

I. SCHOOL INFORMATION AND COVER PAGE

Created Tuesday, July 16, 2013

Updated Thursday, August 01, 2013

Page 1

1. SCHOOL NAME

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

310100860873 MANHATTAN CS

2. CHARTER AUTHORIZER

NYCDOE-Authorized Charter School

3. DISTRICT / CSD OF LOCATION

NYC CSD 1

4. SCHOOL INFORMATION

PRIMARY ADDRESS	PHONE NUMBER	FAX NUMBER	EMAIL ADDRESS
100 Attorney Street New York, NY 10002	212-533-2743	212-533-2820	info@manhattancharterschool.org

4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES

4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES Contact Name	Stephanie Mauterstock
4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES Title	Chief Operating Officer
4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES Emergency Phone Number (###-###-####)	

5. SCHOOL WEB ADDRESS (URL)

www.manhattancharterschool.org

6. DATE OF INITIAL CHARTER

2005-07-01 00:00:00

7. DATE FIRST OPENED FOR INSTRUCTION

2005-08-01 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

 5**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)	100 Attorney Street New York, NY 10002	212-533-2743	CSD 1	K-5	Yes	DOE space
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	Genie DePolo	[REDACTED]		[REDACTED]
Operational Leader	Stephanie Mauterstock	[REDACTED]		[REDACTED]
Compliance Contact	Stephanie Mauterstock	[REDACTED]		[REDACTED]
Complaint Contact	Stephanie Mauterstock	[REDACTED]		[REDACTED]

13. Are the School sites co-located?

Yes

13a. Please list the terms of your current co-location.

	Date School will leave current co-location	Is school working with NYCDOE to expand into current space?	If so, list year expansion will occur.	Is school working with NYCDOE to move to separate space?	If so, list the proposed space and year planned for move	School at Full Capacity at Site
Site 1 (primary site)	n/a	No		No		Yes
Site 2						
Site 3						

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).

Yes

15. Summary of Charter Revisions

	Category (Select Best Description)	Specific Revision (150 word limit)	Date Approved by BOT (if applicable)	Date Approved by Authorizer (if applicable)
1	Other	1. Adapt the goal (Section II. Page 2 of 34) Each year, providing the test is administered by New York State, 75 percent of 5th graders will perform at or above Level 3 on the New York State Social Studies examination.	2/1/12	
2	Other	2. Adapt Value-Added Performance/ Progress goals (Section II. Page 3 of 34) to create more rigorous and better-informed target scores PROPOSED CHANGE: Split goal into quantifiable halves (reading and math), adjust target to reflect more informative NCE score, adopt target of 50 as grade level (where the bulk of grade-level peers score). Each year, 75 percent of K-2 graders will perform at or above the level of their peers as evidenced by attaining an NCE score of 50 or higher in reading on the Stanford 10. Each year, 75 percent of K-2 graders will perform at or above the level of their peers as evidenced by attaining an NCE score of 50 or higher in math on the Stanford 10.	2/1/12	
3	Other	PROPOSED CHANGE: Adjust target to reflect more informative NCE score, adopt target of 50 as grade level (where the bulk of grade-level peers score). In Grades 1 and 2, if fewer than 75 percent of a grade level cohort (i.e. students who are in the school for two years in a row) attain an NCE score of 50 or higher in math on the previous year’s Stanford 10, the school will reduce by one-half the gap between the percent at or above an NCE score of 50. If the number of students scoring at or above 50 in a grade level cohort exceeded 75 percent on the previous year’s math Stanford 10, the school is expected to maintain that percentage in the current year.	2/1/12	
4	Other	4. Adapt Standards-based Curriculum goal (Section II. Page 4 of 34) to be more quantifiable. For the goal: PROPOSED CHANGE: Split goal into quantifiable halves (reading and math).	2/1/12	

Standards-based Curriculum: Manhattan Charter School's curriculum will meet and exceed State standards in the four core subjects, Music, Foreign language, Art and Physical Education as evidenced by 75 percent of 3-5 graders performing at or above Level 3 on the New York State ELA examination.

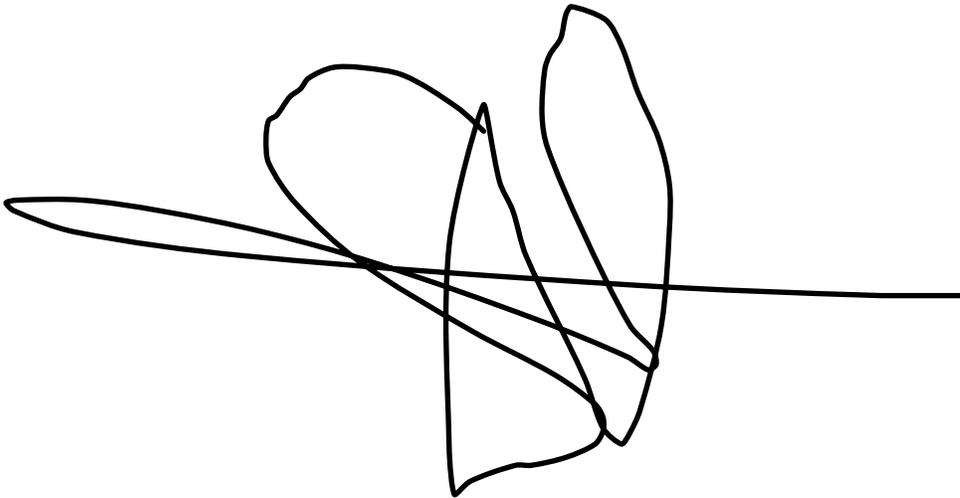
Standards-based Curriculum: Manhattan Charter School's curriculum will meet and exceed State standards in the four core subjects, Music, Foreign language, Art and Physical Education as evidenced by 75 percent of 3-5 graders performing at or above Level 3 on the New York State Math examination.

