

I. SCHOOL INFORMATION AND COVER PAGE

Created Sunday, June 30, 2013

Updated Thursday, August 01, 2013

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1. SCHOOL NAME

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

342700860869 PENINSULA PREP ACAD CS

2. CHARTER AUTHORIZER

NYCDOE-Authorized Charter School

3. DISTRICT / CSD OF LOCATION

NYC CSD 27

4. SCHOOL INFORMATION

PRIMARY ADDRESS	PHONE NUMBER	FAX NUMBER	EMAIL ADDRESS
611 Beach 19th Street Far Rockaway, NY 11691	347-403-9231	718-318-4561	rpeetsbutcher@peninsulaprep.org

4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES

4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES Contact Name	Jason Pierre
4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES Title	Financial Leader
4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES Emergency Phone Number (###-###-####)	

5. SCHOOL WEB ADDRESS (URL)

<http://www.peninsulaprep.org>

6. DATE OF INITIAL CHARTER

2004-07-01 00:00:00

7. DATE FIRST OPENED FOR INSTRUCTION

2004-09-01 00:00:00

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

(as reported on BEDS Day)

9. GRADES SERVED IN SCHOOL YEAR 2012-13

Check all that apply

 K

 1

 2

 3

 4

 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)	611 Beach 19th Street Far Rockaway, NY 11691	347-403-9231	CSD 27	K-5	Yes	Rent/Lease
Site 2						
Site 3						

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

	Name	Work Phone	Alternate Phone	Email Address
School Leader	Ruth Peets Butcher	[REDACTED]		[REDACTED]
Operational Leader	Jason Pierre	[REDACTED]		[REDACTED]
Compliance Contact	Jason Pierre	[REDACTED]		[REDACTED]
Complaint Contact	Ruth Peets Butcher	[REDACTED]		[REDACTED]

13. Are the School sites co-located?

No

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

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	PPA will achieve a B or better on the 2012- 2013 NYCDOE Progress Report to be granted a 5 year renewal. If PPA receives a C or lower it will close at the end of the 2013-2014 school year.	May 8, 2013	
2				
3				
4				
5				

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



Signature, President of the Board of Trustees

Petty Lawson

Thank you.

Appendix A: Progress Toward Goals

Created Wednesday, July 31, 2013

Updated Thursday, August 01, 2013

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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-2012-342700860869.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 PPA will achieve a B or better on the 2012- 2013 NYCDOE Progress Report to be granted a 5 year renewal. If PPA receives a C or lower it will close at the end of the 2013-2014 school year.	NYCDOE Progress Report	Pending	
Academic Goal 2			
Academic Goal 3			
Academic Goal 4			
Academic Goal 5			
Academic Goal 6			

Academic
Goal 7

Academic
Goal 8

2a1. Do have more academic goals to add?

(No response)

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			
Academic Goal 10			
Academic Goal 11			
Academic Goal 12			
Academic Goal 13			
Academic Goal 14			
Academic Goal 15			
Academic Goal 16			

2a2. Do have more academic goals to add?

No

2b. ORGANIZATIONAL GOALS

2012-13 Progress Toward Attainment of Organizational Goals

Organizational Goal	Measure Used to Evaluate Progress	2012-2013 Progress Toward Attainment	If Not Met, Describe Efforts to be Taken
Org Goal 1			
Org Goal 2			
Org Goal 3			
Org Goal 4			
Org Goal 5			

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
Org Goal 6			
Org Goal 7			
Org Goal 8			
Org Goal 9			
Org Goal 10			
Org Goal 11			
Org Goal 12			
Org Goal 13			
Org Goal 14			
Org Goal 15			

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			
Financial Goal 2			
Financial Goal 3			
Financial Goal 4			
Financial Goal 5			

Peninsula Preparatory Academy Charter School

Appendix B: Total Expenditures and Administrative Expenditures per Child

2012-13

School Expenditures Per Child	
Total Expenditures per Child	\$14,788.71
Administrative Expenditures per Child	\$ 1,771.80

Audited Financial Statement Checklist

Created Thursday, October 31, 2013

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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 Jason .



