



**BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS**

**FINANCIAL STATEMENTS  
and  
INDEPENDENT AUDITOR'S REPORT**

**June 30, 2010 and 2009**

**BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS**

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**C O N T E N T S**

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BOLLAM, SHEEDY, TORANI & CO. LLP  
Certified Public Accountants  
Albany, New York

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Brighter Choice Charter School for Girls  
Albany, New York

We have audited the accompanying statements of financial position of Brighter Choice Charter School for Girls as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Brighter Choice Charter School for Girls' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 Brighter Choice Charter School for Girls as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole of Brighter Choice Charter School for Girls as of and for the years ended June 30, 2010 and 2009. The supplemental information on page 12 of this report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The prior year summarized comparative information has been derived from Brighter Choice Charter School for Girls' June 30, 2009, financial statements and in our report dated October 27, 2009, we expressed an unqualified opinion on those financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2010, on our consideration of Brighter Choice Charter School for Girls' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract 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 read in conjunction with this report in considering the results of our audit.

*Bollam Sheedy Torani & Co LLP*

Albany, New York  
October 26, 2010

**BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS**

**STATEMENTS OF FINANCIAL POSITION**

ASSETS	June 30,	
	2010	2009
<b>CURRENT ASSETS</b>		
Cash	\$ 236,758	\$ 479,878
Accounts receivable	16,584	11,774
Federal and state aid receivable	38,554	1,602
Due from other governments	73,148	84,895
Due from others	4,130	8,982
Total current assets	369,174	587,131
<b>PROPERTY AND EQUIPMENT, net</b>		
Land	110,000	110,000
Building	7,578,457	7,578,457
Furniture and equipment	385,612	368,139
Textbooks	50,386	50,386
	8,124,455	8,106,982
Less accumulated depreciation	1,183,208	926,173
	6,941,247	7,180,809
<b>OTHER ASSETS</b>		
Financing costs, net	333,220	345,676
Bond trust accounts, restricted	850,523	818,563
	1,183,743	1,164,239
	<b>\$ 8,494,164</b>	<b>\$ 8,932,179</b>
<b>LIABILITIES AND NET DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of bonded mortgage payable	\$ 140,000	\$ 25,000
Accounts payable	52,891	56,551
Accrued liabilities	297,835	285,493
Due to other governments	19,670	-
Deferred revenue	35,015	20,679
Total current liabilities	545,411	387,723
<b>LONG-TERM LIABILITIES</b>		
Bonded mortgage payable	9,025,000	9,165,000
Bonded mortgage premium	108,239	110,197
	9,133,239	9,275,197
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET DEFICIT</b>	(1,184,486)	(730,741)
	<b>\$ 8,494,164</b>	<b>\$ 8,932,179</b>

The accompanying Notes to Financial Statements are an integral part of these statements.

**BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS**

**STATEMENTS OF ACTIVITIES**

	<u>Years Ended June 30,</u>	
	<u>2010</u>	<u>2009</u>
<b>REVENUE AND OTHER SUPPORT</b>		
Student enrollment	\$ 2,655,460	\$ 2,655,890
State aid	13,873	13,060
Federal aid	554,509	463,561
Contributions	23,250	22,500
Interest	689	11,440
Rental revenue	15,250	-
Other revenue	28,018	24,103
Total revenue and other support	<u>3,291,049</u>	<u>3,190,554</u>
<b>EXPENSES</b>		
Program services		
Regular education	1,434,449	1,419,484
Special education	180,700	126,837
Other programs	<u>640,247</u>	<u>588,469</u>
Total program services	2,255,396	2,134,790
Management and general	<u>1,489,398</u>	<u>1,367,402</u>
Total expenses	<u>3,744,794</u>	<u>3,502,192</u>
<b>CHANGE IN NET ASSETS</b>	<b>(453,745)</b>	<b>(311,638)</b>
<b>NET DEFICIT, beginning of year</b>	<u>(730,741)</u>	<u>(419,103)</u>
<b>NET DEFICIT, end of year</b>	<u><b>\$ (1,184,486)</b></u>	<u><b>\$ (730,741)</b></u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS**