5	Other	5. Delete Student Satisfaction goal (Section II, Page 5 of 34).	2/1/12
		6. Replace the Preferences section (Section IV, page 10).	

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 handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Signature, President of the Board of Trustees

A single, thick, horizontal black line representing a signature.

Thank you.

Signature Page for President of Board of Trustees

Created Thursday, August 01, 2013

Page 1

310100860873 MANHATTAN 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, consisting of three distinct parts: a stylized 'A', a large 'M', and a long, sweeping horizontal line that ends in a small wave.

Thank you.

Appendix A: Progress Toward Goals

Created Friday, July 19, 2013

Updated Friday, November 01, 2013

Page 1

Charter School Name: 310100860873 MANHATTAN CS

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-2012-310100860873.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	Each year, 75 percent of 3-8 graders will perform at or above Level 3 on the New York State ELA examination.	2012-13 NYS Exam in ELA	28.4% of students performed at or above a level 3 on the 2012-13 NYS ELA test.	
Academic Goal 2	Each year, 75 percent of 3-8 graders will perform at or above Level 3 on the New York State Mathematics examination.	2012-13 NYS Exam in Math	35.9% of students performed at or above a level 3 on the 2012-13 NYS Math test.	
Academic Goal 3	Each year, 75 percent of 4th graders will perform at or above Level 3 on the New York State Science examination.	2012-13 NYS Exam in Science	91.9% of students performed at or above a level 3 on the 2012-13 NYS Science test.	
Academic Goal 4	Each year, providing the test is administered by New York State, 75 percent of 5th graders	2012-13 NYS Exam in Social Studies	N/A	

	will perform at or above Level 3 on the New York State Social Studies examination.			
Academic Goal 5	If fewer than 75 percent of a grade level cohort (i.e. students who are in the school for two years in a row) scores at or above Level 3 on the previous year's State ELA, the school will reduce by one-half the gap between the percent at or above Level 3. If the number of students scoring above proficiency in a grade level cohort exceeded 75 percent on the previous year's ELA exam, the school is expected to demonstrate growth (above 75 percent) in the current year.	2012-13 NYS Exam in ELA	In 2011-12, 70% of third graders and 64% of fourth graders scored at or above Level 3 in ELA. In 2012-13, 35% of fourth graders and 30% of fifth graders scores at or above Level 3 in ELA.	Upon receipt of the 2012-13 NYS Exam scores, we can complete this analysis.
Academic Goal 6	If fewer than 75 percent of a grade level cohort (i.e. students who are in the school for two years in a row) scores at or above Level 3 on the previous year's State Math, the school will reduce by one-half the gap between the percent at or above Level 3. If the number of students scoring above proficiency in a grade level cohort exceeded 75 percent on the previous year's Math exam, the school is expected to demonstrate growth (above 75 percent) in the current year.	2012-13 NYS Exam in Math	In 2011-12, 79% of third graders and 76% of fourth graders scored at or above Level 3 in Math. In 2012-13, 35% of fourth graders and 40% of fifth graders scored at or above Level 3 in Math.	Upon receipt of the 2012-13 NYS Exam scores, we can complete this analysis.
Academic Goal 7	Each year, Manhattan Charter School will set rigorous and reasonable individualized student growth targets. Each year, 75 percent of students will achieve their individualized student growth targets.	2012-13 NYS Exam in ELA and Math, 2012-13 Stanford 10 Test in Reading and Math	61.4% of K-2 students met their individualized student growth target on the Stanford 10 Test in Reading and Math. 37.6% of 3-5 students met their individualized student growth target on the NYS Test in ELA and Math.	Upon receipt of the 2012-13 NYS Exam scores, we can complete this analysis.
Academic Goal 8	Each year, the percent of students performing at or above Level 3 on the State ELA exam in each tested grade will place the school in the top quartile of all similar schools, as defined by the annual New York City Department of Education Progress Report.	2012-13 NYS Exam in ELA/ DOE Progress Report	In 2012-13, the overall percent of students at level 3 or 4 in ELA (28.4%) is the 9th highest of the forty schools in MCS's peer group.	

2a1. Do have more academic goals to add?

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 9	Each year, the percent of students performing at or above Level 3 on the State Math exam in each tested grade will place the school in the top quartile of all similar schools, as defined by the annual New York City Department of Education Progress Report.	2012-13 NYS Exam in Math/ DOE Progress Report	In 2012-13, the overall percent of students at level 3 or 4 in Math (35.9%) is the 10th highest of the forty schools in MCS's peer group.	
Academic Goal 10	Each year, the percent of students performing at or above Level 3 on the State ELA exam in each tested grade will meet or exceed the percentage of students at or above Level 3 on the State ELA exam in the school's Community School District.	2012-13 NYS Exam in ELA	In 2012-13, 34% of grade 3, 35% of grade 4, and 31% of grade 5 students in District 1 were proficient in ELA, as compared to 21% of grade 3, 35% of grade 4, and 30% of grade 5 at MCS.	
Academic Goal 11	Each year, the percent of students performing at or above Level 3 on the State Mathematics exam in each tested grade will meet or exceed the percentage of students at or above Level 3 on the State Mathematics exam in the school's Community School District.	2012-13 NYS Exam in Math	In 2012-13, 42% of grade 3, 41% of grade 4, and 32% of grade 5 students in District 1 were proficient in Math, as compared to 33% of grade 3, 35% of grade 4, and 40% of grade 5 at MCS.	
Academic Goal 12	Each year, the school will be deemed "In Good Standing."	NYSED Designation	School is deemed "in good standing."	Goal met.
Academic Goal 13	Each year, in Grades 2-5, continuously enrolled students will show one year of growth as evidenced by achieving within six NCE points or higher than the previous year in reading on a value-added, nationally normed assessment (Stanford 10).	2012-13 Stanford 10 in Reading	In 2012-13, in grades 2-5, 65 of 161 students did not achieve the same score or higher.	Goal partially met. MCS is putting together a comprehensive student performance improvement plan which will be informed by the 2012-13 NYS Exam scores and will submit this plan as part of the November 1, 2013 Annual Report submission.
Academic Goal 14	Each year, in Grades 2-5, continuously enrolled students will show one year of growth as evidenced by achieving within six NCE points or higher than the previous year in mathematics on a value-added, nationally normed assessment (Stanford 10).	2012-13 Stanford 10 in Math	In 2012-13, in grades 2-5, 49 of 161 students did not achieve the same score or higher.	Goal partially met. MCS is putting together a comprehensive student performance improvement plan which will be informed by the 2012-13 NYS Exam scores and will submit this plan as part of the November 1, 2013 Annual Report submission.

