

FINANCIAL STATEMENTS
SYRACUSE ACADEMY OF SCIENCE
CHARTER SCHOOL
JUNE 30, 2011 AND 2010

SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Syracuse Academy of Science Charter School
Syracuse, New York

We have audited the accompanying statement of financial position of Syracuse Academy of Science Charter School (a nonprofit organization) as of June 30, 2011, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Syracuse Academy of Science Charter School as of June 30, 2010, were audited by other auditors whose report dated October 15, 2010 expressed an unqualified opinion on those statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Syracuse Academy of Science Charter School as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2011 on our consideration of Syracuse Academy of Science's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Testoni, Marshall & Saccenza LLP

November 9, 2011
Syracuse, New York

SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,860,444	\$ 594,019
Restricted cash - extra classroom funds	1,726	4,372
State and federal aid receivable	92,831	129,071
Other receivables, net	119,308	640,113
Prepaid expenses	<u>52,000</u>	<u>47,300</u>
Total current assets	2,126,309	1,414,875
PROPERTY AND EQUIPMENT, NET	<u>930,004</u>	<u>594,532</u>
TOTAL	<u>\$ 3,056,313</u>	<u>\$ 2,009,407</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 27,555	\$ 21,056
Accrued liabilities	263,402	189,375
Restricted cash - extra classroom funds	1,726	4,372
Deferred revenue	<u>-</u>	<u>320</u>
Total current liabilities	292,683	215,123
UNRESTRICTED NET ASSETS	<u>2,763,630</u>	<u>1,794,284</u>
TOTAL	<u>\$ 3,056,313</u>	<u>\$ 2,009,407</u>

See Notes to Financial Statements

SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Revenue, Gains, and Other Support from		
Public School Districts:		
Revenue, resident student enrollment	\$ 5,355,039	\$ 3,500,950
Revenue, students with disabilities	158,084	143,989
Other revenue from public school districts	21,051	19,831
State grants	3,218	2,372
Federal grants	451,616	323,678
Other income	33,250	36,461
Total revenues, gains and other support	6,022,258	4,027,281
Expenses:		
Program Expenses:		
Regular education	3,495,701	2,526,910
Special education	320,692	184,747
Total program expenses	3,816,393	2,711,657
Management and General	1,236,519	913,207
Total expenses	5,052,912	3,624,864
INCREASE IN UNRESTRICTED NET ASSETS	969,346	402,417
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	1,794,284	1,391,867
UNRESTRICTED NET ASSETS - END OF YEAR	\$ 2,763,630	\$ 1,794,284

See Notes to Financial Statements

SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	2011			Total
	Regular Education	Special Education	Management and General	
Payroll and Related Expenses:				
Salaries	\$1,717,867	\$ 239,560	\$ 520,328	\$2,477,755
Employee benefits and payroll taxes	457,350	42,631	132,906	632,887
Total payroll and related expenses	<u>2,175,217</u>	<u>282,191</u>	<u>653,234</u>	<u>3,110,642</u>
Building Occupancy:				
Board expenses	-	-	11,425	11,425
Occupancy	185,041	-	20,560	205,601
Equipment rental / lease	8,275	-	919	9,194
Total building occupancy	<u>193,316</u>	<u>-</u>	<u>32,904</u>	<u>226,220</u>
Services:				
Food	103,271	-	-	103,271
Insurance	8,383	-	29,723	38,106
Legal	-	-	13,058	13,058
Payroll	-	-	12,540	12,540
Total services	<u>111,654</u>	<u>-</u>	<u>55,321</u>	<u>166,975</u>
Administrative:				
Accounting / auditing fees	-	-	15,505	15,505
Fixed asset disposals	-	-	-	-
Field trip expense	17,242	-	-	17,242
Maintenance and repairs	32,248	-	215,813	248,061
Marketing	24,873	-	-	24,873
Other expenses	148,033	-	-	148,033
Printing	14,648	-	21,079	35,727
Postage and delivery	-	-	11,715	11,715
Retirement expense	137,231	20,490	41,926	199,647
Staff development	26,535	18,011	16,024	60,570
Staff recruitment	463	-	1,854	2,317
Supplies and materials	364,203	-	96,813	461,016
Telephone	5,959	-	9,723	15,682
Dues and subscriptions	-	-	11,535	11,535
Consulting fees	83,604	-	24,972	108,576
Travel	39,428	-	-	39,428
Bad debt expenses	-	-	14,651	14,651
Utilities	41,305	-	4,589	45,894
Total administrative	<u>935,772</u>	<u>38,501</u>	<u>486,199</u>	<u>1,460,472</u>
Total expenses before depreciation	3,415,959	320,692	1,227,658	4,964,309
Depreciation	<u>79,742</u>	<u>-</u>	<u>8,861</u>	<u>88,603</u>
TOTAL	<u>\$3,495,701</u>	<u>\$ 320,692</u>	<u>\$1,236,519</u>	<u>\$5,052,912</u>