**STATEMENTS OF CASH FLOWS**

	<u>Years Ended June 30,</u>	
	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ (453,745)	\$ (311,638)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	257,035	255,540
Amortization of financing costs	12,456	12,456
Amortization of bonded mortgage premium	(1,958)	(1,867)
Bad debts	26,225	2,360
(Increase) decrease in		
Accounts receivable	(4,810)	2,618
Federal and state aid receivable	(36,952)	26,793
Due from other governments	(14,478)	(63,162)
Due from other	4,852	(6,409)
Prepaid expenses	-	17,604
Increase (decrease) in		
Accounts payable	(3,660)	2,044
Accrued liabilities	12,342	48,778
Due to other governments	19,670	-
Deferred revenue	14,336	20,679
	<u>(168,687)</u>	<u>5,796</u>
 <b>CASH FLOWS USED BY INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(17,473)</u>	<u>(38,598)</u>
 <b>CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES</b>		
Principal payments on bonded mortgage payable	(25,000)	(55,000)
Disbursements from bond trust accounts	484,840	555,990
Deposits to bond trust accounts	(516,800)	(410,869)
	<u>(56,960)</u>	<u>90,121</u>
 <b>Net increase (decrease) in cash</b>	<b>(243,120)</b>	<b>57,319</b>
 <b>CASH, beginning of year</b>	<u>479,878</u>	<u>422,559</u>
 <b>CASH, end of year</b>	<u><b>\$ 236,758</b></u>	<u><b>\$ 479,878</b></u>
 <b>SUPPLEMENTAL INFORMATION</b>		
Cash paid for interest	\$ 453,472	\$ 458,730

The accompanying Notes to Financial Statements are an integral part of these statements.

# **BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS**

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010 and 2009**

### **1. ORGANIZATION**

Brighter Choice Charter School for Girls (the School) is a not-for-profit corporation, which was formed in 2000 in order to build and operate a charter school in the City of Albany, New York (City). The School, along with its companion charter school, Brighter Choice Charter School for Boys (the Boys' School) was established to provide a quality educational alternative for at-risk elementary students in the City.

The School provides a broad and rigorous liberal arts education, including instruction in phonics-based reading, traditional mathematics, science, visual and performing arts, American and world history, and physical education. Students benefit from a longer school day and school year, which will provide them with an equivalent of two years of academic instruction over each of their elementary years.

A provisional charter, valid for five years, was granted to the School by the New York State Education Department in 2006. The School had enrollment of approximately 225 students serving Kindergarten through 4<sup>th</sup> grade during the year ended June 30, 2010.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Accounting***

The accompanying financial statements were prepared on the accrual basis.

On June 30, 2010, the School adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The ASC is an aggregation of previously issued authoritative accounting principles generally accepted in the United States of America (GAAP) in one comprehensive set of guidance organized by subject area. In accordance with the ASC, references to previously issued accounting standards have been replaced by ASC references. Subsequent revisions to GAAP will be incorporated into the ASC through Accounting Standards Updates.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Fair Value Measurements***

Fair value is defined as an exchange price that would be received for an asset or paid to transfer a liability (an "exit" price) in the principal or most advantageous market for the asset or liability between market participants on the measurement date.

#### ***Financial Statement Presentation***

The financial statement presentation follows generally accepted accounting principles for not-for-profit organizations with information regarding financial position and activities reported according to three classes of net assets: unrestricted, temporarily restricted, or permanently restricted. There were no temporarily or permanently restricted net assets at June 30, 2010 and 2009.

#### ***Accounts Receivable***

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded when received. An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Management considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

**BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010 and 2009**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

***Accounts Receivable - Continued***

Bad debt expense was \$26,225 and \$2,360 for the years ended June 30, 2010 and 2009, respectively.