Academic Goal 15	Each year, 75% of students will demonstrate annual development toward an advanced set of music skills as evidenced by meeting or exceeding the School's music standards and performance standards.	MCS Report Card	92% of MCS students met or exceeded the School's music standards on their spring 2013 report card.	Goal met.
Academic Goal 16	Standards-based Curriculum: Manhattan Charter School's curriculum will meet and exceed State standards in the four core subjects, Music, Foreign language, Art and Physical Education as evidenced by 75 percent of 3-5 graders performing at or above Level 3 on the New York State ELA examination.	2012-13 NYS Exam in ELA	28.4% of students performed at or above a level 3 on the 2012-13 NYS ELA test.	

2a2. Do have more academic goals to add?

Yes

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 17	Standards-based Curriculum: Manhattan Charter School's curriculum will meet and exceed State standards in the four core subjects, Music, Foreign language, Art and Physical Education as evidenced by 75 percent of 3-5 graders performing at or above Level 3 on the New York State Math examination.	2012-13 NYS Exam in Math	35.9% of students performed at or above a level 3 on the 2012-13 NYS Math test.	
Academic Goal 18	Standards-based Curriculum: Manhattan Charter School students will demonstrate annual development toward an advanced set of music skills as evidenced by meeting or exceeding the School's music standards as set forth in its curriculum and demonstrate by fifth grade achievement of an advanced set of music skills as evidenced by being able to play a varied repertoire of music on an instrument.	MCS Report Card	92% of MCS students met or exceeded the School's music standards on their spring 2013 report card, and all fifth graders met performance standards by participating in either brass band, chorus, or the school musical in 2012-13.	Goal met.
Academic Goal 19	School Improvement Framework: Each year, Manhattan Charter	2012-13 NYS Exam in ELA and Math, 2012-13 Stanford 10 Test	The school does not yet have access to the NYS Exam results.	Upon receipt of the 2012-13 NYS Exam scores, we can

	School will set rigorous and reasonable individualized student growth targets. Each year, 75 percent of students will achieve their individualized student growth targets.	in Reading and Math	65.8% of K-2 students met their individualized student growth target on the Stanford 10 Test in Reading and Math.	complete this analysis.
Academic Goal 20	School Improvement Framework: Each year, Manhattan Charter School will set rigorous and reasonable individualized student growth targets. Each year, 75 percent of students will achieve their individualized student growth targets.	2012-13 NYS Exam in ELA and Math, 2012-13 Stanford 10 Test in Reading and Math	61.4% of K-2 students met their individualized student growth target on the Stanford 10 Test in Reading and Math. 37.6% of 3-5 students met their individualized student growth target on the NYS Test in ELA and Math.	Upon receipt of the 2012-13 NYS Exam scores, we can complete this analysis.
Academic Goal 21	Students who are continuously enrolled and scoring proficient or advanced proficient on the New York State ELA exam will maintain grade level by maintaining the same proficiency level from year to year.	2013-13 NYS Exam in ELA	29 of 53 students proficient or advanced proficient in ELA in 2012 did not maintain the same proficiency level in 2013.	
Academic Goal 22	Students who are continuously enrolled and scoring proficient or advanced proficient on the New York State Mathematics exam will maintain grade level by maintaining the same proficiency level from year to year	2012-13 NYS Exam in Math	32 of 60 students proficient or advanced proficient in Math in 2012 did not maintain the same proficiency level in 2013.	
Academic Goal 23	Each year, 75 percent of K-2 graders will perform at or above the level of their peers as evidenced by attaining an NCE score of 50 or higher in reading on the Stanford 10.	2012-13 Stanford-10 in Reading	In 2012-13, 50.3% of K-2 students scored an NCE score of 50 or above in Reading	
Academic Goal 24	Each year, 75 percent of K-2 graders will perform at or above the level of their peers as evidenced by attaining an NCE score of 50 or higher in math on the Stanford 10.	2012-13 Stanford-10 in Math	In 2011-12, 67.4% of K-2 students scored an NCE score of 50 or above in Math.	
Academic Goal 25	In Grades 1 and 2, if fewer than 75 percent of a grade level cohort (i.e. students who are in the school for two years in a row) attain an NCE score of 50 or higher in reading on the previous year's Stanford 10, the school will reduce by one-half the gap between the percent at or above an NCE score of 50. If the number of students scoring at or above 50 in a grade level cohort	2012-13 Stanford-10 in Reading	In the spring of 2011-12, 51% of 1st graders and 49% of 2nd graders scored at or above 50 in Reading. In the spring of 2012-13, 55% of 1st graders and 45% of 2nd graders scored at or above 50 in Reading.	

exceeded 75 percent on the previous year's Reading Stanford 10, the school is expected to maintain that percentage in the current year.