See Notes to Financial Statements

SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	2010			
	<u>Regular Education</u>	<u>Special Education</u>	<u>Management and General</u>	<u>Total</u>
Payroll and Related Expenses:				
Salaries	\$1,412,830	\$ 116,063	\$ 402,722	\$1,931,615
Employee benefits and payroll taxes	346,376	29,086	96,181	471,643
Total payroll and related expenses	<u>1,759,206</u>	<u>145,149</u>	<u>498,903</u>	<u>2,403,258</u>
Building Occupancy:				
Board expenses	-	-	1,802	1,802
Occupancy	159,654	-	17,739	177,393
Equipment rental / lease	7,381	-	8,000	15,381
Total building occupancy	<u>167,035</u>	<u>-</u>	<u>27,541</u>	<u>194,576</u>
Services:				
Food	67,008	-	-	67,008
Insurance	6,969	-	24,414	31,383
Legal	-	-	16,067	16,067
Payroll	-	-	9,080	9,080
Total services	<u>73,977</u>	<u>-</u>	<u>49,561</u>	<u>123,538</u>
Administrative:				
Accounting / auditing fees	-	-	10,450	10,450
Fixed asset disposals	12,414	-	-	12,414
Field trip expense	6,883	-	-	6,883
Maintenance and repairs	23,156	-	154,146	177,302
Marketing	9,952	-	-	9,952
Other expenses	7,194	-	16,214	23,408
Printing	2,900	-	4,168	7,068
Postage and delivery	106	-	11,829	11,935
Retirement expense	64,828	6,282	18,546	89,656
Staff development	10,014	33,316	12,453	55,783
Staff recruitment	546	-	2,232	2,778
Supplies and materials	227,547	-	60,144	287,691
Telephone	7,854	-	12,708	20,562
Dues and subscriptions	-	-	5,324	5,324
Consulting fees	33,352	-	9,878	43,230
Travel	24,566	-	4,206	28,772
Bad debt expenses	-	-	4,306	4,306
Utilities	36,132	-	4,015	40,147
Total administrative	<u>467,444</u>	<u>39,598</u>	<u>330,619</u>	<u>837,661</u>
Total expenses before depreciation	2,467,662	184,747	906,624	3,559,033
Depreciation	<u>59,248</u>	<u>-</u>	<u>6,583</u>	<u>65,831</u>
TOTAL	<u>\$2,526,910</u>	<u>\$ 184,747</u>	<u>\$ 913,207</u>	<u>\$3,624,864</u>

See Notes to Financial Statements

SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Cash Flows from Operating Activities:		
Revenues from public school districts	\$ 6,054,979	\$ 3,078,489
Grant revenues	500,708	214,761
Miscellaneous sources	23,616	24,565
Payments to vendors for goods and services rendered	(1,852,188)	(1,161,182)
Payments to charter school personnel for services rendered	<u>(3,036,615)</u>	<u>(2,432,584)</u>
Net cash provided by (used in) operating activities	1,690,500	(275,951)
 Cash Flows from Investing Activities:		
Purchase of equipment	<u>(424,075)</u>	<u>(151,328)</u>
 Cash Flows from Financing Activities		
Principal payments of long-term debt	<u>-</u>	<u>-</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	1,266,425	(427,279)
 Cash and Cash Equivalents - Beginning	<u>594,019</u>	<u>1,021,298</u>
 Cash and Cash Equivalents - Ending	<u><u>\$ 1,860,444</u></u>	<u><u>\$ 594,019</u></u>
 Reconciliation of Increase in Net Assets to Net Cash Provided by (Used In) Operating Activities:		
Increase in net assets	\$ 969,346	\$ 402,417
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	88,603	65,831
Loss on disposals	-	11,766
Bad debt expense	14,651	4,306
(Increase) decrease in assets:		
State and federal aid receivable	36,240	(123,188)
Other receivables	506,154	(586,282)
Prepaid expenses	(4,700)	(19,135)
Increase (decrease) in liabilities:		
Accounts payable	6,499	(4,886)
Accrued liabilities	74,027	(27,100)
Deferred revenue	<u>(320)</u>	<u>320</u>
 Net cash provided by (used in) operating activities	<u><u>\$ 1,690,500</u></u>	<u><u>\$ (275,951)</u></u>

See Notes to Financial Statements

SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Syracuse Academy of Science Charter School was organized and is operated exclusively for educational purposes pursuant to Article 56 of the Education Law and in accordance with the charter agreement between the Board and the Board of Regents as approved by the Board of Regents on January 15, 2003. A provisional charter was issued for a term of five years incorporating them as an education corporation under the name Syracuse Academy of Science Charter School, located in the City of Syracuse, County of Onondaga, and State of New York. The original charter was renewed in January 2008 for 4.5 years through June 30, 2012 for grades 7 through 12. This charter was again revised on May 17, 2010 to include kindergarten through grade 6 through June 30, 2012.

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

Basis of Accounting

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

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

Basis of Presentation

The Academy is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

(Continued)

**SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Tax Status

The Syracuse Academy of Science Charter School (the Academy) is a not-for-profit organization exempt from income taxes on qualifying net income. The Academy is classified by the Internal Revenue Service as other than a private foundation. The Academy is not subject to examination by the U.S. federal or state taxing authorities for years prior to 2008.

