · Medical Benefits	\$275,111
50015 · Workers Comp	\$24,908
50017 · Retirement	\$270,062
50020 · Other Salary Related	\$0
50030 · Consultants	\$38,000
50035 · Outside Services	\$22,220
50045 · Core Curriculum	\$20,000
50050 · Classroom Supplies	\$12,500
50055 · Athletic Supplies and Equipment	\$1,000
50060 · Extracurricular Supplies	\$4,500

50065 · Field Trips	\$3,500
50070 · Student Transportation	\$211,200
Student Meals	\$0
50075 · Printed Materials & Reprod	\$3,900
50080 · Insurance	\$30,000
50085 · Dues and Subscriptions	\$5,585
50090 · Employee Recruitment	\$3,000
50095 · Office Supplies	\$5,000
50100 · Travel and Transport	\$500
50105 · Student Enrollment Costs	\$10,000
50150 · Rent (Facility)	\$2,268
50152 · Real Property Taxes	\$0
50155 · Utilities	\$52,320
50160 · Facilities Maintenance	\$91,830
50165 · Facility Repairs	\$17,370
50170 · Equipment Rental	\$8,800
50175 · Equip Repairs & Maint	\$10,045
50180 · Custodial Supplies	\$13,973
50200 · Technology Expense	\$70,000
50205 · Communications Exp	\$8,000
50210 · Postage and Delivery	\$3,000
50215 · Staff Development	\$12,000
50216 · Board Development	\$10,000
50250 · Prof Fees - Legal	\$15,000
50255 · Prof Fees - Accting/Audit	\$47,000
50275 · Miscellaneous	\$3,775
Depreciation Expense	
50280 · Interest Expense	\$618,412
66900 · Reconciliation Discrepancies	
Total Expense	<u>\$4,291,603</u>
<i>Net Income</i>	<u><u>\$5,997</u></u>

Appendix F: Disclosure of Financial Interest Form

Disclosure of Financial Interest by a New York Charter School Board of Trustees Member
Annual Report 2011-2012

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

- 1. Trustee Name (print) Deborah A. Rutigliano
- 2. Charter School Name Riverhead Charter School
- 3. Charter Authorizer Entity NYSED
- 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.

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
2010/11 2011/12	Please write "None" if applicable. Staff lunch	Do not leave this space blank. Did not take part in discussion or vote.	Michael Rutigliano Husband.

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
None				Please write "None" if applicable. Do not leave this space blank.

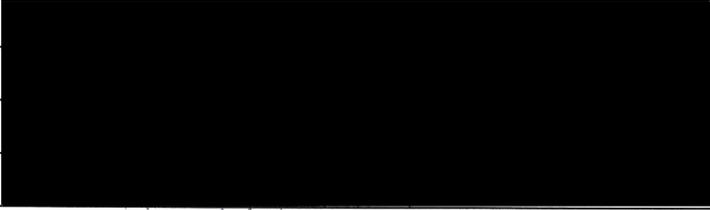
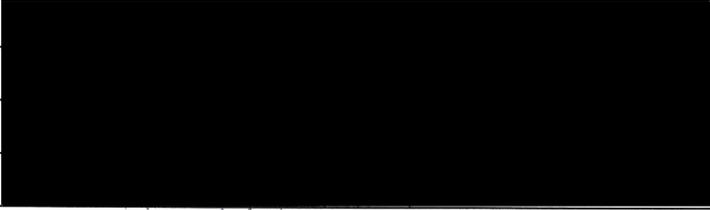
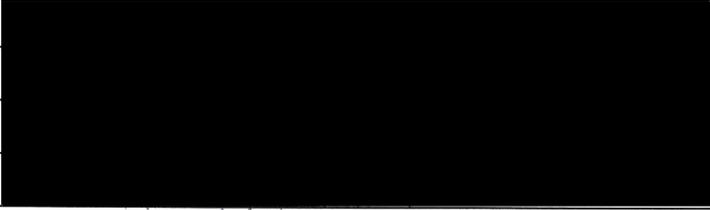
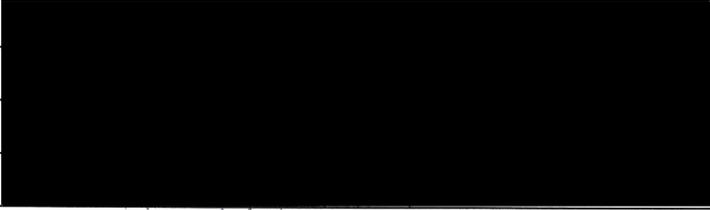
Michael J. Rutigliano
Signature

7/23/12.
Date

Appendix F: Disclosure of Financial Interest Form

Disclosure of Financial Interest by a New York Charter School Board of Trustees Member
Annual Report 2011-2012

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

1. Trustee Name (print) Richard Benato
2. Charter School Name Riverhead Charter School
3. Charter Authorizer Entity NYSED
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)
Vice President

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.

