

I. SCHOOL INFORMATION AND COVER PAGE

Created Wednesday, July 17, 2013
Updated Wednesday, July 31, 2013

Page 1

1. SCHOOL NAME

(Select School name from dropdown menu; BEDS # appears first)

310500860963 NY FRENCH-AMERICAN CS

2. CHARTER AUTHORIZER

NYCDOE-Authorized Charter School

3. DISTRICT / CSD OF LOCATION

NYC CSD 3

4. SCHOOL INFORMATION

PRIMARY ADDRESS	PHONE NUMBER	FAX NUMBER	EMAIL ADDRESS
311 West 120th Street New York, NY 10027	212-666-4134	212-666-4138	leadership@nyfacs.net

4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES

4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES Contact Name	Claire Zaglauer
4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES Title	Assistant Principal
4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES Emergency Phone Number (###-###-####)	

5. SCHOOL WEB ADDRESS (URL)

www.nyfacs.net

6. DATE OF INITIAL CHARTER

2009-09-01 00:00:00

7. DATE FIRST OPENED FOR INSTRUCTION

2010-09-01 00:00:00

8. TOTAL NUMBER OF STUDENTS ENROLLED IN 2012-13 (as reported on BEDS Day)

(as reported on BEDS Day)

9. GRADES SERVED IN SCHOOL YEAR 2012-13

Check all that apply

- K

- 1

- 2

- 3

- 4

10. DOES THE SCHOOL CONTRACT WITH A CHARTER OR EDUCATIONAL MANAGEMENT ORGANIZATION?

Yes/No	Name of CMO/EMO
No	

11. FACILITIES

Will the School maintain or operate multiple sites?

No, just one site.

12. SCHOOL SITES

Please list the sites where the school will operate in 2013-14.

	Physical Address	Phone Number	District/C SD	Grades Served at Site	School at Full Capacity at Site	Facilities Agreement
Site 1 (same as primary site)	311 West 120th Street New York NY 10027	212-666-4134	CSD 3	K-4	No	Rent/Lease
Site 2						
Site 3						

12a. Please provide the contact information for Site 1 (same as the primary site).

	Name	Work Phone	Alternate Phone	Email Address
School Leader	Edith Boncompain	[REDACTED]	[REDACTED]	[REDACTED]
Operational Leader	Diane Charlet	[REDACTED]	[REDACTED]	[REDACTED]
Compliance Contact	Claire Zaglauer	[REDACTED]	[REDACTED]	[REDACTED]
Complaint Contact	Claire Zaglauer	[REDACTED]	[REDACTED]	[REDACTED]

13. Are the School sites co-located?

No

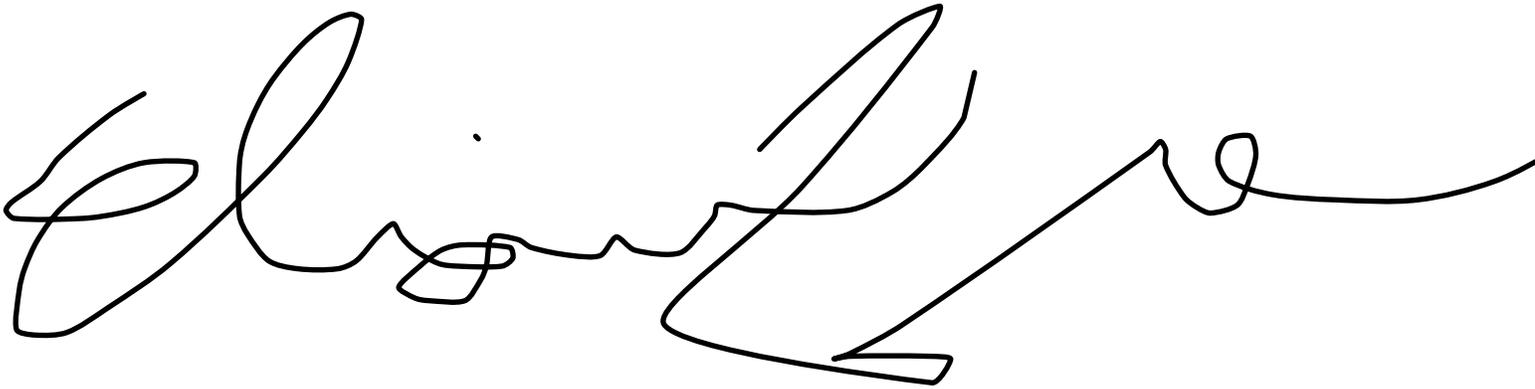
14. Were there any revisions to the school's charter during the 2012-2013 school year? (Please include both those that required authorizer approval and those that did not require authorizer approval).

No

16. Our signatures below attest that all of the information contained herein is truthful and accurate and that this charter school is in compliance with all aspects of its charter, and with all pertinent Federal, State, and local laws, regulations, and rules. We understand that if any information in any part of this report is found to have been deliberately misrepresented, that will constitute grounds for the revocation of our charter. Check **YES** if you agree and use the mouse on your PC or the stylus on your mobile device to sign your name).