Management is unaware of any unrelated business activities that may be subject to unrelated business income tax or any activities that would jeopardize the Academy's exempt status.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Restricted and Unrestricted Revenue and Support

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

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

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

**SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Other Receivable

Other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2011 and 2010, the Academy had an allowance for doubtful accounts of \$0 and \$4,306, respectively. If amounts become uncollectible, they will be charged to operations when that determination is made.

Subsequent Events

The Academy has evaluated subsequent events through November 9, 2011, which is the date the financial statements were available to be issued.

Property and Equipment

Property and equipment purchases are recorded at cost at acquisition or fair market value at date of donation. Expenditures for fixed assets in excess of \$500 and with an expected life greater than one year are capitalized; the fair value of donated assets is similarly capitalized. Depreciation expense is recorded on all property and equipment on a straight-line basis over the estimated useful lives of the related assets. Depreciation expense amounted to \$88,603 and \$65,831 for June 30, 2011 and 2010, respectively.

Functional Allocation of Expenses

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

**SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

2. OTHER RECEIVABLES

There was \$119,308 and \$640,113 of other receivables that related to Academy payments and tuition at June 30, 2011 and 2010, respectively.

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

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2011</u>	<u>2010</u>
Equipment and furnishings	\$ 560,176	\$ 490,680
Reading books and textbooks	101,604	101,604
Leasehold improvements	516,725	216,725
Vehicles	26,597	26,598
Computer software and hardware	173,707	119,127
	<u>1,378,809</u>	<u>954,734</u>
Accumulated depreciation	<u>(448,805)</u>	<u>(360,202)</u>
	<u>\$ 930,004</u>	<u>\$ 594,532</u>

4. COMMITMENTS

The Academy leases space under two operating leases at separate locations. The first lease commenced in June 2011 for 15 years through April 2026 with a 4% annual escalation clause. The total monthly payment is \$22,000. The second lease commenced in July 2011 for fifteen years, with a 4 % escalation clause. The total monthly payment is \$20,417.

The Academy entered into two operating leases with IKON Financial Services for copiers. The first lease is for forty-eight months, starting as of March 31, 2009. The total monthly payments are \$487 and \$303 expiring March 2013 and February 2014, respectively.

**SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010**

4. COMMITMENTS (CONT'D)

The following is a schedule of future minimum lease payments as of June 30, 2011:

YEAR ENDING JUNE 30,	AMOUNT
2012	\$ 521,360
2013	535,372
2014	552,698
2015	573,546
2016	596,487
Thereafter	<u>7,408,332</u>
TOTAL	<u>\$ 10,187,795</u>

Rent expense amounted to \$205,601 and \$177,393 for June 30, 2011 and 2010, respectively.

5. RETIREMENT EXPENSE

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

The New York State Teachers' Retirement Board administers NYSTRS. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

The System is noncontributory, except for employees who joined the System after July 27, 1976, who contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS. Effective January 2010, Tier 4 members contribute 3.5% of their salary for the entire membership of this tier.

**SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

5. RETIREMENT EXPENSE (CONT'D)

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

	<u>NYSTRS</u>
2010-2011	\$ 165,141
2009-2010	86,180
2008-2009	115,757

6. TAX DEFERRED ANNUITY PLAN

The Academy has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers employees working over 1,000 hours in a twelve-month period or more than twenty hours per week. The Academy matches up to \$780 per participant in each calendar year. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. Plan expenses were \$2,687 and \$3,475 for the year ended June 30, 2011 and 2010, respectively.

7. CONCENTRATIONS OF CREDIT RISK

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

Cash

The Academy has checking accounts held at a financial institution used for day to day operations. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC). Throughout the year, the Academy's cash balances may exceed FDIC insured limits.

Revenues

The majority of the Academy's revenues are from New York State and public school districts within New York State. The Academy's support is, therefore, directly dependent on New York State spending.

8. LINE OF CREDIT

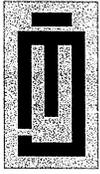
The Academy has a \$25,000 revolving line of credit. Bank advances plus any unpaid accrued interest on the credit line are payable on demand and carry an interest rate of 7.00% at both June 30, 2011 and 2010, respectively. Any borrowings are secured by inventory, equipment, and deposit accounts. As of June 30, 2011 and 2010, there were no outstanding borrowings.

(Continued)

SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

9. RELATED PARTY

The Academy began leasing office space from Terra Science and Education Foundation, (the Foundation) during the year ended June 30, 2011. This Foundation has a common board member on both the Foundation as well as the Academy Board of Trustees. This board member abstains from voting matters affecting both the Academy and Foundation. Total rent paid to the Foundation for the year ended June 30, 2011 was \$20,000.



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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 Directors
Syracuse Academy of Science
Syracuse, New York

We have audited the financial statements of Syracuse Academy of Science (the Academy) (a nonprofit organization) as of June 30, 2011, and for the year then ended, and have issued our report thereon dated November 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management of Syracuse Academy of Science, Board of Directors, New York State Education Department, and is not intended to be and should not be used by anyone other than these specified parties.

Teston, Marshall & Seccombe LLP

November 9, 2011
Syracuse, New York