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

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

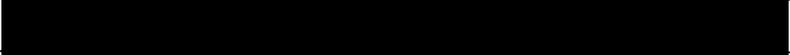
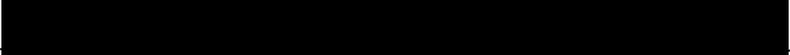
Signature Richard Scarnato

Date 7/23/12

Appendix F: Disclosure of Financial Interest Form

Disclosure of Financial Interest by a New York Charter School Board of Trustees Member
Annual Report 2011-2012

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

1. Trustee Name (print) Donna Bloyon
2. Charter School Name Riverhead Charter School
3. Charter Authorizer Entity Board of Regents
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)
Trustee, Parent Rep, Treasurer

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 N/A

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><i>None</i></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><i>None</i></p>				

D. Blau

 Signature

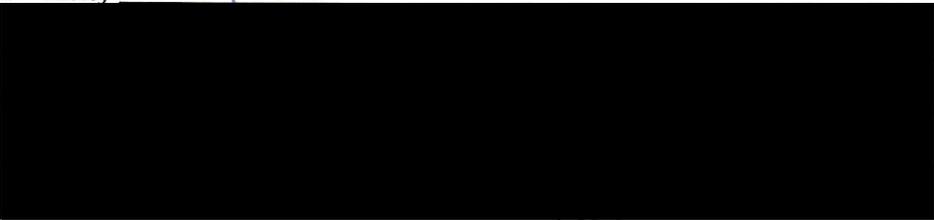
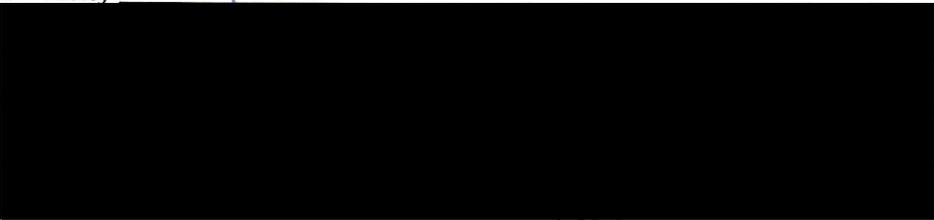
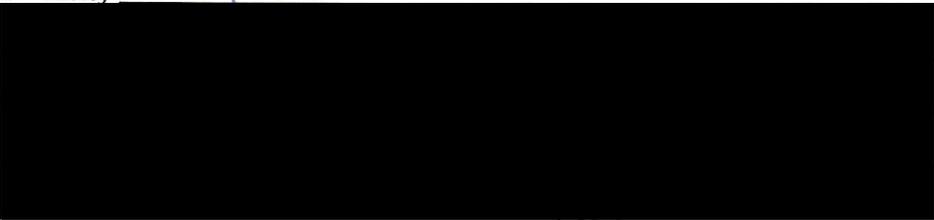
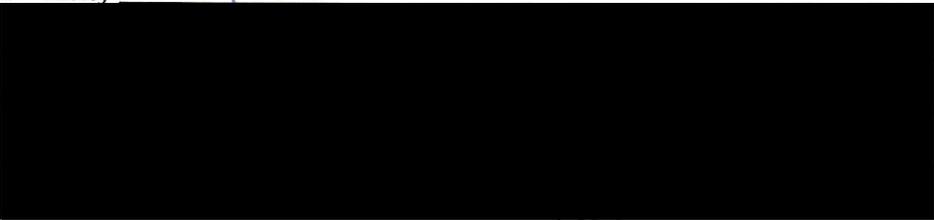
7.23.12

 Date

Appendix F: Disclosure of Financial Interest Form

Disclosure of Financial Interest by a New York Charter School Board of Trustees Member
Annual Report 2011-2012

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

1. Trustee Name (print) Renee Harris Thompson
2. Charter School Name Riverhead Charter
3. Charter Authorizer Entity NYSED
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, treasurer, secretary

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.

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-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**.

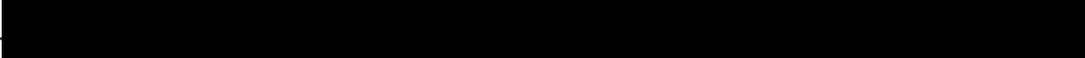
Organization conducting business with the school	Nature of business conducted	Approximate value of the business conducted	Name of Trustee and/or immediate family member of household holding an interest in the organization conducting business with the school and the nature of the interest	Steps Taken 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-family: cursive;">"None"</p>				

Gene James Thompson
 Signature _____ Date 7-23-12

Appendix F: Disclosure of Financial Interest Form

Disclosure of Financial Interest by a New York Charter School Board of Trustees Member
Annual Report 2011-2012

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

- 1. Trustee Name (print) Hanny H. Stand
- 2. Charter School Name Riverhead Charter School
- 3. Charter Authorizer Entity NYSED
- 4. Home Address* 
- 5. Business Address* 
- 6. Daytime Phone* 
- 7. E-Mail Address* N/A
- 8. List all positions held on board (e.g., chair, treasurer, parent representative)
Treasurer

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.