KOCH GROUP & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

333 Seventh Avenue

New York, NY 10001

(212) 631-0700 FAX (212) 631-0109

October 31, 2013

To the Board of Directors
Peninsula Preparatory Academy Charter School

We have audited the financial statements of the Peninsula Preparatory Academy Charter School for the year ended June 30, 2013, and have issued our report thereon dated October 31, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 31, 2013. Professional standards also require that we communicate to you the following information related to the audit.

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 Peninsula Preparatory Academy Charter School are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2013. We noted no transactions entered into by the management 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.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statement and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the financial statement.

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 communicated them to the appropriate level of management. Management has corrected all such misstatements. 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.

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 Organization'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 Finding or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This report is intended solely for the information and use of the Board of Directors, and the management of Peninsula Preparatory Academy Charter School, and is not intended to be and should not be used by anyone other than these specified parties.

Koch Group + Company, LLP
Certified Public Accountants

New York, New York
October 31, 2013

PENINSULA PREPARATORY ACADEMY
CHARTER SCHOOL

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2013
(With Comparative Totals for 2012)

PENINSULA PREPARATORY ACADEMY CHARTER SCHOOL

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KOCH GROUP & COMPANY, LLP
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Peninsula Preparatory Academy Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Peninsula Preparatory Academy Charter School, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Peninsula Preparatory Academy Charter School as of June 30, 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Peninsula Preparatory Academy Charter School's 2012 financial statements, and our report dated November 13, 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 31, 2013, on our consideration of Peninsula Preparatory Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Peninsula Preparatory Academy Charter School's internal control over financial reporting and compliance.

New York, New York
October 31, 2013

Koch Group + Company, LLP
Certified Public Accountants

PENINSULA PREPARATORY ACADEMY CHARTER SCHOOL

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2013

(With Comparative Totals for 2012)

ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash	\$ 159,513	\$ 689,771
Restricted cash	75,293	75,188
Due from government agencies	8,988	41,101
Other receivables	8,760	2,320
Prepaid expenses	<u>8,173</u>	<u>4,659</u>
Total Current Assets	260,727	813,039
PROPERTY AND EQUIPMENT, at cost, less accumulated depreciation	<u>635,753</u>	<u>253,474</u>
Total Assets	<u><u>\$ 896,480</u></u>	<u><u>\$ 1,066,513</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 566,849	\$ 698,560
Loan payable	-	45,415
Deferred rent	6,170	2,500
Unearned income	<u>11,430</u>	<u>13,175</u>
Total Current Liabilities	584,449	759,650
NET ASSETS - UNRESTRICTED	<u>312,031</u>	<u>306,863</u>
Total Liabilities and Net Assets	<u><u>\$ 896,480</u></u>	<u><u>\$ 1,066,513</u></u>

See notes to financial statements.

PENINSULA PREPARATORY ACADEMY CHARTER SCHOOL

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2013
(With Comparative Totals for 2012)

	<u>2013</u>	<u>2012</u>
OPERATING REVENUE AND OTHER SUPPORT		
State and local per pupil		
Operating revenue	\$ 4,587,301	\$ 4,879,451
Grants and Contracts		
State and local	10,115	26,716
Federal	179,712	138,710
Interest and other income	657	3,919
Contributions	13,007	704
	<u>4,790,792</u>	<u>5,049,500</u>
Total Public Support and Revenue		
EXPENSES		
Program Expenses		
Regular education	3,418,560	3,875,255
Special education	707,240	362,494
	<u>4,125,800</u>	<u>4,237,749</u>
Supporting Services		
Fundraising	5,865	23,423
Management and general	653,959	534,331
	<u>4,785,624</u>	<u>4,795,503</u>
Total Expenses		
CHANGE IN NET ASSETS	5,168	253,997
UNRESTRICTED NET ASSETS		
Beginning of year	<u>306,863</u>	<u>52,866</u>
End of year	<u>\$ 312,031</u>	<u>\$ 306,863</u>

See notes to financial statements.