Academic Goal 26

In Grades 1 and 2, if fewer than 75 percent of a grade level cohort (i.e. students who are in the school for two years in a row) attain an NCE score of 50 or higher in math on the previous year's Stanford 10, the school will reduce by one-half the gap between the percent at or above an NCE score of 50. If the number of students scoring at or above 50 in a grade level cohort exceeded 75 percent on the previous year's math Stanford 10, the school is expected to maintain that percentage in the current year.

2012-13 Stanford-10 in Math

In the spring of 2011-12, 53% of 1st graders and 53% of 2nd graders scored at or above 50 in Math.

In the spring of 2012-13, 81% of 1st graders and 49% of 2nd graders scored at or above 50 in Math.

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	Average Daily Attendance: Each year, the school will maintain an average daily student attendance rate of 95 percent.	Attendance Records	The 2012-13 average daily student attendance was 93%. Goal not met.	MCS is working with its family association to improve attendance on half days and days when the DOE public schools are not in session, but MCS is. Poor attendance on these days caused average daily attendance to fall below the school's goal.
Org Goal 2	Adherence to Contract Terms: 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 of Information Law, the New York Open Meetings Law, the federal individuals with Disabilities Education Act, and the federal Family Educational Rights and Privacy Act.		School is in compliance with all applicable laws, rules, regulations and contract terms.	Goal met.
Org Goal 3	Parent Satisfaction: Each year, parents will express satisfaction with the school's program, based on the DOE parent's survey in which the school will receive scores of 7.5 or higher in each of the survey domains. 75% of parents will complete the survey each year.	DOE survey		
Org Goal 4	Staff Satisfaction and Retention: Each year, staff will express satisfaction with school leadership and professional development opportunities as determined by 75% or more of staff indicating that they would like to return to Manhattan Charter School for the following year. 90% of staff will complete the DOE survey each year.	DOE survey, staff intent to return form	76% of staff indicated that they would like to return to MCS.	Goal met.

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

(No response)

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
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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	Enrollment Stability: Each year, student enrollment will be within 15% of full enrollment as defined in the school's contract. This will be maintained on an ongoing basis and monitored bi-monthly.	Student enrollment	2012-13 enrollment was 260. The target enrollment on 2012-13 was 274.	Goal met.
Financial Goal 2	Financial Compliance: Upon completion of the school's first year of operation and every year thereafter, the school will undergo an independent financial audit that will result in an unqualified opinion and no major findings.	Financial audit	The school does not yet have the results of this year's financial audit.	
Financial Goal 3	Financial Viability: Each year, the school will operate on a balanced budget and maintain a stable cash flow.	MCS Budget	School operates on a balanced budget and maintains a stable cash flow.	Goal met.

Appendix B: Total Expenditures and Administrative Expenditures Per Child

Manhattan Charter School

6/30/2013

Total Number of Enrolled Students (FTE):

259.332

	Total Expenditures	Administrative Expenditures
Total :	\$ 4,077,010.75	\$ 617,781.97
Expenditures Per Pupil:	\$ 15,721.20	\$ 2,382.20

Audited Financial Statement Checklist

Created Wednesday, October 23, 2013

Updated Friday, October 25, 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)	False	False	True
Management Letter	True	False	False
Report on Extracurricular Student Activity Accounts (if applicable)	False	False	True
Corrective Action Plans for any Findings	False	False	True

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	False	True
Report on Internal Control over Financial Reporting	False	True
Single Audit	False	True
CSP Agreed Upon Procedures Report	False	True
Management Letter	False	True

Thank you .

MANHATTAN CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

MANHATTAN CHARTER SCHOOL
FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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FRUCHTER ROSEN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

156 WEST 56TH STREET

NEW YORK, NEW YORK 10019

TEL: (212) 957-3600

FAX: (212) 957-3696

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES
MANHATTAN CHARTER SCHOOL

Report on the Financial Statements

We have audited the accompanying financial statements of Manhattan Charter School (the "School") (a not-for-profit corporation), 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 entity'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 entity'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 the 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.

Report on Summarized Comparative Information

We have previously audited the School's 2012 financial statements, and our report dated October 8, 2012, expressed an unmodified opinion on those audited financial statements. 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 7, 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.


FRUCHTER ROSEN & COMPANY, P.C.
Certified Public Accountants

New York, New York
October 7, 2013

MANHATTAN CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30,

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,698,847	\$ 1,568,632
Investments	1,506,227	1,500,001
Grants and contracts receivable	63,416	125,005
Prepaid expenses and other current assets	27,832	50,810
Total current assets	3,296,322	3,244,448
Property and equipment, net of accumulated depreciation and amortization \$301,896 and \$245,139, respectively	125,050	115,746
Due from related party	146,615	129,433
Restricted cash	70,046	70,052
TOTAL ASSETS	\$ 3,638,033	\$ 3,559,679
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 78,371	\$ 93,258
Accrued payroll and payroll taxes	610,500	559,182
Total current liabilities	688,871	652,440
Unrestricted net assets		
Undesignated	1,449,162	1,407,239
Board-designated fund	1,500,000	1,500,000
Total unrestricted net assets	2,949,162	2,907,239
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$ 3,638,033	\$ 3,559,679

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

MANHATTAN CHARTER SCHOOL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2013	2012
Revenue and support:		
State and local per pupil operating revenue	\$ 3,770,665	\$ 3,903,900
Federal grants	160,492	185,270
State and city grants	65,677	26,692
Contributions and grants	133,863	115,347
Donated goods and services	37,623	500
Interest and other income	9,180	3,554
	4,177,500	4,235,263
Expenses:		
Program services:		
Regular education	2,850,251	2,461,481
Special education	566,764	589,817
Extended day	99,180	139,542
Total program services	3,516,195	3,190,840
Supporting services:		
Management and general	590,377	539,382
Fundraising	29,005	23,161
	4,135,577	3,753,383
Changes in unrestricted net assets	41,923	481,880
Unrestricted net assets - beginning of year	2,907,239	2,425,359
Unrestricted net assets - end of year	\$ 2,949,162	\$ 2,907,239