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
<i>Please write "None" if applicable. Do not leave this space blank.</i> <div style="display: flex; justify-content: center; align-items: center; gap: 100px;"> <div style="text-align: center;">None</div> </div>			

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**.

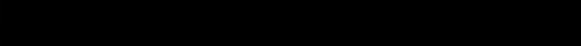
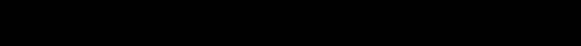
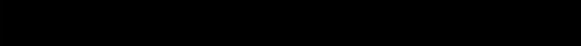
Organization conducting business with the school	Nature of business conducted	Approximate value of the business conducted	Name of Trustee and/or immediate family member of household holding an interest in the organization conducting business with the school and the nature of the interest	Steps Taken to Avoid Conflict of Interest
<i>Please write "None" if applicable. Do not leave this space blank.</i> <div style="display: flex; justify-content: center; align-items: center; gap: 100px;"> <div style="text-align: center;">None</div> </div>				

Signature Harry [Signature] Date 7-12-12

Appendix F: Disclosure of Financial Interest Form

**Disclosure of Financial Interest by a New York Charter School Board of Trustees Member
Annual Report 2011-2012**

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

1. Trustee Name (print) SUSAN HEINTZ
2. Charter School Name RIVERHEAD CHARTER SCHOOL
3. Charter Authorizer Entity NEW YORK STATE DEPARTMENT OF EDUCATION
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 AND VICE-PRESIDENT

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

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 XNo

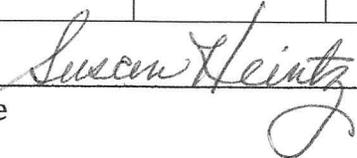
If **Yes**, please provide a description of the position you hold and your responsibilities, your salary and your start date.

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 style="text-align: center;">NONE Please write "None" if applicable. Do not leave this space blank.</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 style="text-align: center;">NONE Please write "None" if applicable. Do not leave this space blank.</p>				

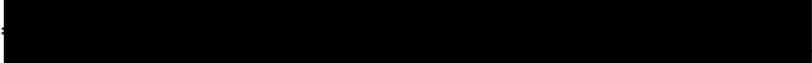
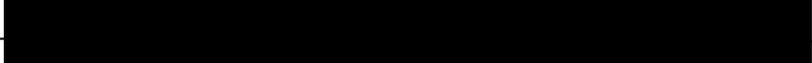

7/10/2012

 Signature Date

Appendix F: Disclosure of Financial Interest Form

Disclosure of Financial Interest by a New York Charter School Board of Trustees Member
Annual Report 2011-2012

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

- 1. Trustee Name (print) Emma Klimek
- 2. Charter School Name Riverhead Charter School
- 3. Charter Authorizer Entity NYSEN
- 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

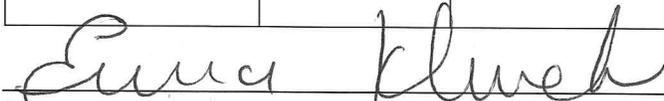
If Yes, please provide a description of the position you hold and your responsibilities, your salary and your start date.

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
Please write "None" if applicable. Do not leave this space blank. None			

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
Please write "None" if applicable. Do not leave this space blank. None				


 Signature

7/23/12
 Date

Appendix G: Board of Trustees Membership Table

This Table is required of Board of Regents-authorized charter schools, and optional for charter schools authorized by other chartering entities.

List the board membership and the number of board members joining and leaving the board in the 2011-2012 school year.

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
Deborah Rutigliano	President	Finance & Audit, Building	Yes	Business Rep	One 3yr term; 2010-2013
Richard Bernato	Vice President	Compliance, Building	Yes	Education	One 3yr term; 2012 -2015
Donna Bloxon	Treasurer	Finance & Audit, Building, Compliance	Yes	Parent	Two 3 yr terms beginning 2009; Current 2013-2015
Renee Harris Thompson	Secretary	Building	Yes	Parent/Business Rep	One 3 year term; 2011-2014
Harry Histand	Trustee		Yes	Business Rep	Four 3 yr terms beginning 2003, Current 2013-2015
Susan Heintz	Trustee	Compliance	Yes	Community Rep	Four 3 year terms beginning 2001, current 2010-2013
Emma Klimek	Trustee	Building	Yes	Education	One 3yr term; 2012 -2015
James Leslie	Trustee	Finance & Audit	Yes	Business Rep	Three 3 yr terms beginning 2004, current 2010-2012 (departed)
Total Members joining the board the 2011-2012 school year					2
Total Members departing the board during the 2011-2012 school year					1



RIVERHEAD CHARTER SCHOOL, INC.