PENINSULA PREPARATORY ACADEMY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2013
(With Comparative Totals for 2012)

	Regular Education	Special Education	Total Programs	Management & General	Fundraising	Total 2013	Total 2012
<u>Personnel Expenses</u>							
Salaries and wages	\$ 1,776,257	\$ 373,593	\$ 2,149,850	\$ 242,390	\$ 3,191	\$ 2,395,431	\$ 2,398,499
Payroll taxes and fringe benefits	507,834	106,811	614,645	69,300	912	684,857	690,447
Total Personnel Expenses	<u>2,284,091</u>	<u>480,404</u>	<u>2,764,495</u>	<u>311,690</u>	<u>4,103</u>	<u>3,080,288</u>	<u>3,088,946</u>
<u>Operating Expenses</u>							
Contracted services							
- financial and accounting	-	-	-	114,000	-	114,000	84,016
Contracted services							
- academic and program	40,435	5,665	46,100	6,000	-	52,100	214,305
Administrative	48,459	9,408	57,867	13,580	91	71,538	35,861
Insurance	19,054	3,904	22,958	2,399	32	25,389	23,455
Legal and professional	-	-	-	68,882	-	68,882	132,047
Maintenance and repairs	140,195	29,487	169,682	19,131	252	189,065	234,877
Occupancy	501,274	105,431	606,705	68,404	900	676,009	476,180
Postage and shipping	6,106	1,284	7,390	833	11	8,234	10,526
Staff development	15,057	2,039	17,096	2,682	-	19,778	98,394
Advertising and recruitment	3,060	586	3,646	306	4	3,956	630
Student meals	2,243	314	2,557	-	-	2,557	17,380
Events	-	-	-	-	-	-	24,546
Instruction supplies and materials	95,414	13,366	108,780	-	-	108,780	186,194
Travel and transportation	6,228	1,310	7,538	850	11	8,399	17,183
Technology and communication	65,356	13,746	79,102	8,919	117	88,138	75,397
Dues and subscription	1,936	407	2,343	264	3	2,610	2,628
Interest expense	-	-	-	3,445	-	3,445	7,215
Depreciation	189,652	39,889	229,541	25,880	341	255,762	63,508
Other expenses	-	-	-	6,694	-	6,694	2,215
Total Operating Expenses	<u>1,134,469</u>	<u>226,836</u>	<u>1,361,305</u>	<u>342,269</u>	<u>1,762</u>	<u>1,705,336</u>	<u>1,706,557</u>
TOTAL EXPENSES	<u>\$ 3,418,560</u>	<u>\$ 707,240</u>	<u>\$ 4,125,800</u>	<u>\$ 653,959</u>	<u>\$ 5,865</u>	<u>\$ 4,785,624</u>	<u>\$ 4,795,503</u>

PENINSULA PREPARATORY ACADEMY CHARTER SCHOOL

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2013
(With Comparative Totals for 2012)

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 5,168	\$ 253,997
ADJUSTMENTS TO RECONCILE DECREASE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES		
Depreciation	255,761	63,508
Changes in Assets and Liabilities		
Due from government agencies	32,113	47,519
Other receivables	(6,440)	(168)
Prepaid expenses	(3,514)	6,849
Unearned income	(1,745)	-
Deferred rent	3,670	(25,000)
Accounts payable and accrued expenses	<u>(131,711)</u>	<u>14,246</u>
Net cash provided by operating activities	<u>153,302</u>	<u>360,951</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Restricted cash	(105)	(112)
Acquisition of fixed assets	<u>(638,040)</u>	<u>(151,689)</u>
Net cash used in investing activities	<u>(638,145)</u>	<u>(151,801)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan payable	<u>(45,415)</u>	<u>(130,503)</u>
Net cash used in financing activities	<u>(45,415)</u>	<u>(130,503)</u>
NET DECREASE IN CASH	(530,258)	78,647
CASH		
Beginning of year	<u>689,771</u>	<u>611,124</u>
End of year	<u>\$ 159,513</u>	<u>\$ 689,771</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ 3,445</u>	<u>\$ 7,215</u>

See notes to financial statements.

PENINSULA PREPARATORY ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(With Comparative Totals for 2012)

1. Organization

Peninsula Preparatory Academy Charter School (the “School”), a 501 (c) (3) tax-exempt organization, is a public charter school for children in grades kindergarten through fifth grade located in Far Rockaway, New York. The mission of the School is to create a challenging, technology-rich learning environment in which the cornerstone of high expectations and focused instruction guarantee that every child - including those at-risk - succeeds academically. Enrollment of available class slots is open to all potential student candidates, with those residing in the immediate area given first preference. A lottery is held to award these available slots.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

b) Financial Statement Presentation

The School reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

- i) Unrestricted net assets – Net assets that are not subject to grant or donor- imposed stipulations.
- ii) Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the School and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There are no temporarily restricted net assets at June 30, 2013.
- iii) Permanently restricted net assets – Net assets subject to grant or donor-imposed stipulations that they be maintained permanently by the School to use all or part of the assets for general or specific purposes. There are no permanently restricted net assets at June 30, 2013.