• Yes

Signature, Head of Charter School

A large, stylized handwritten signature in black ink, written on a white background. The signature is highly cursive and fluid, with many loops and flourishes. It appears to be the name of the Head of Charter School.

Signature, President of the Board of Trustees

Thank you.

Signature Page for President of Board of Trustees

Created Thursday, August 01, 2013

Page 1

310500860963 NY FRENCH-AMERICAN CS

16. My signature below attest that all of the information contained herein is truthful and accurate and that this charter school is in compliance with all aspects of its charter, and with all pertinent Federal, State, and local laws, regulations, and rules. We understand that if any information in any part of this report is found to have been deliberately misrepresented, that will constitute grounds for the revocation of our charter. Check **YES** if you agree and use the mouse on your PC or the stylus on your mobile device to sign your name).

- Yes
-

Signature, Board President

A handwritten signature in black ink, appearing to read "A. J. ...". The signature is written in a cursive style with large, sweeping letters.

Thank you.

Appendix A: Progress Toward Goals

Created Wednesday, July 17, 2013

Updated Thursday, September 12, 2013

Page 1

1. NEW YORK STATE REPORT CARD

Provide a direct URL or web link to the most recent New York State School Report Card for the charter school (See <https://reportcards.nysed.gov/>).

(Charter schools completing year one will not yet have a School Report Card or link to one. Please type "URL is not available" in the space provided).

<https://reportcards.nysed.gov/files/2011-12/RC-2012-310500860963.pdf>

2. APPENDIX A: PROGRESS TOWARD CHARTER GOALS

2a. ACADEMIC STUDENT PERFORMANCE GOALS

If the Progress Toward Charter Goals are based on student performance data that the school will not have access to by August 1, 2013 (e.g., the NYS Assessment results), please list goals and explain this in the "Progress Towards Attainment" column. This information can be updated for Appendix A when available but no later than November 1, 2013. Board of Regents-authorized charter schools that opened for instruction in the fall of 2012 or that were renewed in 2012-13 will be held to the same charter-specific academic goals. Board of Regents-authorized charter schools will also be held accountable to Student Performance Benchmark 1 of the Performance Framework.

2012-13 Progress Toward Attainment of Academic Goals

	Academic Student Performance Goal	Measure Used to Evaluate Progress	2012-2013 Progress Toward Attainment	If Not Met, Describe Efforts to be Taken
Academic Goal 1	NYFACS will develop and administer standard aligned assessments throughout the year to gauge the progress of students and modify instructional practices based on its data	Report Cards Interim Assessments NYS Tests	NYFACS met this goal, but we are continuing to refine this process.	N/A
Academic Goal 2	75% of all 3-5th graders will perform at or above a level 3 on the NYS Mathematics examination	NYS Mathematics Exam	This goal was not met. In the third grade, 20% of students performed at a level 3 or 4 in Math, a 3.9% increase over District 5 scores for 3rd Grade. In the fourth grade, 37.8% of students performed at a level 3 or 4 in Math, a	To increase math proficiency levels during the 2013-2014 school year, NYFACS is implementing several programs to provide academic intervention services both during the school day as well as afterschool and during our Saturday Academy.

			<p>22.4% increase over District 5 scores for 3rd Grade. Our 4th Graders had the 2nd highest scores in Math for the District.</p>	<p>In the school's Response to Intervention Program, additional remedial instruction will be provided for two hours after school, Monday-Friday, for approximately 30 NYFACS students in need of remediation. NYFACS is also implementing a Saturday Academy over the course of 15 weeks to offer additional hours of instruction for students most at risk of academic failure, with four NYFACS teachers providing this remedial instruction. All teachers and assistant teachers providing the after school and Saturday instruction are highly qualified.</p> <p>NYFACS is also investing significant funding in professional development for our teaching staff.</p>
Academic Goal 3	75% of all 3-5th graders will perform at or above a level 3 on the NYS ELA examination	NYS ELA Exam	<p>This goal was not met.</p> <p>In the third grade, 18.2% of students performed at a level 3 or 4 in ELA, a 4.8% increase over District 5 scores for 3rd Grade.</p> <p>In the fourth grade, 33.3% of students performed at a level 3 or 4 in ELA, a 22.6% increase over District 5 scores for 3rd Grade. Our 4th Graders had the 3rd highest scores in ELA for the District.</p>	<p>To increase ELA proficiency levels during the 2013-2014 school year, NYFACS is implementing several programs to provide academic intervention services both during the school day as well as afterschool and during our Saturday Academy.</p> <p>In the school's Response to Intervention Program, additional remedial instruction will be provided for two hours after school, Monday-Friday, for approximately 30 NYFACS students in need of remediation. NYFACS is also implementing a Saturday Academy over the course of 15 weeks to offer additional hours of instruction for students most at risk of academic failure, with four NYFACS teachers providing this</p>

remedial instruction. All teachers and assistant teachers providing the after school and Saturday instruction are highly qualified.