*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT*

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011



CERINI
& **LLP**
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CERTIFIED PUBLIC ACCOUNTANTS

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RIVERHEAD CHARTER SCHOOL, INC.

*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED JUNE 30, 2012 and 2011
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CERINI
&
ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Riverhead Charter School, Inc.
3685 Middle Country Road
Calverton, New York 11933

We have audited the accompanying statements of financial position of the Riverhead Charter School, Inc. ("the School," a not-for-profit organization) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 the School 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 9, 2012, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Cerini & Associates LLP

Bohemia, New York
October 9, 2012

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Cerini & Associates, LLP • 3340 Veterans Memorial Highway • Bohemia, NY 11716
phone 631.582.1600 • fax 631.582.1714 • www.ceriniandassociates.com

RIVERHEAD CHARTER SCHOOL, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30,

2012 **2011**

ASSETS (Note 4)	2012	2011
Current Assets:		
Cash (Note 3).....	\$ 4,242,032	\$ 3,620,508
Investments (Note 2).....	58,968	58,490
Prepaid expenses.....	73,105	56,170
Accounts receivable, net (Note 6).....	330,430	108,516
Grants receivable (Note 6).....	57,229	155,092
TOTAL CURRENT ASSETS	4,761,764	3,998,776
Property and equipment, net (Notes 4 and 5).....	3,012,386	3,074,374
Security deposit.....	1,060	1,060
Restricted cash (Note 7).....	75,050	75,000
TOTAL ASSETS	\$ 7,850,260	\$ 7,149,210
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 598,431	\$ 793,181
Due to funding sources and school districts.....	-	31,895
Deferred revenue.....	3,059	5,003
Current portion of amounts due to Edison Schools, Inc. (Note 4).....	259,084	246,474
Current portion of notes payable (Note 4).....	113,137	105,510
TOTAL CURRENT LIABILITIES	973,711	1,182,063
Due to Edison Schools, Inc., net of current portion (Note 4).....	111,392	370,603
Notes payable, net of current portion (Note 4).....	3,272,659	3,385,796
TOTAL LIABILITIES	4,357,762	4,938,462
Commitments and contingencies (Notes 3, 4, 5, 6, 7, and 8)		
Net assets.....	3,492,498	2,210,748
TOTAL LIABILITIES AND NET ASSETS	\$ 7,850,260	\$ 7,149,210

RIVERHEAD CHARTER SCHOOL, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,**

	2012	2011
REVENUE AND SUPPORT:		
Tuition and program service income (Notes 3 and 4).....	\$ 4,428,165	\$ 4,135,557
Government grants (Notes 3 and 7).....	97,620	235,964
Investment income (Note 2).....	2,761	2,487
Other income.....	8,671	14,153
	TOTAL REVENUE AND SUPPORT	4,537,217
		4,388,161
EXPENSES:		
Program services.....	2,644,471	2,772,550
Management and general.....	610,996	711,067
	TOTAL EXPENSES	3,255,467
		3,483,617
Change in net assets before extraordinary items.....	1,281,750	904,544
Extraordinary gain (Note 5).....	-	48,255
	Change in net assets	952,799
Net assets, beginning of year.....	2,210,748	1,257,949
	Net assets, end of year	2,210,748
	\$ 3,492,498	\$ 2,210,748

RIVERHEAD CHARTER SCHOOL, INC.

*STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012*

	Program Services	Management and General	Totals
Salaries and wages	\$ 1,223,502	\$ 325,239	\$ 1,548,741
Payroll taxes and related benefits	464,682	128,782	593,464
Advertising	485	134	619
Occupancy costs	44,399	2,947	47,346
Contracted services	74,685	16,262	90,947
Travel and transportation	176,308	242	176,550
Supplies	58,894	10,590	69,484
Core curriculum	2,985	-	2,985
Telephone and communications	2,698	748	3,446
Repairs and maintenance	67,134	18,606	85,740
Equipment	6,502	1,802	8,304
Meals and entertainment	145,615	-	145,615
Depreciation and amortization	122,557	33,964	156,521
Interest expense (Note 6)	208,515	57,788	266,303
Conferences	5,437	2,814	8,251
Recruitment	593	164	757
Insurance	20,335	5,635	25,970
Bad Debt	12,453	3,451	15,904
Miscellaneous	6,692	1,828	8,520
	<u>\$ 2,644,471</u>	<u>\$ 610,996</u>	<u>\$ 3,255,467</u>

RIVERHEAD CHARTER SCHOOL, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011**