Furthermore, The School is required to segregate program service expenses from support expenses.

PENINSULA PREPARATORY ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(With Comparative Totals for 2012)

2. Summary of Significant Accounting Policies (Continued)

c) Cash and Cash Equivalents

The School maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The School has not experienced any losses in such accounts. The School believes it is not exposed to significant credit risk on cash and equivalents. For the purposes of the statement of cash flows, the School considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

d) Grants and Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as grants and contribution receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Conditional promises to give are not included as support until the conditions are substantially met.

e) Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the School reports the support as unrestricted.

f) Donated Services

No amounts are reflected in the financial statements for donated services, as the services do not meet the specialized skill requirements prescribed under accounting principles generally accepted in the United States of America.

g) Functional Allocation of Expenses

Costs and expenses of various programs and other activities have been analyzed on a functional basis. Accordingly, certain costs and expenses incurred have been allocated among the programs and supporting services benefited. Salaries, wages, and fringe benefits were allocated as direct costs to programs; supporting activity and other costs were allocated as directed costs based on actual costs associated with the activity.

PENINSULA PREPARATORY ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(With Comparative Totals for 2012)

2. Summary of Significant Accounting Policies (Continued)

h) Property and Equipment

Purchase of property and equipment are capitalized at cost. Donated assets are capitalized at the estimated fair value at date of receipt. The cost of maintenance and repairs is charged to expense as incurred; significant improvements are capitalized. The School capitalizes additions and significant improvements in excess of \$1,500. Depreciation is computed using the straight-line method over estimated useful lives of 3 to 7 years.

i) Income Taxes

On July 5, 2005 Peninsula Preparatory Academy Charter School filed and received approval of its application for tax exempt status from the Internal Revenue Service under section 501(c)(3) of the Internal Revenue code to be classified as a publicly supported organization as described in Internal Revenue Code section 509 (A)(1) and 170 (B)(1)(A)(II).

Management believes that the School has no uncertain tax positions that would require financial statement recognition. The School is no longer subject to income tax examination by federal, state or local tax authorities in the United States for years before 2010, which is standard statute of limitations look-back period.

j) 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Restricted Cash

Pursuant to an addendum to the Charter Agreement dated August 4, 2008, from the New York City Department of Education (“NYCDOE”), the NYCDOE requires the School to establish an escrow of at least \$75,000 to be used in the event of termination of the charter. The School shall establish and follow procedures consistent with those required by Section 2851(2)(t) of the New York State Education Law in its use of the escrow.

PENINSULA PREPARATORY ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(With Comparative Totals for 2012)

4. Revenue Recognition

Revenue from the state and local government resulting from the School's charter status is based on the number of students enrolled and is recorded when services are performed in accordance with the charter agreement.

Revenue from federal, state and local government grants and contracts are recorded by the School when qualifying expenditures are incurred and billable. Funds received in advance for which qualifying expenditures have not been incurred are reflected as refundable advances from state and local government grants in the accompanying statement of financial position.

5. Property and Equipment

At June 30, 2013 and 2012, property and equipment consisted of the following:

	<u>2013</u>	<u>2012</u>	<u>Estimated Useful Life</u>
Leasehold improvements	\$ 655,227	\$ 132,816	2 years
Furniture and fixtures	151,089	111,112	7 years
Computer equipment	305,911	296,287	5 years
Office equipment	<u>229,991</u>	<u>163,962</u>	5-7 years
	1,342,218	704,177	
Less: Accumulated Depreciation	<u>(706,465)</u>	<u>(450,703)</u>	
Total	<u>\$ 635,753</u>	<u>\$ 253,474</u>	

Depreciation expense for the years ended June 30, 2013 and 2012 was \$255,762 and \$63,508.

6. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of amounts due to vendors and for payroll earned by the staff during the school year, but paid out over the summer months.