NYFACS is also investing significant funding in professional development for our teaching staff.

Academic Goal 4	Each year, school leadership will ensure adequacy, alignment and coherence of actions to refine its methods in teaching ESL and FLE.	FLE Test through French Heritage to measure Listening, Speaking, Reading, and Writing in French. LAB-R and NYSESLAT Report Cards	The goal was met. Each student is given a French Proficiency test in order to classify their level in Listening, Speaking, Reading, and Writing in French. Students are expected to make 1 level of progress per year, A1 to A2, A2 to B1, etc. NYSESLAT is used to judge these same competencies in English. Students are expected to increase one level per year, Beginner to Intermediate, Intermediate to Advanced, etc.
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Academic Goal 5	Each year, school leadership will ensure adequacy, alignment and coherence of actions to refine its methods in working with special needs children.	IEP Compliance IEP identification and efficient evaluation Level of students in need receiving services Inclusion into the Least Restrictive Environment	This goal has been met. Of the total population, approximately 12% of students have IEP's. To accommodate and surpass mandated services, the school currently has four CTT classes.
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Academic Goal 6

Academic Goal 7

Academic Goal 8

2a1. Do have more academic goals to add?

No

2a2. Do have more academic goals to add?

No

2b. ORGANIZATIONAL GOALS

2012-13 Progress Toward Attainment of Organizational Goals

	Organizational Goal	Measure Used to Evaluate Progress	2012-2013 Progress Toward Attainment	If Not Met, Describe Efforts to be Taken
Org Goal 1	Working together: French and English teachers, subject matter teachers, and grade level teachers will collaborate in order to boost student achievement.	Common Planning Communal Interdisciplinary Projects	This goal was met. Throughout the school year, teachers met for common planning regularly and shared student data in order to increase collaboration and student achievement.	
Org Goal 2	Each year the school will have a daily attendance rate of at least 95%, in accordance with the NYCDOE guidelines.	ATS System Attendance Scanned in Electronically Daily	This goal was met. Average daily attendance in 2012-2013 was 95%.	
Org Goal 3	Enrollment Stability: Each year, student enrollment will be within 15% of full enrollment as defined in the school's contract. This will be maintained and monitored bi-monthly.	ATS Daily Attendance records Accurate Registration/ Withdrawal Procedure	With an enrollment of 220 on BEDS day, this goal was met. We continually monitor enrollment basis.	
Org Goal 4	Each year, the school will comply with all applicable laws, rules, regulations, and contract terms including, but not limited to, the New York Charter Schools Act, the New York Freedom and Information Law, the New York Open Meetings Law, the Federal Disabilities Education Act, and Federal Family Educational Rights and Privacy Act	Compliance Procedures and Protocols in place	This goal was met, but we continue to refine our processes each year.	
Org Goal 5				

2b.1 Do you have more organizational goals to add?

No

2c. FINANCIAL GOALS

2012-13 Progress Toward Attainment of Financial Goals

Financial Goals	Measure Used to Evaluate Progress	2012-2013 Progress Toward Attainment	If Not Met, Describe Efforts to be Taken

Financial Goal 1	Each year, the school will operate on a balanced budget and maintain a stable cash flow.	School financials	This goal was not met.	We have hired financial consultants to provide accurate financial forecasting and monthly projections. In addition, the school leaders took an active role in developing the annual budget and created a 5-year plan that will over time build a surplus and improve the financial health of the organization. The school is also monitoring the budget through more stringent spending controls and checks and balances. The school is also seeking private grant funding.
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Financial Goal 2

Financial Goal 3

Financial Goal 4

Financial Goal 5

Appendix B: Total Expenditures and Administrative Expenditures Per Child

NEW YORK FRENCH AMERICAN CHARTER SCHOOL

6/30/2013

Total Number of Enrolled Students (FTE):

211.637

	Total Expenditures	Administrative Expenditures
Total :	\$ 3,691,157.51	\$ 612,441.00
Expenditures Per Pupil:	\$ 17,440.98	\$ 2,893.83

Audited Financial Statement Checklist

Created Friday, November 01, 2013

Page 1

Charter School Name:

1. Please check each item that is included in the 2012-13 Audited Financial Statement submitted for your charter school.

	Yes	No	NA
Audited Financial Statements (including report on compliance and report on internal control over financial reporting)	True	False	False
Single Audit (if applicable)	False	False	True
CSP Agreed Upon Procedures (if applicable)	True	False	False
Management Letter	False	True	False
Report on Extracurricular Student Activity Accounts (if applicable)	False	True	False
Corrective Action Plans for any Findings	False	True	False

2. Please indicated if there is a finding(s) noted in any of the following sections of your charter school's 2012-13 Audited Financial Statement.

	Yes	No
Report on Compliance	True	False
Report on Internal Control over Financial Reporting	True	False
Single Audit	False	True
CSP Agreed Upon Procedures Report	True	False
Management Letter	False	True

Thank you Claire .



IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA

NEW YORK FRENCH AMERICAN CHARTER SCHOOL

Audited Financial Statements in Accordance
With Government Auditing Standards

June 30, 2013

NEW YORK FRENCH AMERICAN CHARTER SCHOOL

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
New York French American Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of New York French American Charter School ("the School"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York French American Charter School as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Uncertainty Regarding Going Concern

The accompanying financial statements have been prepared assuming that the School will continue as a going concern. As discussed in Notes 11 and 12 to the financial statements, the School ended fiscal year 2013 with an unrestricted net asset deficit of approximately \$443,000. In addition, the School has been put on Notice of Probation from NYCDOE and runs the risk that its charter will not be renewed. These conditions raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited the School's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 2, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.


Schall & Ashenfarb
Certified Public Accountants, LLC

October 17, 2013

NEW YORK FRENCH AMERICAN CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2013
(With comparative totals for the year ended June 30, 2012)

	06/30/13	06/30/12
Assets		
Cash and cash equivalents (Notes 2c and 2d)	\$13,600	\$32,932
Restricted cash (Note 3)	1,002	25,002
Government grants receivable	1,139	131,003
Contributions receivable (Notes 2b and 2c)	0	13,000
Grant receivable - New York City (Note 2b)	0	10,471
Prepaid expenses and other receivables	3,323	33,451
Security deposit and other assets	60,263	57,978
Fixed assets, net (Notes 2f and 5)	380,483	206,615
Total assets	\$459,810	\$510,452
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$594,825	\$298,089
Advance payable - New York City (Note 4)	13,023	0
Advance payable - government grants (Note 2b)	36,114	0
Loan payable - related party (Note 6)	40,000	0
Deferred rent (Note 2g)	208,714	171,995
Total liabilities	892,676	470,084
Net Assets: (Note 2a)		
Unrestricted	(442,734)	30,500
Temporarily restricted (Note 8)	9,868	9,868
Total net assets	(432,866)	40,368
Total liabilities and net assets	\$459,810	\$510,452

*The attached notes and auditors' report
are an integral part of these financial statements.*

NEW YORK FRENCH AMERICAN CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013
(With comparative totals for the year ended June 30, 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 6/30/13</u>	<u>Total 6/30/12</u>
Unrestricted:				
Public Support and Revenue:				
Public school district: (Note 2b)				
Revenue - resident student enrollment	\$2,862,814		\$2,862,814	\$2,506,716
Revenue - students with special education services	236,266		236,266	57,907
Subtotal public school district	<u>3,099,080</u>	<u>\$0</u>	<u>3,099,080</u>	<u>2,564,623</u>
Government grants	173,175		173,175	212,774
Contributions	26,337	0	26,337	43,604
Fundraising income	5,984		5,984	0
Interest income	403		403	0
Total public support and revenue	<u>3,304,979</u>	<u>0</u>	<u>3,304,979</u>	<u>2,821,001</u>
Expenses:				
Program services - instructional support	3,176,487		3,176,487	2,191,520
Supporting services:				
Management and general	552,983		552,983	745,872
Fundraising	48,743		48,743	0
Total supporting services	<u>601,726</u>	<u>0</u>	<u>601,726</u>	<u>745,872</u>
Total expenses	<u>3,778,213</u>	<u>0</u>	<u>3,778,213</u>	<u>2,937,392</u>
Change in net assets	(473,234)	0	(473,234)	(116,391)
Net assets - beginning	<u>30,500</u>	<u>9,868</u>	<u>40,368</u>	<u>156,759</u>
Net assets - ending	<u>(\$442,734)</u>	<u>\$9,868</u>	<u>(\$432,866)</u>	<u>\$40,368</u>

*The attached notes and auditors' report
are an integral part of these financial statements.*

NEW YORK FRENCH AMERICAN CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013
(With comparative totals for the year ended June 30, 2012)

	Program Services	Supporting Services			Total Expenses 6/30/13	Total Expenses 6/30/12 *
	Instructional Support	Management and General	Fundraising	Total		
Salaries	\$1,409,863	\$156,530	\$3,558	\$160,088	\$1,569,951	\$1,302,816
Fringe benefits and payroll taxes	285,302	31,676	720	32,396	317,698	221,415
Total personnel costs	<u>1,695,165</u>	<u>188,206</u>	<u>4,278</u>	<u>192,484</u>	<u>1,887,649</u>	<u>1,524,231</u>
Pupil supplies	230,125			0	230,125	171,620
Professional costs	123,893	259,736	36,613	296,349	420,242	182,692
Rent and utilities	632,553	70,230	1,596	71,826	704,379	621,893
Repairs and maintenance	181,612	20,164	458	20,622	202,234	142,700
Office expense	49,296	5,474	124	5,598	54,894	47,808
Contractual services	188,064			0	188,064	186,087
Insurance	25,602	2,842	65	2,907	28,509	34,958
Depreciation	50,047	5,557	126	5,683	55,730	23,650
Miscellaneous	130	774	5,483	6,257	6,387	1,753
Total other than personnel costs	<u>1,481,322</u>	<u>364,777</u>	<u>44,465</u>	<u>409,242</u>	<u>1,890,564</u>	<u>1,413,161</u>
Total expenses	<u><u>\$3,176,487</u></u>	<u><u>\$552,983</u></u>	<u><u>\$48,743</u></u>	<u><u>\$601,726</u></u>	<u><u>\$3,778,213</u></u>	<u><u>\$2,937,392</u></u>

* Reclassified for comparative purposes.