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

MANHATTAN CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in unrestricted net assets	\$ 41,923	\$ 481,880
Adjustments to reconcile changes in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	56,759	51,044
Donated property and equipment	(20,972)	-
Changes in certain assets and liabilities:		
Decrease (Increase) in grants and contracts receivable	61,589	(47,173)
Decrease (Increase) in prepaid expenses and other current assets	22,978	(10,716)
(Increase) in due from related party	(17,182)	(129,433)
(Decrease) Increase in accounts payable and accrued expenses	(14,887)	24,461
Increase in accrued payroll and payroll taxes	51,316	47,221
(Decrease) in refundable advances	-	(15,259)
(Decrease) in due to related party	-	(28,628)
NET CASH PROVIDED BY OPERATING ACTIVITIES	181,524	373,397
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	-	(1,500,000)
(Increase) in market value of investments	(6,226)	-
Decrease in restricted cash	6	506
Purchase of property and equipment	(45,089)	(21,707)
NET CASH (USED IN) INVESTING ACTIVITIES	(51,309)	(1,521,201)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	130,215	(1,147,804)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,568,632	2,716,436
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,698,847	\$ 1,568,632

NON-CASH INVESTING ACTIVITIES:

For the year ended June 30, 2013, the School received \$20,972 of capitalized donated property and equipment.

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

MANHATTAN CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Manhattan Charter School (the "School") is a New York State, not-for-profit educational corporation that was incorporated on July 21, 2004 to operate a Charter School pursuant to Article 56 of the Education Law of the State of New York. The School was granted a provisional charter on July 21, 2004 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. On May 17, 2010 the Board of Regents approved and issued the renewal to the initial charter for a period of five years, effective July 1, 2010 to June 30, 2015. The School's mission is to prepare its students to achieve high academic levels in the four core subject areas, communicate effectively in verbal, mathematical and musical languages, and to apply critical thinking processes and ethical standards to learning, living and problem solving. The School provided education to approximately 259 students in grades kindergarten through fifth during the 2012-2013 academic year.

Food and Transportation Services

The New York City Department of Education provides free lunches and reduced-price lunches and transportation to a majority of the School's students. Such costs are not included in these financial statements. The School covers the cost of lunches for children entitled to reduced – priced and free lunches. The School also receives reimbursement from parents who are charged full price for these lunches.

Tax Status

The School is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and a similar provision under New York State income tax laws. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in section 170(b)(1)(A)(ii). The School did not have net unrelated business income for the years ended June 30, 2013 and 2012.

The School's accounting policy provides that a tax expense or benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. The School has no uncertain tax position resulting in an accrual of tax expense or benefit.

IRS Forms 990 filed by the School are subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Forms 990 filed by the School are no longer subject to examination for the fiscal years ended June 30, 2009, and prior.

MANHATTAN CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (“FASB”) in its Accounting Standards Codification (“ASC”) 958-205. Under ASC 958-205, 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. The net assets classifications are described as follows:

Unrestricted

Unrestricted net assets of the School consists of cash and otherwise unrestricted amounts that are available for use in carrying out the objectives of the School and include those expendable resources, which have been designated for special use by the School or the Board of Trustees. The Board of Trustees has designated \$1,500,000 for long-term educational planning, organizational growth or facilities planning.

Temporarily Restricted

Temporarily restricted net assets of the School represent those amounts that have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the School. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets, as net assets released from restrictions.

Permanently Restricted

Permanently restricted net assets of the School result from contributions whose use has been permanently limited by donor-imposed restrictions. Such assets include contributions required to be invested in perpetuity, the income from which is available to support charitable purposes designated by the donors.

The School had no temporarily or permanently restricted net assets at June 30, 2013 and 2012.

Revenue and Support

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as temporarily restricted support if they are received with donor stipulations. Restricted contributions and grants that are made to support the School’s current year activities are recorded as unrestricted revenue. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

MANHATTAN CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Support (Continued)

Revenue from the state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agency.

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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the School considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments which potentially subject the School to concentrations of credit risk are cash and cash equivalents. The School places its cash and cash equivalents on deposit in what it believes to be highly credited financial institutions. Cash balances exceeded the FDIC insured levels of \$250,000 per institution at various times during the year. The School believes that there is little risk in any losses and has not experienced any losses in such accounts.

Property and Equipment

Purchased property and equipment are recorded at cost. Maintenance and repairs are expensed as incurred. Depreciation is provided on the straight line method over the estimated useful lives as follows:

Furniture and fixtures	7 years
Computers and equipment	3 and 5 years
Software	3 years

Restricted Cash

Under the provisions of its charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution should it occur.

MANHATTAN CHARTER SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 AND 2012

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Refundable Advances

The School records certain government operating revenue as refundable advances until related services are performed, at which time they are recognized as revenue.

Comparative Financial Information

The accompanying statements of activities and functional expenses are presented with summarized comparative information. Such prior year information is not presented by net asset class in the statements of activities or by functional category in the schedule of functional expenses. Accordingly, such information should be read in conjunction with the School's 2012 financial statements from which the summarized information was derived.

Reclassifications

Certain 2012 accounts have been reclassified to the 2013 financial statements presentation. The reclassification has no effect on 2012 total assets, liabilities, net assets, and change in net assets.