PENINSULA PREPARATORY ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(With Comparative Totals for 2012)

7. Defined Contribution Plan

The School offers a 401(k) plan for substantially all of its employees. Employees are eligible for the plan immediately upon employment and participation in the plan is voluntary. Employees can make pretax contributions up to a maximum of 100% of their annual compensation, subject to IRS restrictions. The School matches the employee contribution up to 4% of the employee's annual compensation. The School's contribution recognized in the statement of activities was \$69,178 and \$106,804 for the years ended June 30, 2013 and 2012. Such plan assets are held in a separate trust and are not included in the accompanying financial statements. All plan assets are held for the exclusive benefit of the Plan's participants and beneficiaries.

8. Commitment

The School is a lessee under an operating lease, principally for classroom space and administrative offices. The School has obtained a new lease agreement commencing on July 1, 2013 and ending on June 30, 2014. For the year ended June 30, 2013, the rent expense was \$676,009, of which \$114,489 and \$133,684 were utilities and relocating expenses.

9. Loan Payable

On September 12, 2008, the School obtained a loan from M&T Bank for leasehold improvements. The loan requires a monthly payment of \$11,508, which includes interest at the rate of 6.5% annually, with final payment due on October 1, 2012.

10. 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.

11. Food and Transportation

The New York City Department of Education provides free lunches directly to some of the School's students. Such costs are not included in these financial statements. The School covers the unreimbursed cost of lunches for children not entitled to free lunches. The office of Pupil Transportation provides free transportation to the majority of the students during the district's school days.

PENINSULA PREPARATORY ACADEMY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(With Comparative Totals for 2012)

12. Contingency

The School participates in a number of federal and state programs. These programs require that the School comply with certain requirements of laws, regulations, contracts, and agreements applicable to the programs in which it participates. All funds expended in connection with government grants and contracts are subject to audit by government agencies. While the ultimate liability, if any, from such audits of government and contracts by government agencies is presently not determinable, it should not, in the opinion of the management, have a material effect on the financial position or results of operations. Accordingly, no provision for any such liability that may result has been made in the accompanying financial statements.

13. Subsequent Events

Management has evaluated subsequent events through October 31, 2013, the date that financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment or disclosure in the accompanying financial statements.



KOCH GROUP & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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New York, NY 10001

(212) 631-0700 FAX (212) 631-0109

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
Peninsula Preparatory Academy 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 Peninsula Preparatory Academy Charter School, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Peninsula Preparatory Academy Charter 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 Peninsula Preparatory Academy Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Peninsula Preparatory Academy Charter 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Peninsula Preparatory Academy Charter School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Koch Group & Company, LLP
Certified Public Accountants

New York, New York
October 31, 2013

Appendix E: Disclosure of Financial Interest Form

Created Wednesday, July 31, 2013

Page 1

342700860869 PENINSULA PREP ACAD CS

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

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

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

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

Thank you.

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

Yes

Thank you.

Appendix F: BOT Membership Table

Created Wednesday, July 24, 2013

Updated Thursday, August 01, 2013

Page 1

342700860869 PENINSULA PREP ACAD 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	Betty Leon	Chair/President	Yes	Finance	4 terms 12 months per term 07/1/09 – no expiration	Finance, academic
2	Kevin Alexander	Vice Chair/Vice President	Yes	Finance	3 terms 12 months per term 07/01/10- no expiration	Finance
3	Jacqueline Burton Waal	Secretary	Yes	Academic	4 terms 12 months per term 07/01/10 – no expiration	Academic
4	Dorethy McFadden	Member	Yes	Academic	2 terms 12 months per term- no expiration	Academic
5	Sylvester Okonkwo	Member	Yes	Finance	2 terms 12 months per term- no expiration	Finance
6	Tracey Thomas	Member Ex-Officio	Yes	Academic	1 term 12 months per term 07/01/12 -06/30/13	Academic
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						

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

1

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

2

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

9

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

9

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

10

Thank you.