	Program Services	Management and General	Totals
Salaries and wages	\$ 1,360,421	\$ 406,360	\$ 1,766,781
Payroll taxes and related benefits	404,344	120,778	525,122
Advertising	1,854	22	1,876
Occupancy costs	46,893	3,044	49,937
Contracted services	131,465	26,757	158,222
Travel and transportation	283,661	195	283,856
Supplies	57,381	8,304	65,685
Core curriculum	12,960	-	12,960
Telephone and communications	5,402	1,600	7,002
Repairs and maintenance	82,573	23,807	106,380
Equipment	6,311	2,210	8,521
Meals and entertainment	-	-	-
Depreciation and amortization	125,084	37,047	162,131
Interest expense (Note 6)	219,758	65,642	285,400
Conferences	10,432	4,152	14,584
Recruitment	-	-	-
Insurance	19,055	5,643	24,698
Bad Debt	-	-	-
Miscellaneous	4,956	5,506	10,462
	<u>\$ 2,772,550</u>	<u>\$ 711,067</u>	<u>\$ 3,483,617</u>

RIVERHEAD CHARTER SCHOOL, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,**

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets.....	\$ 1,281,750	\$ 952,799
<u>Adjustments to reconcile change in net assets to net cash provided by operating activities:</u>		
Depreciation and amortization.....	156,521	162,131
Extraordinary gain	-	(48,255)
<u>Changes in operating assets and liabilities:</u>		
Prepaid expenses.....	(16,935)	(52,896)
Accounts receivable.....	(221,914)	91,451
Grants receivable.....	97,863	(44,014)
Other current assets.....	-	369,118
Security deposits.....	-	30,000
Restricted cash.....	(50)	-
Accounts payable and accrued expenses.....	(194,750)	105,544
Due to funding sources and school districts.....	(31,895)	7,494
Deferred revenue.....	(1,944)	5,003
Net cash provided by operating activities	1,068,646	1,578,375
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets.....	(94,533)	(225,050)
Purchase of investments.....	(478)	(654)
Cash used in investing activities	(95,011)	(225,704)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment to Edison Schools, Inc.....	(246,601)	(253,641)
Repayment of notes payable.....	(105,510)	(98,396)
Cash used in financing activities	(352,111)	(352,037)
Net change in cash	621,524	1,000,634
Cash, beginning of year.....	3,620,508	2,619,874
Cash, end of year.....	<u>\$ 4,242,032</u>	<u>\$ 3,620,508</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	<u>\$ 266,303</u>	<u>\$ 285,400</u>

RIVERHEAD CHARTER SCHOOL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Riverhead Charter School, Inc. (hereinafter "the School") is presented to assist in understanding the School's financial statements. These financial statements and notes are representations of the School's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization: The School is a not-for-profit organization that was incorporated under Article 56 of the Education Law on February 1, 2001 pursuant to a five-year provisional charter granted by the Education Department of the State of New York ("NYSED"). The School's main objective is to offer students a true choice in public education, which promotes love of learning and local exploration. The School's goal is to provide a rigorous community of learning, which is inviting and stimulating to staff and parents, as well as students. The School intends to reverse the current spiral of student failure and meet or exceed State and federal standards, to nurture the individual gifts of every student, and to prepare them for a rewarding community life. The School's charter has been renewed by the Education Department of the State of New York through June 30, 2014.

Income Tax Status: The School is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is publicly supported, as described in section 509(a). The School is also exempt from certain State and local taxes. The School evaluated for uncertain tax positions and has determined that there were no uncertain tax positions for 2012 and 2011.

The School files a Form 990 and is exempt from filing a New York state return. The 990 is subject to review and examination by federal taxing authorities. Tax returns for the years ended June 30, 2012, 2011, 2010, and 2009 are open for examination by federal taxing authorities.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenue is recorded as earned and expenses are recorded when incurred.

Revenue Recognition: The School recognizes revenue on government and private grants when reimbursable expenditures under qualified programs are expended. Grants are typically fully expended within a one-year cycle. Tuition income is earned as education is provided to students enrolled at the School.

Advertising: The School uses advertising to promote its program and fundraising events among the public it serves. The production costs of advertising are expensed as incurred.

RIVERHEAD CHARTER SCHOOL, INC.

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates: The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board, specifically for not-for-profit organizations. The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by action of the School and/or passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that must be maintained permanently by the School. Generally, the donors of these assets would permit the School to use all or part of the income earned on any related investments for general or specific purposes.

The School had no restricted net assets at June 30, 2012 or 2011.

Donated Services: The School benefits from volunteer services in program and administrative duties from Board members and other volunteers. Even though these donated services are valuable to the School, and help to advance its mission, no amounts have been reflected in the financial statements for these contributed services inasmuch as such services do not meet the criteria for recognition in the financial statements under generally accepted accounting principles in the United States of America, nor do they create or enhance non-financial assets.

Expense Allocation: Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services based upon management estimates.

Contributions: Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the

RIVERHEAD CHARTER SCHOOL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Property and Equipment: Property and equipment are stated at original cost. Those assets acquired by gift are carried at fair market value established at the date of acquisition.