*The attached notes and auditors' report
are an integral part of these financial statements.*

NEW YORK FRENCH AMERICAN CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013
(With comparative totals for the year ended June 30, 2012)

	06/30/13	06/30/12
Cash Flows from Operating Activities:		
Change in net assets	(\$473,234)	(\$116,391)
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Depreciation expense	55,730	23,650
(Increase)/decrease in assets:		
Restricted cash	24,000	(20,274)
Government grants receivable	129,864	(20,935)
Contributions receivable	13,000	(13,000)
Grant receivable - New York Ctiy	10,471	48,727
Prepaid expenses and other receivables	30,128	(31,765)
Security deposit and other assets	(2,285)	0
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	296,736	265,203
Advance payable - New York City	13,023	0
Advance payable - government grants	36,114	0
Deferred rent	36,719	23,183
Total adjustments	643,500	274,789
Net cash provided by operating activities	170,266	158,398
Cash Flows from Investing Activities:		
Purchase of furniture and equipment	(229,598)	(153,715)
Net cash used for investing activities	(229,598)	(153,715)
Cash Flows from Financing Activities:		
Proceeds from loans	40,000	0
Net cash provided by financing activities	40,000	0
Net (decrease)/ increase in cash and cash equivalents	(19,332)	4,683
Cash and cash equivalents - beginning	32,932	28,249
Cash and cash equivalents - ending	\$13,600	\$32,932
 Supplemental disclosures:		
Interest paid - \$0		
Taxes paid - \$0		

*The attached notes and auditors' report
are an integral part of these financial statements.*

NEW YORK FRENCH AMERICAN CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1 - Organization and Nature of Activities

New York French American Charter School (“the School”), located in Manhattan, New York, is a not-for-profit education corporation chartered by the Regents of the University of the State of New York. The School provides a full range of educational services appropriate for kindergarten, first, second, third and fourth grade levels. The School completed the 2012-2013 fiscal year, with an average enrollment of approximately 212 students with the addition of the fourth grade level which started this year. The School is a publicly funded, privately managed school, which is independent of the New York City Department of Education (“NYCDOE”).

On September 15, 2009, the School was granted a provisional charter by the University of the State of New York, Education Department (“NYSED”) for a term up through and including September 14, 2014. Such provisional charter may be extended upon application for a term of up to five years in accordance with the provisions of Article 56 of the Education Law.

The School is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. The School has not been designated a private foundation.

Note 2 - Significant Accounting Policies

a. Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than when received or paid. All significant receivables, payables and other liabilities have been reflected.

The School’s net assets are classified based upon the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted* – represent those resources for which there are no restrictions by donors as to their use.
- *Temporarily restricted* – represent those resources, the uses of which have been restricted by donors to specific purposes or the passage of time. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor. Temporarily restricted contributions, the requirements of which are met in the year of donation, are reported as unrestricted.
- *Permanently restricted* – accounts for activity restricted by donors that must remain intact in perpetuity. The School did not have any permanently restricted net assets at June 30, 2013.

b. Revenue Recognition

Public school district revenue is recognized using student attendance based on rates established by the School's funding source in the period during which services are provided.

The terms of each government grant are reviewed to determine if they contain traits more closely associated with contributions or exchange transactions. Management has determined that all existing government grants are exchange transactions because they contain traits more similar to contracts for service. The difference between grant revenue earned and cash received is reflected as grants receivable or advance payable.

Contributions are recognized upon the earlier of the receipt of cash or when a pledge is considered unconditional in nature. Contributions are available for unrestricted use, unless specifically restricted by the donor, in which case they are recorded in one of the restricted classes of net assets, depending on the nature of the restriction.

Contributions expected to be received within one year are recorded at their net realizable value. Long-term pledges are recorded at fair value using a risk adjusted discount rate. Conditional contributions received are recorded as liabilities and are recognized as income when the conditions have been substantially met.

c. Cash and Cash Equivalents

Checking and money market accounts with local banks and highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents for purposes of the accompanying statement of cash flows.

d. Significant Concentrations

Financial instruments which potentially subject the School to concentration of credit risk consist of cash and money market accounts, which have been placed with a financial institution that management deems to be creditworthy. At times, balances may exceed federally insured limits. At year-end, there were no significant uninsured balances.