NOTE 2 - INVESTMENTS

Investments held by the School consist of the following at June 30, 2013:

	<u>Cost Basis</u>	<u>Market Value</u>
Unrestricted:		
Certificates of Deposit	\$ 1,500,000	\$ 1,503,228
Money Market	2,939	2,939
	\$ 1,502,939	\$ 1,506,227

Investments held by the School consist of the following at June 30, 2012:

	<u>Cost Basis</u>	<u>Market Value</u>
Unrestricted:		
Money Market	\$ 1,500,000	\$ 1,500,001

MANHATTAN CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 3 - FAIR VALUE MEASUREMENTS

FASB ASC 820-10, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly including inputs in markets that are not considered to be active.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The primary uses of fair value measures in the School's financial statements are:

- initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give.
- recurring measurement of investments.

The School's investment at June 30, 2013 consists of Certificates of Deposit and a Money Market account, combined totaling \$1,506,277. The School's investments at June 30, 2012 consisted of a Money Market account in the amount of \$1,500,001. Both are classified as level 1 in the fair value hierarchy.

NOTE 4 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consist of federal, state, and city entitlements and grants. The School expects to collect these receivables within one year.

MANHATTAN CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30,:

	2013	2012
Furniture and fixtures	\$ 79,539	\$ 78,453
Computers and equipment	340,482	275,507
Software	6,925	6,925
	426,946	360,885
Less: Accumulated depreciation and amortization	301,896	245,139
	\$ 125,050	\$ 115,746

Depreciation and amortization expense was \$56,759 and \$51,044 for the years ended June 30, 2013 and 2012, respectively.

NOTE 6 - SCHOOL FACILITY

The School has entered into a “Facility Shared Use Agreement” with the New York City Department of Education for dedicated and shared space at a New York City public school located at 100 Attorney Street, New York, New York, 10002. Pursuant to the terms of the agreement, the School shall pay \$1 per annum for the use of the shared facility during the regular opening hours. The School shall be responsible for any overtime related costs for services provided beyond the regular opening hours.

NOTE 7 - REVENUE CONCENTRATION

The School receives a substantial portion of its support and revenue from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School’s finances could be materially adversely affected.

NOTE 8 - CONTINGENCY

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if, any will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

MANHATTAN CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 9 - FUNCTIONAL ALLOCATION OF EXPENSE

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expense includes those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the School.

NOTE 10 - DUE FROM RELATED PARTY

The School is an affiliate of Manhattan Charter School II (“MCS II”), a New York State, not-for-profit corporation who both share common management and board members. For operational efficiency and purchasing power, the School shares certain expenses with MCS II. Balance due from MCS II at June 30, 2013 and 2012 was \$146,615 and \$129,433, respectively. For the years ended June 30, 2013 and 2012, the School charged MCS II \$394,501 and \$159,433, respectively for expenses paid on behalf of MCS II.

NOTE 11 - DONATED GOODS AND SERVICES

Donated Goods

The School received software, computers, supplies and a copier at no charge. The value of these goods meets the criteria for recognition in the financial statements and was recorded at a fair value of \$37,623 and \$-0- for the years ended June 30, 2013 and 2012, respectively.

Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 605, “Accounts for Contributions Received and Contributions Made,” if the services (a) create or enhance non-financial assets or (b) require specialized skill, are performed by people with those skills, and would otherwise be purchased by the School.

Legal services were provided to the School at no charge. The value of these services meets the criteria for recognition in the financial statements and was recorded at a fair value of \$-0- and \$500 for the years ended June 30, 2013 and 2012, respectively.

Total donated goods and services amounted to \$37,623 and \$500 for the years ended June 30, 2013 and 2012, respectively.

MANHATTAN CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 12 - RETIREMENT PLAN

The School maintains a retirement plan qualified under the Internal Revenue Code 403(b) for the benefit its eligible employees. Under the plan, the School provided matching contributions of 4% to the plan. The amount charged to operations for fees and matching contributions to the plan was \$74,975 and \$72,687 for the years ended June 30, 2013 and 2012, respectively.

NOTE 13 - SUBSEQUENT EVENTS

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through October 7, 2013, the date the financial statements were available to be issued.

FRUCHTER ROSEN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

156 WEST 56TH STREET

NEW YORK, NEW YORK 10019

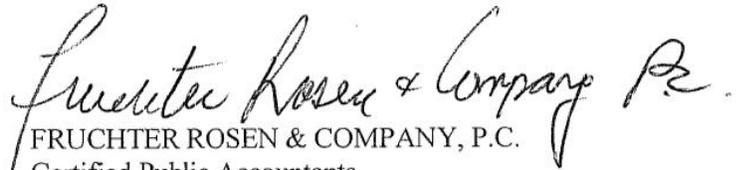
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INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

TO THE BOARD OF TRUSTEES
MANHATTAN CHARTER SCHOOL

We have audited the financial statements of Manhattan Charter School as of and for the year ended June 30, 2013, and have issued our report thereon dated October 7, 2013, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


FRUCHTER ROSEN & COMPANY, P.C.
Certified Public Accountants

New York, New York
October 7, 2013

MANHATTAN CHARTER SCHOOL
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30,