Maintenance and repairs are charged to expense and betterments are capitalized. Depreciation expense is computed using the straight-line method over each asset's estimated useful life as follows:

Building.....	25 years
Building improvements.....	10 - 25 years
Equipment	3.5 - 5 years

Subsequent Events: The School has evaluated events and transactions that occurred between July 1, 2012 and October 9, 2012, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 2 - INVESTMENTS

Investments are presented in the consolidated statements of financial position at fair value. A fair value hierarchy has been established based upon the observable inputs to the evaluation of an asset or liability as of the measurement date. The three-level valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value levels (Level 1, 2, and 3):

- Level 1 - quoted prices for identical instruments in active markets;
- Level 2 - quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations the significant inputs for which are observable; and
- Level 3 - instruments the significant inputs for which are unobservable.

All of the investments held by the School are in certificates of deposit ("CD's") which are considered Level 1 investments and are presented in the accompanying financial statements at fair value. The fair value of the CD's is determined based upon quoted prices at June 30, 2012 and 2011.

Interest income from such CD's and other cash holdings amounted to \$2,761 and \$2,487 for the years ended June 30, 2012 and 2011, respectively.

RIVERHEAD CHARTER SCHOOL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 3 - CONCENTRATIONS AND COMMITMENTS

From time to time, the School has cash on deposit with a financial institution in excess of Federal Deposit Insurance Corporation-insured limits. At June 30, 2012, the amounts in excess of insured limits were approximately \$4,143,000.

During fiscal 2012, approximately 94% of the School's total support and revenue was comprised of tuition income from several Eastern Suffolk County school districts, the largest of which were: Riverhead Central School District (39%), William Floyd School District (26%), Longwood Central School District (17%), South Country District (6%), and other school districts (6%). The remaining 6% was primarily comprised of revenue related to the School's Student Meal Program (4%) and grants from the Education Department of the State of New York (2%).

Effective July 1, 2008, the School entered into a collective bargaining agreement with its teachers and teacher assistants through the Teachers Association. The agreement, which expired on June 30, 2009, provided for merit-based increases for teachers and teachers assistants of 3% for fiscal 2009. The School and the Teachers Association are currently in negotiations for a new agreement. As of the date of this report, the terms and conditions set forth in the expired agreement will continue, except for salary increases, which are on hold until an agreement is reached.

NOTE 4 - CONTRACTUAL OBLIGATIONS

Prior to July 1, 2008, the School had a management agreement with Edison Schools, Inc. ("Edison") that required Edison, to the extent permitted by law, to provide the School with a complete educational program and the related management and administrative services necessary to implement the program, including billing and collections.

In exchange for its services, the contract specified that Edison would receive a fee based upon the total revenue and earnings of the School, net of debt service and a fixed fee.

On August 22, 2001, the School purchased a building and one acre of land in Calverton, New York for \$850,000. This building currently serves as the schoolhouse for fourth, fifth and sixth grade classes. During February 2002, the School also purchased an additional five acres of adjacent land for \$490,000, upon which a new facility will be constructed to house the entire student body under one roof. Until construction is complete, the School is utilizing modular classrooms for its Kindergarten through third grade classes. The School has completed the construction of its administrative facilities and has constructed a portion of the necessary infrastructure for its main campus.

RIVERHEAD CHARTER SCHOOL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 4 - CONTRACTUAL OBLIGATIONS (continued)

In order to finance these and future capital expenditures, the School borrowed \$4,010,488 from Edison, which was evidenced by two promissory notes and was secured by substantially all assets of the School (the "secured debt"). In addition, to cover day to day operations, the School borrowed additional unsecured working capital advances from Edison (the "unsecured working capital advances"). On June 30, 2008, at the time the agreement with Edison was terminated, the School owed Edison \$3,186,840 for such unsecured working capital advances.

On October 24, 2008, the School and Edison signed a termination agreement with regard to the unsecured debt the School owed to Edison. In conjunction with this agreement:

Edison accepted \$3,000,000 in full payment of the unsecured working capital advances it had provided the School. This was evidenced by a promissory note payable at \$1,800,000 during November 2008, with the \$1,200,000 balance payable in sixty monthly payments, commencing in December 2008, of \$22,645 including principal and interest at 5%.

This resulted in forgiveness of debt to the School during fiscal 2008 of \$186,840. The balance due by the School to Edison on the working capital loan was \$370,476 and \$617,077 at June 30, 2012 and 2011, respectively.