The School is dependent upon grants from NYCDOE to carry out its operations. For the year ended June 30, 2013, approximately 94% of the School's total support and revenue was from NYCDOE.

e. Allowance for Uncollectible Receivables

Management has not established a reserve for uncollectible receivables because they deem all receivables to be fully collected based on specific identification and analysis. Write-offs will be recorded as an expense in the year they are deemed to be uncollectible.

f. Fixed Assets and Capitalization Policy

Furniture and equipment are stated at cost or at fair value on the date of the gift, if donated. The School capitalizes fixed assets in excess of pre-defined amounts that have a useful life of more than one year. Depreciation was computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

Office equipment – 5 years

Computer equipment – 3 years

Furniture and fixtures – 7 years

Leasehold improvements – *Life of lease not to exceed 10 years*

- g. Deferred Rent
Rent expense is recorded on the straight-line basis over the life of the lease. Rent expense recognized in excess of cash payments, primarily due to free rent received at the beginning of the lease, is reflected as deferred rent. As future payments exceed the annual expense recognized, deferred rent will be reduced to zero by the end of the lease term.
- h. Donated Services
Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind.
- i. Functional Allocation of Expenses
The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
- j. Use of Estimates
The preparation 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.
- k. Accounting for Uncertainty in Income Taxes
The School does not believe its financial statements include any material, uncertain tax positions. Tax returns for periods ending June 30, 2011 (the initial filing period) and later are subject to examination by applicable taxing authorities.
- l. Summarized Comparative Information
The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2012, from which the summarized information was derived.
- m. Subsequent Events
Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 17, 2013, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

Note 3 - Restricted Cash

An escrow account has been established to help ensure sufficient funds are available for an orderly dissolution or transition process in the event of termination of the charter or school closure.

During fiscal year 2013, approximately \$74,000 was withdrawn from the escrow account to fund the current year operations. At June 30, 2013, the escrow balance was \$1,002, which is below the statutory amount required.

Note 4 - Advance Payable - New York City Department of Education

Advance payable consists of the following:

Summary of fiscal year 6/30/12:

Beginning balance	\$10,471
Payments received	<u>(10,471)</u>
Amount due from New York City for fiscal year 6/30/12	0

Summary of fiscal year 6/30/13:

Funding based on allowable FTE's	\$3,099,080
Advances received - fiscal year 2012-2013	<u>(3,112,103)</u>
Amounts due to New York City for fiscal year 6/30/13	<u>(13,023)</u>

Advance payable to New York City at 6/30/13 (\$13,023)

Note 5 - Fixed Assets

At June 30, 2013, fixed assets consisted of the following:

Furniture and equipment	\$126,749
Leasehold improvements	<u>342,227</u>
Total fixed assets - cost	468,976
Less: accumulated depreciation	<u>(88,493)</u>
Total fixed assets - net	<u>\$380,483</u>

Note 6- Loan Payable - Related Party Transactions

In June 2013, the School entered into an interest free loan with a board member in the amount of \$40,000 which was repaid in July 2013.

Note 7- Line of Credit

The School has a \$50,000 revolving line of credit with a financial institution. As of June 30, 2013, the entire amount was available.

Note 8- Temporarily Restricted Net Assets

Net assets were restricted for the purchase of computer smart boards.

Note 9 - Retirement Plan

Effective January 1, 2011, the School sponsors a 401(k) profit sharing plan. Employees that were employed on January 1, 2011 or who have completed at least 1,000 hours and are employed on the last day of the plan year are eligible to participate. Eligible employees may designate a percentage of their salaries, subject to regulatory limits, to be contributed to the plan on a pre-tax basis. The plan provides for discretionary employer matching contributions on an annual basis for eligible employees. For the year ended June 30, 2013, there were no employer contributions.

Note 10 - Commitments and Contingencies

Government grants

Government contracts are subject to audit by the grantor. Management does not anticipate any material disallowances to result from those audits and has not established any reserves. Any disallowances will be expensed in the year the School is notified.

UFT and Unionization

In November 2011, a majority of non-managerial employees authorized and designated the United Federation of Teachers (“UFT”) as their collective bargaining representative. In June 2013, the School entered into a collective bargaining agreement with the UFT.

Occupancy

The School has an operating lease for classroom space and administrative offices that expires in June 2020, with an option to extend the lease for five more years.

Future minimum lease payments are as follows:

For the year ended: June 30, 2014	\$502,476
June 30, 2015	502,476
June 30, 2016	512,139
June 30, 2017	512,139
June 30, 2018	512,139
Thereafter	<u>1,062,930</u>
	<u>\$3,604,299</u>

Note 11- Going Concern

As of June 30, 2013, there was an unrestricted net asset deficit of \$442,734. This creates an uncertainty about the School’s ability to continue as a going concern. The board of directors is developing a five year budget plan to reduce its liabilities and increase its revenues. In addition, the School has entered into an agreement with the landlord that will provide temporary reduction of rent payments and plans to aggressively fundraise in the coming months. The financial statements do not include any adjustments that might be necessary if the School is unable to continue as a going concern.

Note 12- Notice of Probation

In December 2011, the School received a Notice of Probation from the NYCDOE which expired August 31, 2012. The School was cited for various material and substantial charter and other violations of laws and regulations. NYCDOE provided the School with specific terms and conditions that must be met on an ongoing monthly basis.