	2013							2012
	Program Services				Supporting Services			
	Regular Education	Special Education	Extended Day	Total	Management and General	Fundraising	Total	
Salaries and wages	\$ 1,948,167	\$ 408,347	\$ 57,418	\$ 2,413,932	\$ 387,871	\$ 22,495	\$ 2,824,298	\$ 2,557,285
Employee benefits and payroll taxes	373,567	78,302	11,010	462,879	74,374	4,314	541,567	522,175
Professional and accounting services	82,086	11,460	29,839	123,385	96,352	-	219,737	248,183
Professional development	63,480	10,315	-	73,795	12,658	-	86,453	45,415
Consultants	60,867	9,891	-	70,758	5,325	-	76,083	48,329
Leased equipment	4,432	720	-	5,152	388	-	5,540	4,812
Supplies and materials	59,551	8,859	913	69,323	2,166	1,729	73,218	75,725
Curriculum and classroom	91,059	12,713	-	103,772	-	-	103,772	88,466
Travel and conferences	14,449	2,017	-	16,466	380	4	16,850	10,972
Insurance	27,087	4,379	-	31,466	2,284	-	33,750	30,518
Postage and printing	1,463	238	-	1,701	110	18	1,829	1,051
Technology and communications	35,606	5,786	-	41,392	2,670	445	44,507	17,599
Dues and subscriptions	2,287	372	-	2,659	200	-	2,859	4,715
Food service	1,427	199	-	1,626	-	-	1,626	3,166
Student and staff recruiting and retention	28,513	4,032	-	32,545	195	-	32,740	39,755
Depreciation and amortization	45,406	7,378	-	52,784	3,975	-	56,759	51,044
Facility	10,804	1,756	-	12,560	945	-	13,505	3,644
Miscellaneous	-	-	-	-	484	-	484	529
Total	\$ 2,850,251	\$ 566,764	\$ 99,180	\$ 3,516,195	\$ 590,377	\$ 29,005	\$ 4,135,577	\$ 3,753,383

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

TO THE BOARD OF TRUSTEES OF
MANHATTAN CHARTER SCHOOL

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 Manhattan Charter School (the "School"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 7, 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 of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

TO THE BOARD OF TRUSTEES OF
MANHATTAN CHARTER SCHOOL

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from 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*.

Purpose of this Report

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


FRUCHTER ROSEN & COMPANY, P.C.
Certified Public Accountants

New York, New York
October 7, 2013

FRUCHTER ROSEN & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
156 WEST 56TH STREET
NEW YORK, NEW YORK 10019

TEL: (212) 957-3600
FAX: (212) 957-3696

October 7, 2013

To the Board of Trustees
Manhattan Charter School
100 Attorney Street
New York, NY 10002

In planning and performing our audit of the financial statements of Manhattan Charter School (the "School") as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This communication is intended solely for the information and use of management, Board of Trustees, federal, state and local awarding agencies, New York City Department of Education, The State Education Department of the State University of New York, and others within the School and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate your cooperation and the assistance we received during the course of our audit.


FRUCHTER ROSEN & COMPANY, P.C.
Certified Public Accountants

New York, New York
October 7, 2013

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October 7, 2013

To the Board of Trustees
Manhattan Charter School

We have audited the financial statements of Manhattan Charter School (the "School") for the year ended June 30, 2013, and have issued our report thereon dated October 7, 2013. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 8, 2013, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the internal control of the School. Such considerations will be solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed test of the School's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Planned Scope of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit includes obtaining an understanding of the School and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the School. We will communicate any internal control related matters that are required to be communicated under professional standards.

We performed our audit according to the plan previously communicated to you in our engagement letter. Discussions were held with management on various dates throughout the audit process.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Manhattan Charter School are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal 2012. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 7, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

Throughout the year, routine discussions regarding a variety of matters, including the application of accounting principles and auditing standards, were held with management in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. Such discussions have been helpful in conducting the audit.

We have issued a separate report to you, also dated October 7, 2013, containing our comments on Manhattan Charter School's internal control.

This information is intended solely for the use of the Board of Trustees and management of Manhattan Charter School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


FRUCHTER ROSEN & COMPANY, P.C.
Certified Public Accountants

Appendix E: Disclosure of Financial Interest Form

Created Tuesday, July 16, 2013

Updated Thursday, August 01, 2013

Page 1

310100860873 MANHATTAN 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.

(No response)

Thank you.

Appendix F: BOT Membership Table

Created Thursday, August 01, 2013

Page 1

310100860873 MANHATTAN 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	Paul O'Neill	Chair/President	Yes	Charter schools, law	06-present	
2	Ben Breen	Vice Chair/Vice President	Yes	Music	11/09-present	
3	Ira Greenberg	Treasurer	Yes	Finance and budget	05-present (founding)	
4	Tom Alwood	Secretary	Yes	Technology and business dev.; parent	3/11-present	
5	Joy Elaine Daley		Yes	Education	5/09-present	
6	Jim Ford			New schools, facilities, and governance	3/11-present	
7	Rebecca Anikstein		Yes	Non-profit administration, Fundraising	12/11 – 01/13	
8	Jessica Aronin Leitner		Yes	Fundraising	5/09-present	
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

0

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?

13

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

12

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

12

Thank you.

Enrollment and Retention Efforts

Manhattan Charter School is exceeding its FRPL and students with disabilities targets.

MCS is implementing several strategies to increase enrollment of ELL students in order to meet or exceed its effective target for ELL enrollment and retention:

MCS has already taken these steps:

- Bilingual Spanish/English and Cantonese/English staff in place in the school's main office
- Ensured ELL applicants receive admission preference as part of the lottery
- Translated our marketing and application materials in three languages and distributed in the community and to preKs that serve a high percentage of ELL students
- Sent out a postcard with info in three languages to over 5500 families in lower Manhattan and western Brooklyn
- Advertised in Spanish-language newspaper El Diario and Chinese-language newspaper Sing Tao
- Conducted outreach, in person and in Spanish and Mandarin, to community based organizations that service a large population of English Language Learners, community by Spanish and Mandarin staff

These steps are in progress:

- Developing outreach strategy with Chinese community organizer, which will include open houses and parent education opportunities
- Making our website more easily translatable into other languages
- Recruiting more bilingual Spanish/English and Cantonese or Mandarin/English instructional staff

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Tuesday, July 30, 2013

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/b9420d8f48f10f923e7a4da8ed3ab41>

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:

Thomas C. Alwood

2. Charter School Name:

Manhattan 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)

- Parent Representative

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 "Thomas C. Lane". The signature is written in a cursive style with a long horizontal stroke at the beginning.