During December 2008, Edison signed an agreement with respect to its secured note. The terms of the termination agreement are as follows:

Edison accepted \$3,725,000 in full settlement of the aforementioned secured debt. This amount is payable over a twenty-year amortization of \$28,880 of principal and interest per month commencing January 2009, with a balloon payment of the then outstanding balance due on the loans' five year anniversary. Providing the School is not in default with any of the terms of the termination agreement, the School, at its option, can renew the loan for three more five-year terms at the same twenty-year amortization as the initial loan. The loan is secured by the School's property which had a net book value of approximately \$2.6 million and \$2.7 million at June 30, 2012 and 2011, respectively. The debt to Edison bears interest at 7%.

The result of this agreement was forgiveness of debt to the School by Edison of \$687,774, which was reflected as forgiveness of debt income during fiscal 2009.

RIVERHEAD CHARTER SCHOOL, INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 4 - CONTRACTUAL OBLIGATIONS (continued)

Future obligations pursuant to the outstanding long-term debt obligations to Edison are as follows for the years ending June 30,:

	<u>Due to Edison</u>	<u>Notes Payable</u>	<u>Total</u>
2013	\$259,084	\$113,137	\$372,221
2014	111,392	121,316	232,708
2015	-	130,086	130,086
2016	-	139,489	139,489
2017	-	149,573	149,573
Thereafter	-	2,732,195	2,732,195
Total.....	<u>\$370,476</u>	<u>\$3,385,796</u>	<u>\$3,756,272</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2012</u>	<u>2011</u>
Land.....	\$ 794,457	\$ 794,457
Building	2,791,576	2,701,012
Building improvements.....	674,373	674,373
Equipment.....	<u>220,658</u>	<u>216,689</u>
	4,481,064	4,386,531
Less: accumulated depreciation and amortization	(1,468,678)	(1,312,157)
	<u>\$ 3,012,386</u>	<u>\$ 3,074,374</u>

During fiscal 2012 and 2011, the School incurred interest on its outstanding debt of \$266,303 and \$285,400, respectively. No interest was capitalized in either year as construction was complete and the building was being fully utilized. At June 30, 2012 and 2011, capitalized interest amounted to \$310,214. This has been included in the cost of the administration building at June 30, 2012 and 2011, and is being amortized over the life of the building.

During February 2010, a fire broke out in one of the buildings, destroying approximately 30% of the building, classrooms and its contents. The cost of repairs and resulting settlement of \$369,118 was greater than the net book value of the damaged building resulting in an extraordinary gain of \$99,622 which was reflected as an extraordinary gain for the year ended June 30, 2010. The remainder of the insurance settlement stemming from the fire was received in fiscal 2011 and is reflected as an extraordinary gain of \$48,255 on the statement of activities for the year ended June 30, 2011.

RIVERHEAD CHARTER SCHOOL, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 5 - PROPERTY AND EQUIPMENT (continued)

During 2002, the School purchased equipment with federal Public Charter Schools Program grant funds. Pursuant to the contract, the New York State Education Department has the right to reclaim equipment purchased with these funds if the program in conjunction with which they are used is terminated. These assets were fully depreciated as of June 30, 2012 and 2011.

NOTE 6 - ACCOUNTS AND GRANTS RECEIVABLE

Accounts receivable consists of tuition receivable from various Long Island-based public school districts. Of the tuition receivable, 88% is due from South Country Central School District, and 10% is due from Sachem Central School District, as of June 30, 2012. The School has the ability to petition NYSED for monies overdue from the various school districts.

The School uses an allowance method to determine uncollectible accounts and grants receivable. The allowance for doubtful accounts is based primarily on the School's collection efforts and management's analysis of specific outstanding balances. The School does not impose interest or finance charges on overdue receivable balances. Collectability is assessed on an individual account basis, and uncollectible accounts are written off against the allowance after approval by the School Board. As of June 30, 2012 and 2011, accounts receivable included a balance of approximately \$88,000 and \$63,000 which is due from two school districts which are disputing the balance and has not paid as of June 30, 2012. As such, the School has set up an allowance for doubtful accounts for these receivables.

Furthermore, grants receivable of \$57,229 and \$155,092 at June 30, 2012 and 2011, respectively, were due from NYSED for reimbursable expenses incurred before year-end. All amounts have been deemed collectible at year-end by management.

NOTE 7 - GRANTOR RESTRICTIONS

Financial awards from governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the School for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NYSED requires all charter schools to maintain \$75,000 in a separate account to cover the cost of a potential closure should the School's charter not be renewed. This amount has to be maintained even when the Charter is renewed and has accordingly been reflected as restricted cash on the School's statements of financial position at June 30, 2012 and 2011.

RIVERHEAD CHARTER SCHOOL, INC.

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011*

NOTE 8 - LITIGATION

The School is subject to certain litigation in the normal course of business. Management does not believe that the outcome of such litigation will materially impact its operations or financial position. No amounts have been reflected in the financial statements for any potential negative results of such lawsuits.

OTHER FINANCIAL INFORMATION



**Independent Auditors' 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
Riverhead Charter School, Inc.
3685 Middle Country Road
Calverton, New York 11933

We have audited the basic financial statements of Riverhead Charter School, Inc. (hereinafter "the School") as of and for the year ended June 30, 2012, and have issued our report thereon dated October 9, 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 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 previously.