In October 2012, the School received a Notice of Extension of Probationary Status from NYCDOE. The School was cited for additional, various material and substantial violations of laws and regulations. The terms of the notice indicated that if at the end of the extended probation period, which expires August 31, 2013, the School has demonstrated full compliance with applicable law and charter terms, the School will be removed from probation. Alternatively, if the School's Remedial Plan is inadequate or its implementation ineffective, in violation of the Charter Law, the School's charter, applicable laws and regulations, the probation period may be extended or the School's charter may be revoked at any time during the probationary period. NYCDOE will lift the probationary status only when NYCDOE can report to the NYSED that the corrective actions have been fully implemented and satisfactorily met, and that the School is no longer in material and substantial violation of its charter or in serious violation of any other applicable law or regulation. As of the report date, the School has not been notified by NYCDOE on the status of the probation. The financial statements do not include any adjustments that might be necessary if the School loses its charter.

Management has taken corrective measures to address the issues underlying the probation and intends to submit a request to the DOE to lift the probation. The School has no reason to believe that the probation will not be lifted.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees of
New York French American Charter School

Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New York French American Charter School (“the School”), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 17, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 13-1 as outlined in the schedule of findings and responses to be a material weakness.

Compliance and Other Matters

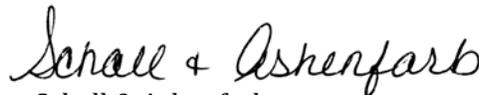
As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as Finding 13-2-13-3.

Management's Response to Findings

The School's response to the finding is reported in the schedule of findings and responses. The response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Schall & Ashenfarb
Certified Public Accountants, LLC

October 17, 2013

**NEW YORK FRENCH AMERICAN CHARTER SCHOOL
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2013**

Current Year:

13-1 – Payroll Process and Withholding Taxes

Criteria: All employees should have their wages processed according to the School's payroll processing procedures to ensure they are paid the correct amounts, proper withholdings are made and that amounts reported on payroll tax forms are accurate.

Condition: The financial consultants identified employees who were paid by direct disbursement and not processed through the payroll processing company.

Cause: The School's management lacked the understanding of the payroll processing cycle.

Effect or Potential Effect: Incorrect information was reported on payroll tax forms filed.

Recommendation: The School should file amended tax filings to correct the errors. In addition, the School should hire an experienced bookkeeper to process payroll or institute a procedure whereby payroll is reviewed and approved by finance consultants prior to submission to the payroll company.

Management response: The School has hired an operations manager who has been made aware of payroll processing and reporting requirements and is assisted by the finance consultants. This will ensure that all employees are properly reported through the payroll system.

13-2 – Cash – Escrow Account

Criteria: The School is required to establish an escrow account of no less than a set dollar amount determined by New York State Education Department.

Condition: The School withdrew cash in the escrow account to fund current year operations.

Cause: The School's expenses exceeded its revenue, creating a working capital shortage.

Effect or Potential Effect: The School is out of compliance with the NYSED escrow requirement.

Recommendation: The School should ensure the escrow account is properly funded.

Management response: The School transferred funds in August 2013 to bring the escrow balance into compliance with NYCDOE.

13-3 – Government Grant Reimbursements – Charter School Program

Criteria: Charter School Program (CSP) reimbursement of expenses is based on actual expenses not amounts budgeted in the grant.

Condition: The School submitted its final expenditure report based on the grant budget not on actual expenses incurred.

Cause: The School's management lacked the competency to properly prepare the CSP final expenditure report.

Effect or Potential Effect: The School received approximately \$36,000 in excess funding which it has reported as a refundable advance.

Recommendation: The School should have the financial consultants prepare government grant reimbursement reports which are supported by expenses incurred and recorded in the books.

Management response: The School engaged the financial consultants to prepare the government grant reports mid-year and as a result the remaining grant contracts for the fiscal year were managed appropriately.

Prior Year:

None

Appendix E: Disclosure of Financial Interest Form

Created Wednesday, July 17, 2013

Updated Tuesday, July 23, 2013

Page 1

310500860963 NY FRENCH-AMERICAN CS

An Appendix E: Disclosure of Financial Interest Form must be completed for each active Trustee who served on the charter school's Board of Trustees during the 2012-13 school year. Trustees are at times difficult to track down in the summer months. Trustees may complete and submit at their leisure (but before the deadline) their individual form at: <http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/>.

Trustees who are technologically advanced may complete the survey using their smartphones or other mobile devices by downloading the this bar code link to the survey <http://fluidsurveys.com/account/surveys/210748/publish/qrcode/>. (Make sure you have the bar code application reader on your phone).

If a Trustee is unable to complete the form by the deadline (i.e, out of the country), the school is responsible for submitting the information required on the form for that individual trustee.

Just send the links via email today to your Trustees requesting that they each complete their form as soon as possible.

Thank you.

Yes, each member of the school's Board of Trustees has received a link to the Disclosure of Financial Interest Form.