***Property and Equipment, Net***

Property and equipment are stated at cost, net of accumulated depreciation. Donations of property and equipment are recorded as support at their estimated fair values on the date of donation. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation and any resultant gain or loss is included in operations.

The School reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support absent explicit donor stipulations about how long-lived assets must be maintained. The School reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Depreciation is computed using the straight-line method based on the estimated useful lives:

	<u>Years</u>
Buildings	40
Land improvements	10-20
Equipment	3-10
Text books	3

Depreciation expense was \$257,035 and \$255,540 for the years ended June 30, 2010 and 2009, respectively.

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the asset.

***Revenue Recognition***

A substantial portion of the School's revenue and related receivables is derived from its arrangement with the Albany City School District, which reimburses the School based on per capita enrollment. These revenues are recognized ratably over the related school year during which they are earned.

Revenue from other governmental sources generally represents various entitlements and is recognized as earned as allowable expenditures are incurred.

***Grant Revenue and Deferred Revenue***

Grant revenue is recognized as revenue in the period in which it relates. Amounts received under these grants in advance of the period it relates are recorded as deferred revenue.

***Contributions***

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

**BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010 and 2009**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

***Contributions - Continued***

The School reports grants of cash and other assets as restricted support if they are received with stipulations that limit their use. 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.

The School reports restricted grants as unrestricted support whenever the restrictions are met in the same year the grants are received.

***Allocation of Expenses***

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services using specific allocation methods. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of School.

***Reclassifications***

Certain amounts in the 2009 financial statements have been reclassified to conform to the 2010 financial statement presentation.

***Income Taxes***

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The School is also exempt from state income tax. The School has been classified as a publicly-supported organization that is not a private foundation under Section 509(a) of the Code.

Management evaluated the School's tax positions, including that the School is exempt from taxes and not subject to income taxes on unrelated business income, and concluded that the School had taken no tax positions that required adjustment in its financial statements.

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, 2006, and prior.

***Subsequent Events***

The School's management has evaluated subsequent events through October 26, 2010, the date the financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2010, have been incorporated into these financial statements.

**3. FINANCING COSTS, NET**

Financing costs of \$373,702 consist of bond closing costs incurred in connection with tax-exempt and taxable Civic Facility Revenue Bonds issued by the City of Albany Industrial Development Agency.

Bond closing costs are amortized using the straight-line method over the term of the bonds. Accumulated amortization was \$40,482 and \$28,026 for the years ended June 30, 2010 and 2009, respectively.

**BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010 and 2009**

**3. FINANCING COSTS, NET - Continued**

A summary of amortization expense for the next five years is as follows:

For the year ending June 30, 2011	\$ 12,456
2012	12,456
2013	12,456
2014	12,456
2015	12,456

**4. BOND TRUST ACCOUNTS, RESTRICTED**

The School has entered into a custody agreement with Manufacturers and Traders Trust Company as Custodian and as Trustee. Debt service reserve represents funds held by Manufacturers and Traders Trust Company in the name of the School. The School will direct educational aid payments to be deposited with the Custodian. The Custodian will pay the Trustee, for deposit in the Debt Service Fund, an amount equal to a proportionate share of the next interest payment and principal payment on the Bonds for which funds have not already been provided. Any funds remaining with the Custodian following such transfers will be transferred to the School.

In connection with the bonded mortgage with the City of Albany Industrial Development Agency, the School is required to maintain bond trust accounts which are administered by Manufacturers and Traders Trust Company. The underlying investments in the bond trust accounts at June 30, 2010 and 2009, consist of money market funds.

Bond trust accounts, restricted are summarized as follows:

	June 30,	
	2010	2009
Debt reserve fund	\$ 629,289	\$ 629,342
Project fund	-	2,112
Bond fund	101,642	80,072
Educational aid fund	104,881	104,890
Custodial account fund	64	64
Renewal and replacement fund	14,647	2,083
Total	\$ 850,523	\$ 818,563

Funds held by bond trustees earned interest of \$146 and \$9,816, for the years ended June 30, 2010 and 2009, respectively. Investments are stated at fair value and were obtained from quoted market prices.