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*.

This report is intended solely for the information and use of the audit committee, management, and others within the School and is not intended to be, and should not be, used by anyone other than these specified parties.

Corin E. Associates LLP

Bohemia, New York
October 9, 2012

RIVERHEAD CHARTER SCHOOL, INC.

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012 AND 2011 AND 2011*

Section I - Findings of Financial Statement Audit

NO NEW FINDINGS OR QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012.

RIVERHEAD CHARTER SCHOOL, INC.

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012 AND 2011 AND 2011*

Section II - Prior Audit Findings of Financial Statement Audit

THERE WERE NO PRIOR AUDIT FINDINGS OR QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011.

School Information and Cover Page

School Name: *Riverhead Charter School*

School Leader: *Mr. Raymond J. Ankrum, Sr. Ed.M*

Primary address: *3685 Middle Country Road, Calverton, NY 11933*

School website: *www.riverheadcharterschool.org*

School email: *RAnkrum@riverheadcharterschool.org*

Telephone: *631-369-5800 ext. 2229* Fax: *631-369-6687*

BEDS # *580602860032*

District/CSD of Location: *Riverhead School District*

Charter authorizer: *New York State Board of Regents*

Chair, Board of Trustees: *Deborah Rutigliano*

Date school first opened for instruction: *September 2001*

2011-2012 Enrollment: *271*

2011-2012 Grades Served: *K-6*

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



Print Name, Head of Charter School

10/24/12

Signature and Date

Deborah Q. Rutigliano

Print Name, President, Board of Trustees

10/24/12

Signature and Date

Academic Goals Table

2011-2012 Progress Toward Attainment of Academic Charter Goals			
Academic goal or objective	Measure used to evaluate progress toward attainment of goal or objective	2011-2012 progress toward attainment of goal or objective	If not met, describe efforts to be undertaken to meet goal or objective
<p>-Make sure that all students that are in our school are making academic gains.</p> <p>-Ensure that all students have an academically enriching, and challenging experience at RCS.</p>	<p>-Identify student assessment data to find out the root causes of low student achievement.</p> <p>- Streamline the RTI process to make sure our interventions match the needs of the students.</p>	<p>Overall we did very well based on the NY State Math and ELA results.</p>	<p>Realign our current curriculum with the common core curriculum so that we are continuously teaching above the test. Our goal is to always challenge our students.</p>

Organizational Goals Table

2011-2012 Progress Toward Attainment of Organizational Charter Goals			
Organizational goal or objective	Measure used to evaluate progress toward attainment of goal or objective	2011-2012 progress toward attainment of goal or objective	If not met, describe efforts to be undertaken to meet goal or objective
<p>Put in place a new collective bargaining agreement with the teachers.</p> <p>Make our school more collaborative by allowing teachers to think outside of the box, while still holding them accountable for academic expectations for students.</p>	<p>Teacher surveys were used to analyze the effectiveness of collaboration at RCS.</p>	<p>RCS is in a transition phase. For years our school has been really good, the next step for RCS is moving from really good to being really great.</p>	<p>RCS has a new leader that has fresh, outside of the box strategies to raise the bar for teachers , students, and parents.</p>

Financial Goals Table

2011-2012 Progress Toward Attainment of Financial Charter Goals			
Financial goal or objective	Measure used to evaluate progress toward attainment of goal or objective	2011-2012 progress toward attainment of goal or objective	If not met, describe efforts to be undertaken to meet goal or objective
Reduce Accounts Receivable Aging	Calculation of Average Days for Collection	Met. RCS average days for collection is 27 days	
Strengthen Cash Reserves to prepare for Building Project	Calculation of Days in Cash Reserve	Met. RCS Days in Cash Reserves is 502 days	
Strengthen Liquidity Ratios	Calculation of Liquidity Ratio	Met. Current Liquidity Ratio is 4.8	

Charter-Specific Goals Table¹

2011-2012 Progress Toward Attainment of Charter-Specific Goals			
Charter-specific goal or objective	Measure used to evaluate progress toward attainment of goal or objective	2011-2012 progress toward attainment of goal or objective	If not met, describe efforts to be undertaken to meet goal or objective
<p>Creating a sound system of accountability to measure the effectiveness of teachers and students at RCS.</p> <p>Expansion from a k-6 to a k-8 school.</p>	<p>NY State ELA and Math test score analysis. An observation process that is clear in what is expected from teachers. A commitment from teachers to use data to drive their instruction.</p>	<p>Weekly data meetings in which teachers strategized as to how to move the students that were having academic difficulties.</p>	

¹Charter-specific goals can include objectives that support the school's model and/or essential characteristic, such as core area of expertise or theme (e.g. technology, arts, etc)