Yes

Thank you.

Appendix F: BOT Membership Table

Created Wednesday, July 17, 2013

Updated Wednesday, July 31, 2013

Page 1

310500860963 NY FRENCH-AMERICAN CS

1. Current Board Member Information

	Full Name of Individual Trustees	Position on Board (Officer or Rep).	Voting Member	Area of Expertise &/or Additional Role	Terms Served & Length (include date of election and expiration)	Committee affiliations
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						

2. Total Number of Members Joining Board during the 2012-13 school year

5

3. Total Number of Members Departing the Board during the 2012-13 school year

1

4. According to the School's by-laws, what is the maximum number of trustees that may comprise the governing board?

15

5. How many times did the Board meet during the 2012-13 school year?

11

6. How many times will the Board meet during the 2013-14 school year?

12

Thank you.

Enrollment and Retention Targets

Students with an Individualized Educational Plan (IEP)-

In 2012-2013 NYFACS increased the quantity of ICT services in the school and continued to offer OT, Counseling and Speech services in order to meet the needs of our students. With the addition of a Bilingual School Psychologist on staff, services for students with special needs also increased during the school year. Our Special Education teachers organize weekly SETTS interventions for some students, ICT for others in or out of the classroom as per their IEP. Our Special Education Coordinator also works closely with our team of Special Education Teachers to make sure that our special needs students are best served in full compliance with their IEPs. We developed a system to make sure that IEPs were efficiently processed, thus increasing the numbers of students in need being served. As of now, we have 12% of our students with an active IEP, this is approximately 3% higher than the District 3 average of 9%. We increased our family outreach as well with a designated parent coordinator/family worker in order to ensure inclusion of all families and services to meet their needs. We continue to recruit teachers with proven excellence with special education students as well as to help our teachers to obtain additional certifications in Bilingual Special Education. In order to ensure that these students were receiving Speech, Counseling and OT services, we are in constant communication with the Committee on Special Education and Mr. Mark Jacoby. Shanita Williams, our SPED coordinator also spent most of the beginning of the year going around all classes to observe teachers and students, in order to ensure that students were correctly identified and evaluated, using our RTI model and structure as a guide and resource.

English Language Learners (ELL)-

Because of our very diverse population, we made sure that ESL classes were organized to respond to the needs of ELL students. With an open door policy, NYFACS is always willing to greet more students with no English background and is committed to providing them with a structure that allows them to succeed. In addition, the bilingual programming in the school offers an individualized program for French Heritage speakers and recent immigrants. The Parent Coordinator who speaks many of the languages spoken by our community is able to translate for matters of discipline, school policy, and access to services, which ensures the inclusion of the ELLs within the school community. All correspondence to parents is bilingual whenever possible. The school translates internally in order to reach all parents. Most staff members are also bilingual in order to further facilitate communication with families and increase the Home-School Link. When recruiting ELL students, NYFACS makes prospective parents aware of the school's strong record of compliance with Home Language Survey (HLS) forms and LAB-R. As of now, we have 18% of our students classified as ELLs per NYS. In addition, we are pleased to note that all ELL students take the NYSESLAT annually and make significant progress each year.



FRPL and Title I Eligible Students

In 2012-2013, NYFACS Leadership participated in a training on the McKinney-Vento Act. Our Parent Coordinator has also been trained in procedures for students in temporary housing.

Additionally our parent coordinator helps to explain the lunch form and how to fill it out while also ensuring correct identification and entry of these students into our automated ATS system. We have also started an afterschool program for Title I students in order to ensure that their academic level is not affected by their Title I status. Additionally, we also conduct a Saturday Academy in order to give additional support to students in need, including a significant Title I student population.



Required Form: Appendix E - Disclosure of Financial Interest Form

Created Thursday, August 01, 2013

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/8c3f4a10850a6f15ab0ae62b2a33358>

Page 1

Please open the link to this form using **Google Chrome** as your browser. Doing so will allow you to input your signature on page 2 of the form. Thank you.

1. Trustee Name:

Richard Ortoli

2. Charter School Name:

New York French-American Charter School

3. Charter Authorizer:

NYC Department of Education

4. *Your Home Address:

4. *Your Home Address: | Street Address

4. *Your Home Address: | City/State

4. *Your Home Address: | Zip

5. *Your Business Address

5. *Your Business Address | Street Address

5. *Your Business Address | City/State

5. *Your Business Address | Zip

6. *Daytime Phone Number:

7. *E-mail Address:

8. Select all positions you held on Board:

(check all that apply)

- Chair/President

9. Are you a trustee and also an employee of the school?

No

10. Are you a trustee and an employee or agent of the management company or institutional partner of the charter school?

No

13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

No

14. Are you a member, director, officer or employee of an organization formally partnered with school that is doing business with the charter school and in which such entity, during your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or relationship?

No

Signature of Trustee

A handwritten signature in black ink, appearing to read "Richard P. [unclear]". The signature is written in a cursive style with some loops and flourishes.