The School has entered into a collateral agreement for bond trust accounts not covered under federal deposit insurance. The cash and cash equivalents are fully insured and collateralized under the bond trust accounts as of June 30, 2010.

**5. DUE FROM OTHERS**

The School, along with the Boys' School, shares facility, program, and supporting services costs. The joint costs are allocated equally except for costs associated for the specific school. Joint costs due from the Boys' School were \$4,130 and \$8,982 for the years ended June 30, 2010 and 2009, respectively.

**BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010 and 2009**

**6. BONDED MORTGAGE PAYABLE**

Tax-exempt and taxable Civic Facility Revenue Bonds, \$9,245,000 issued by the City of Albany Industrial Development Agency with interest rates ranging from 4.5% to 6%. Secured by leasehold mortgage lien and security interest in the land, building, fixtures and equipment, and reserve funds initially funded through deposit of the bond proceeds.

Maturities, amounts, and interest rates are as follows:

	June 30,	
	2010	2009
6% Term Bond, Series 2007B due April 1, 2012	\$ 217,500	\$ 242,500
4.55% Term Bond, Series 2007A due April 1, 2015	685,000	685,000
4.5% Term Bond, Series 2007A due April 1, 2018	682,500	682,500
5% Term Bond, Series 2007A due April 1, 2020	510,000	510,000
5% Term Bond, Series 2007A due April 1, 2027	2,230,000	2,230,000
5% Term Bond, Series 2007A due April 1, 2032	2,127,500	2,127,500
5% Term Bond, Series 2007A due April 1, 2037	2,712,500	2,712,500
	9,165,000	9,190,000
Current portion on bonded mortgage payable	140,000	25,000
Total long-term debt	\$ 9,025,000	\$ 9,165,000

The following is a summary of maturing debt service requirements:

For the year ended June 30,	2011	\$ 140,000
	2012	162,500
	2013	190,000
	2014	200,000
	2015	210,000
Thereafter		8,262,500
Total		\$ 9,165,000

The total interest incurred and charged to expense was \$453,097 and \$456,038 for the years ended June 30, 2010 and 2009, respectively.

**7. BONDED MORTGAGE PREMIUM**

Bonded mortgage premiums consist of costs incurred in connection with tax-exempt and taxable Civic Facility Revenue Bonds issued by the City of Albany Industrial Development Agency.

Bond premium costs are amortized using the effective interest method over the term of the obligation. Premium amortization charged to operations as a reduction of interest expense was \$1,958 and \$1,867 for the years ended June 30, 2010 and 2009, respectively.

**BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS**

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010 and 2009**

**7. BONDED MORTGAGE PREMIUM - Continued**

A summary of the future premium amortization is as follows:

For the year ending June 30, 2011	\$ 2,029
2012	2,128
2013	2,232
2014	2,340
2015	2,454

**8. EMPLOYEE RETIREMENT PLAN**

The School has a 403(b) tax-deferred annuity retirement plan, which is funded by contributions from both the School and its employees. The School's contributions can range from 2% to 6% of eligible employees' salaries based on years of service. Pension expense was \$54,883 and \$51,484 for the years ended June 30, 2010 and 2009, respectively.

**9. FEDERAL AND STATE AID**

The School has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Management believes disallowances, if any, will be immaterial.

A summary of grant support that represents the portion of the grants utilized for operations and to acquire property and equipment, and textbooks is as follows:

	<u>Years Ended June 30,</u>	
	<u>2010</u>	<u>2009</u>
Child Nutrition Program	\$ 333,121	\$ 317,308
Child Nutrition Program - Fruit and Vegetable Grant	27,507	-
Child Nutrition Program - Food Service Equipment Grant	7,050	-
Title I	184,465	133,384
Title IIA	12,279	23,102
Title IID	1,446	-
Title IV	2,514	2,415
Title V	-	412
	<u>          </u>	<u>          </u>
Total	<u>\$ 568,382</u>	<u>\$ 476,621</u>

**10. COMMITMENTS AND CONTINGENCIES**

*Concentration of Credit Risk/Economic Dependency*

The School receives a substantial portion of its funding from school districts where the School's students reside. One school district constituted 74% and 80% of total revenue and support for the years ended June 30, 2010 and 2009, respectively. There were no accounts receivable from this school district as of June 30, 2010 and 2009.

**BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010 and 2009**

**10. COMMITMENTS AND CONTINGENCIES - Continued**

*Uninsured Cash*

The School maintains cash balances in a financial institution located in the northeast. Accounts at this institution are insured, up to certain limits, by the Federal Deposit Insurance Corporation (FDIC). At times, the School has bank deposits in excess of amounts insured by the FDIC.

*Rental Income*

The School entered into two rental agreements to lease space located at 250 Central Avenue, Albany, New York, to Brighter Choice Foundation and the Albany Community Action Partnership Head Start Program during the year ended June 30, 2010. The rental income was \$15,250 for the year ended June 30, 2010.

Future rental income to be received is \$950 for the year ending June 30, 2011.

**11. MANAGEMENT'S PLAN**

For the year ending June 30, 2011, the New York State Department of Education (NYSED) has increased the per pupil reimbursement rate that the School receives for each student that is enrolled at the School. While there have been increases in the NYSED per pupil reimbursement rate in the previous two fiscal years, due to a New York State-imposed freeze on all charter schools, the actual reimbursement received by the School was based on the fiscal 2008 rate. Over 85% of the School's student population resides within the Albany City School District (ACSD) boundaries, and the ACSD per pupil reimbursement rate for the 2010 - 2011 academic year will increase from \$11,712 to \$14,072, or more than 20.1%. Based upon the projected enrollment from ACSD and increase in the per pupil reimbursement rate, this will result in a projected increase in operating revenue in excess of \$500,000.

Management has also implemented a plan for reforecasting revenue and expenses on a quarterly basis. This budget monitoring process will provide the School with a vehicle for adjusting operating expenses as needed.

**BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS**

**FUNCTIONAL EXPENSES**

Year Ended June 30, 2010  
(with comparative totals for 2009)

	Program Services			Supporting Services	2010 Totals	2009 Totals
	Regular Education	Special Education	Other Program	Management and General		
Salaries	\$ 870,413	\$ 102,839	\$ 39,448	\$ 533,091	\$ 1,545,791	\$ 1,465,757
Employee benefits	239,109	28,251	10,837	146,444	424,641	358,870
	<u>1,109,522</u>	<u>131,090</u>	<u>50,285</u>	<u>679,535</u>	<u>1,970,432</u>	<u>1,824,627</u>
Accounting	-	-	-	37,650	37,650	32,058
Amortization	-	-	-	12,456	12,456	12,456
Bad debt	-	-	-	26,225	26,225	2,360
Consultants	-	20,515	-	15,263	35,778	19,834
Contracted services						
School lunch program	-	-	351,106	-	351,106	317,897
Other	55,851	13,060	34,118	38,952	141,981	145,855
Field trips	9,712	-	-	-	9,712	6,497
Insurance	-	-	-	23,592	23,592	11,757
Interest	-	-	-	453,097	453,097	456,038
Legal	-	-	-	811	811	359
Maintenance and repairs	19,315	1,924	11,799	11,639	44,677	42,913
Printing and postage	-	-	-	20,247	20,247	16,116
Public relations	-	-	-	6,555	6,555	2,989
Small equipment	4,809	-	-	4,775	9,584	7,839
Supplies and materials	18,922	-	340	24,354	43,616	54,532
Student services	24,043	-	-	-	24,043	50,787
Student uniforms	9,088	-	-	-	9,088	9,111
Staff development	41,533	-	-	-	41,533	20,646
Telephone	-	-	-	48,895	48,895	45,119
Transportation	-	-	106,065	-	106,065	68,461
Utilities	30,530	3,041	18,650	18,395	70,616	98,401
Expenses from operations	<u>1,323,325</u>	<u>169,630</u>	<u>572,363</u>	<u>1,422,441</u>	<u>3,487,759</u>	<u>3,246,652</u>
Depreciation	<u>111,124</u>	<u>11,070</u>	<u>67,884</u>	<u>66,957</u>	<u>257,035</u>	<u>255,540</u>
<b>Total expenses</b>	<b><u>\$ 1,434,449</u></b>	<b><u>\$ 180,700</u></b>	<b><u>\$ 640,247</u></b>	<b><u>\$ 1,489,398</u></b>	<b><u>\$ 3,744,794</u></b>	<b><u>\$ 3,502,192</u></b>

**BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS**

**SINGLE AUDIT REPORTS**

**Year Ended June 30, 2010**

**BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS**

**SINGLE AUDIT REPORTS**

**Year Ended June 30, 2010**

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**BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

<b>Federal Grantor/ Pass-through Grantor/ Program Title</b>	<b>Year Ended June 30, 2010</b>		<b>Federal Expenditures</b>
	<b>CFDA #</b>	<b>Period</b>	
United States Department of Agriculture/ New York State Education Department/ Child Nutrition Cluster			
School Breakfast Program	10.553	2009-2010	\$ 123,435
National School Lunch Program	10.555	2009-2010	195,813
			<u>319,248</u>
ARRA - Child Nutrition Foodservice Equipment Assistance	10.579	2009-2010	7,050
Fresh Fruit and Vegetable Program	10.582	2009-2010	27,507
			<u>34,557</u>
U.S. Department of Education/ New York State Education Department/ Title I, Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	2008-2009	36,203
Title I Grants to Local Educational Agencies	84.010	2009-2010	99,229
ARRA - Title I Grants to Local Educational Agencies	84.389	2009-2010	49,032
			<u>184,464</u>
Safe and Drug-Free Schools and Communities	84.186	2008-2009	428
Safe and Drug-Free Schools and Communities	84.186	2009-2010	2,086
Education Technology State Grants	84.318	2009-2010	1,446
Improving Teacher Quality State Grants	84.367	2009-2010	12,279
			<u>16,239</u>
U.S. Department of Education/ New York State Education Department/ Albany City School District/ Special Education - Grants to States -Section 611 (IDEA, Part B)	84.027	2009-2010	11,084
			<u>\$ 565,592</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards, 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*, and Independent Auditor's Report on Compliance With Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Independent Auditor's Report on Schedule of Expenditures of Federal Awards.

**BRIGHTER CHOICE CHARTER SCHOOL FOR GIRLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*a. General*

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all federal awards programs of Brighter Choice Charter School for Girls (the School) for the year ended June 30, 2010. The School is described in Note 1 to the financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule of Expenditures of Federal Awards.

*b. Basis of Accounting*

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting as reported by the School on these programs to the federal government.

*c. Relationship to Financial Statements*

Federal award revenues are reported in the School's financial statements as government grants. The School's financial statements are presented using the accrual basis.

**NOTE 2 - NON-CASH ASSISTANCE**

There were no federal awards expended in the form of non-cash assistance by the School during the year ended June 30, 2010.

**NOTE 3 - LOANS AND LOAN GUARANTEES**

The School had no federal loans or loan guarantees outstanding as of June 30, 2010.

**NOTE 4 - INSURANCE**

The School did not participate in any federal insurance programs as of June 30, 2010.

**NOTE 5 - SUBRECIPIENTS**

The School provided \$181,109 in federal awards to subrecipients during the year ended June 30, 2010.

**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***

Board of Directors  
Brighter Choice Charter School for Girls  
Albany, New York

We have audited the financial statements of Brighter Choice Charter School for Girls (the School) as of and for the year ended June 30, 2010, and have issued our report thereon dated October 26, 2010. 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 School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

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

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

**Compliance and Other Matters**

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

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Bollam Sheedy Torani & Co LLP*

Albany, New York  
October 26, 2010