Appendix H: Enrollment and Retention Efforts

The school's population continues to mirror the population specific to the Rockaways which is majority African- American and Latino although the population served by Community School District (CSD) 27, which has a total enrollment population of 44,426, is vastly different than that of the Rockaways, when taking into account many different neighborhoods. According to the New York State District Report Card for 2011-2012, the current population of CSD 27 comprises 1% American Indian/Alaska Native, 28% African American, 36% Hispanic, 24% Asian/Native Hawaiian, and 10% Caucasian. As indicated on the NYS District Report Card for CSD 27, 69 % of students are eligible for free lunch and 9% are eligible for reduced lunch, and CSD 27 receives Title I funding. English Language Learners (ELL) comprise 10% of the students in this district and 18% of students in CSD 27 have an Individual Education Plan (IEP). Based on the statistics this district is predominantly Hispanic with a growing number of African American and Asian/Native Hawaiian students.

Peninsula Preparatory Academy will conduct targeted outreach to attract at-risk students that is equivalent to the averages in CSD 27. This outreach will include ELL, SWD and students that are eligible to receive free and reduced lunch. In order to recruit SWD and ELL in CSD 27, we will make efforts to attract and interest those families through open house sessions that explain the programs that we offer. We will work with the Committee on Special Education to help recruit special education students in CSD 27. In order to attract and interest ELL students, all advertisement materials will be translated into Spanish. Since, the majority of the population in CSD 27 is the Hispanic/Latino; a Spanish speaking volunteer will be identified to assist in the outreach and recruitment efforts.

Peninsula Preparatory Academy will ensure the retention of all at-risk students by meeting the needs of the students and working closely with their families. Student data will be regularly monitored by administration and teachers to ensure that students receive all necessary services. The academic rigor and varied educational experiences will be attractive to the families in this community. An open door policy will be established where stakeholders, families and staff can communicate about the needs of the families that attend our school during a monthly meeting.

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Friday, June 28, 2013

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/8123547de4af669c1bd8b5df903b6e3>

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:

Betty A. Leon

2. Charter School Name:

Peninsula Preparatory Academy 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

• 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

Page 2

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 Tuesday, July 02, 2013

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/b3bb937b82ecc289101047e7ea6c05>

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:

Doretha McFadden

2. Charter School Name:

Peninsula Preparatory Academy 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...

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

Page 2

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 Tuesday, July 02, 2013

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/9b4e0db4198f6c6eb4dcf8b82b9d5d4>

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:

Tracey Thomas

2. Charter School Name:

Peninsula Preparatory Academy 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

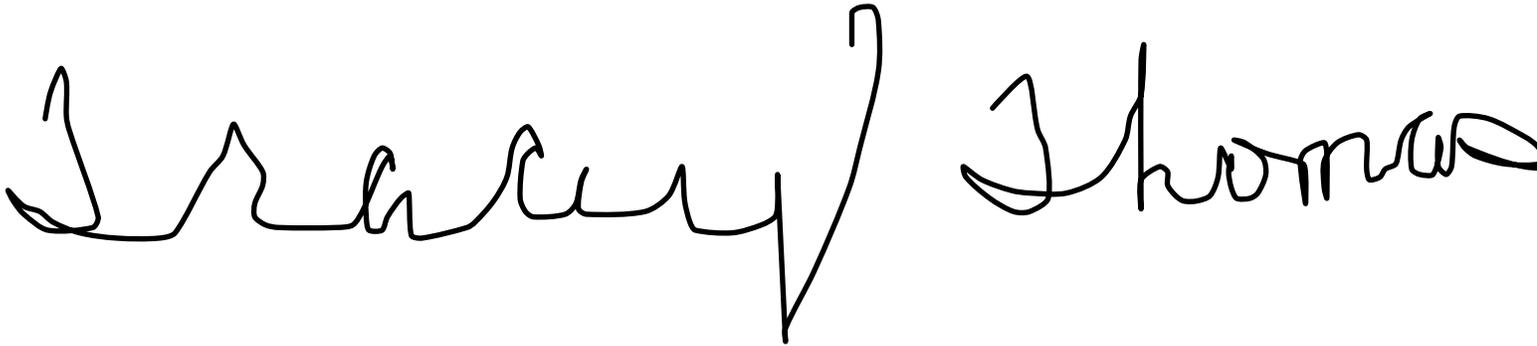
13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

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, reading "Tracey Thomas". The signature is written in a cursive style with a large, sweeping initial 'T' and a long, horizontal stroke for the 'a'.