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Wednesday, July 31, 2013

Updated Friday, March 14, 2014

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/057e7a81c3bca0e6d37e497a73db5d>

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:

Benjamin Breen

2. Charter School Name:

Manhattan 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)

(No response)

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, consisting of stylized, cursive letters that appear to be 'M', 'S', and 'B'.

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/287a52cdfd6a37c1ed0b77b6a1f33d2>

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:

Joy Elaine Daley

2. Charter School Name:

Manhattan 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)

(No response)

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 "Daley". The signature is written in a cursive style with a large, looped initial "D" and a trailing "y".

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/8dc94d4a694f630b9524337eaff702b>

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:

James Ford

2. Charter School Name:

Manhattan 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)

(No response)

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

James Ford

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Wednesday, July 31, 2013

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/3b0d248ed8531c0339e678af2eacc07>

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:

ira greenberg

2. Charter School Name:

Manhattan 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)

- Treasurer

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

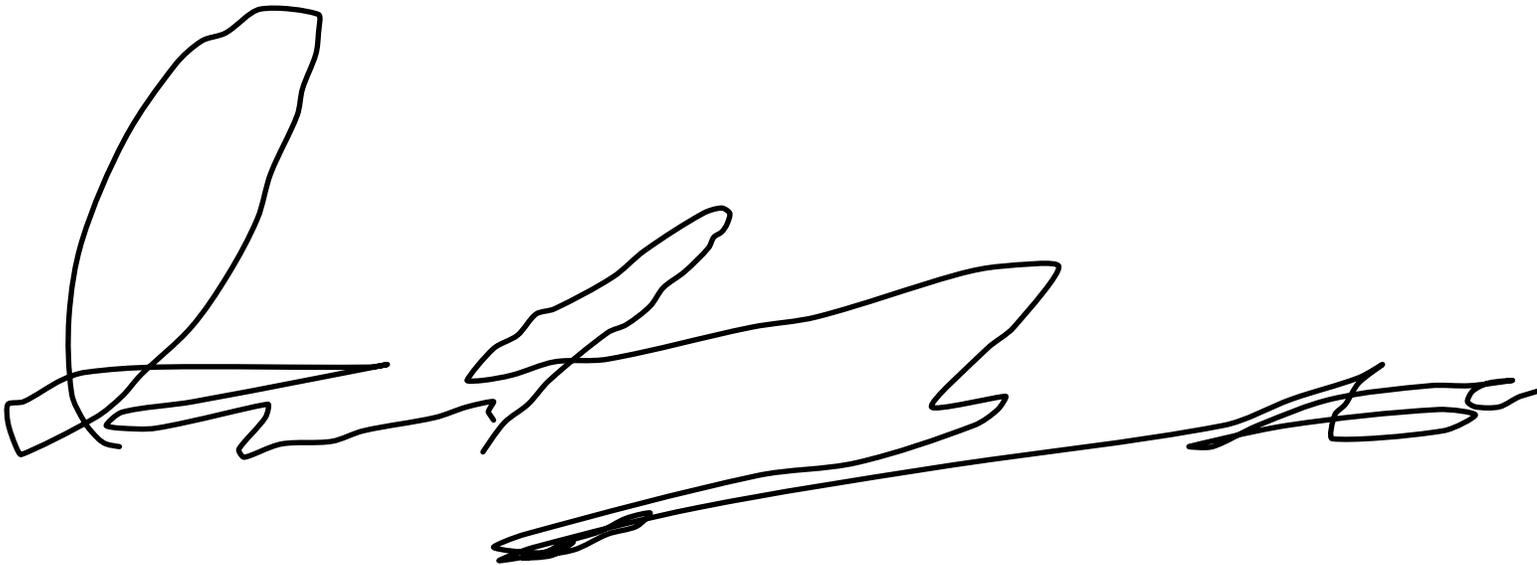
13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

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 large, stylized handwritten signature in black ink, consisting of several sweeping, interconnected strokes.

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Monday, July 22, 2013

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/9a20f9e098a21e8a1df6a7d8f6676eb>

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:

Jessica Aronin Leitner

2. Charter School Name:

Manhattan 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)

- Other, please specify...: board member

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

• •
• • • •

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Wednesday, July 31, 2013

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/ec465d767047f8ce7134d1f3b844752>

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:

Paul O'Neill

2. Charter School Name:

Manhattan 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

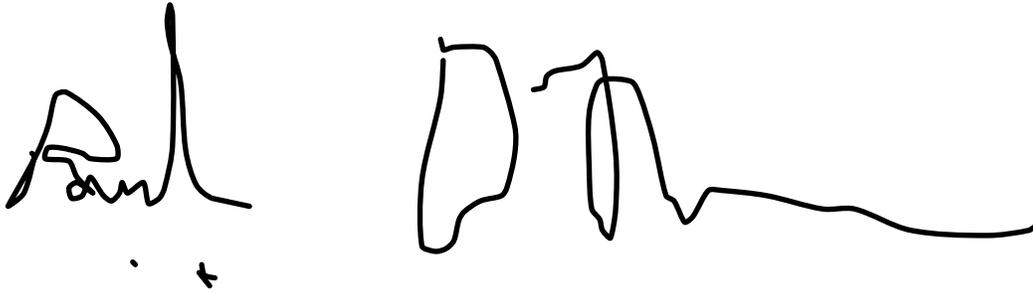
13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

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

The image shows two handwritten signatures in black ink. The signature on the left is a stylized, cursive name that appears to be 'Paul'. The signature on the right is a long, flowing cursive name that appears to be 'D. M. ...'. There are a few small marks below the first signature.