Bronx Global Learning Institute for Girls

Financial Statements
and
Independent Auditors' Report

June 30, 2013

Bronx Global Learning Institute for Girls

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Independent Auditors' Report

To the Board of Trustees of
Bronx Global Learning Institute for Girls
Bronx, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Bronx Global Learning Institute for Girls (a nonprofit organization) which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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 Bronx Global Learning Institute for Girls as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2013, on our consideration of Bronx Global Learning Institute for Girls' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bronx Global Learning Institute for Girls' internal control over financial reporting and compliance.

Vargas & Rivera, LLP

New City, New York
September 27, 2013

Bronx Global Learning Institute for Girls
Statement of Financial Position
June 30, 2013

ASSETS

Current Assets	
Cash and Cash Equivalents	$ 2,155,658
Due from Government Agencies (Note 3)	156,492
Prepaid Expenses	7,478
Total Current Assets	2,319,628
Fixed Assets	
Equipment, Furniture and Fixtures	289,106
Less: Accumulated Depreciation	(247,633)
Total Fixed Assets	41,473
Other Assets	
Escrow Deposit	75,192
Total Other Assets	75,192
Total Assets	$ 2,436,293

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable and Accrued Expenses	$ 81,529
Accrued Payroll and Related Expenses	253,941
Total Current Liabilities / Total Liabilities	335,470
Net Assets	
Unrestricted Net Assets	2,100,823
Total Net Assets	2,100,823
Total Liabilities and Net Assets	$ 2,436,293

See accompanying notes and independent auditors' report.

Bronx Global Learning Institute for Girls
Statement of Activities
For the year ended June 30, 2013

PUBLIC SUPPORT AND REVENUE	Unrestricted	Temporarily Restricted	Total
Resident Student Enrollment	$ 3,935,004	$ -	$ 3,935,004
Food Service / Meals (Note 6)	105,100	-	105,100
Federal Funding	-	239,873	239,873
State and City Funding	-	43,774	43,774
In-kind Contributions (Note 6)	468,709	-	468,709
Contributions	12,355		12,355
Interest Income	4,349	-	4,349
	4,525,517	283,647	4,809,164
Net Assets Released From Restrictions	283,647	(283,647)	-
Total Public Support and Revenue	4,809,164	-	4,809,164
EXPENSES			
Program Services			
Regular Education	3,069,611	-	3,069,611
Special Education	304,975	-	304,975
	3,374,586	-	3,374,586
Supporting Services			
Management and General	767,030	-	767,030
Total Expenses	4,141,616	-	4,141,616
Change in Unrestricted Net Assets	667,548	-	667,548
Net Assets, Beginning of Year	1,433,275	-	1,433,275
Net Assets, End of Year	$ 2,100,823	$ -	$ 2,100,823

See accompanying notes and independent auditors' report.

Bronx Global Learning Institute for Girls
Statement of Cash Flows
For the year ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Unrestricted Net Assets	$ 667,548
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	46,048
Changes in Assets and Liabilities	
(Increase) / Decrease in:	
Due from Government Agencies	(74,579)
Accounts Receivable	6,074
Prepaid Expenses	(6,267)
Escrow Deposit	(112)
Increase / (Decrease) in:	
Accounts Payable and Accrued Expenses	37,772
Accrued Payroll and Related Expenses	63,455
Total Adjustments	72,391
Net Cash Provided by Operating Activities	739,939
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Equipment, Furniture and Fixtures	(3,949)
Net Cash Used In Investing Activities	(3,949)
NET INCREASE IN CASH	735,990
CASH - BEGINNING OF YEAR	1,419,668
CASH - END OF YEAR	$ 2,155,658

See accompanying notes and independent auditors' report.

NOTE 1 - ORGANIZATION

Bronx Global Learning Institute for Girls (the "School") is a charter school for children located in Bronx, New York. In the first year of operation (2008-2009), the school operated grades kindergarten through first. The school plans to add one grade per year until the eighth grade is reached. It educates children in a completely nondiscriminatory and secular basis. The founders and supporters of the School believe that access to a public education of high quality for all children is the foremost issue. The School was chartered in February 2008 and was extended for a term up through and including June 30, 2018.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation
The net assets of the School and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the School and/or the passage of time. Ths School had no temporarily restricted net assets at June 30, 2013.

Use of Estimates in the Preparation of Financial Statements
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.

Contributions
The School records contributions received 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 stipulation 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. All contributions received in the year ended 2013 were unrestricted.

Recognition of Revenue
Government contract revenue is recognized as earned in the period services are provided and costs are incurred.

Cash and Cash Equivalents
For the purposes of the statement of cash flows, the School considers all highly liquid investments available for current use with an initial period of three months or less to be cash equivalents.

Income Tax Status
The School is a not-for-profit corporation organized under the laws of the State of New York. It is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment, Furniture and Fixtures,
Equipment, furniture and fixtures are valued at cost less accumulated depreciation. Depreciation is computed on a straight line basis over the estimated useful lives of the related assets or the term of the lease agreement. Normal replacement and maintenance costs are charged to earnings as incurred, and major renewals and improvements are capitalized. Upon disposition, the cost and related accumulated depreciation is removed from the accounts and the resulting gain or loss for the period. The School capitalizes assets with cost of $500 and over. Depreciation is calculated based on the useful lives of the assets as follows: Equipment, Furniture and Fixtures 3 - 7 Years.

Functional Allocation of Expenses
Expenses relating to more than one function are allocated to program service and management and general based on employee time estimates or other appropriate usage factors.

Contributed Services
Contributed services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

A number of volunteers have made a contribution of their time to the School to develop academic and other programs and to serve on the board of trustees. The value of this contributed time is not reflected in the financial statements as such services either do not require specialized skills or would not typically be purchased had they not been provided as donations.

Concentration of Credit Risk
Financial institutions can potentially subject the School to concentrations of credit risk. The School maintains its cash accounts with one commercial bank. The accounts at the commercial bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of $250,000. At June 30, 2013, the School had approximately $1,995,526 in uninsured cash balances. However, the School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

NOTE 3 – PUPIL ENROLLMENT AND OTHER REVENUES FROM GOVERNMENT

Under the School's Charter School Agreement and the Charter School Act, the School is entitled to received funding from both State and Federal sources that are available to public schools. These funds include State pupil enrollment funds and Federal food subsidies and Title I, IIA, IID, IV and V funds. The calculation of the amounts to be paid to the School under these programs is determined by the State, and is based on complex laws and regulations, enrollment levels, and economic information related to the home school district of the children enrolled in the school. If these regulations, some of which are relatively new in the State of New York, were to change, or other factors included in the calculations were to change, the level of funding that the School receives could vary significantly. Amounts due from governmental agencies as of June 30, 2013 are $156,492.

NOTE 4 – DEFINED CONTRIBUTION PLAN

The School offers a 401(k) plan (the "Plan") for substantially all of its employees. Employees are eligible for the plan immediately upon employment and participation in the Plan is voluntary. Employees may contribute up to 15% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The School matches the employee contribution 100% up to 4% of the employee's annual compensation. The School's contribution recognized in the statement of activities was $30,412 for 2013. The 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.

NOTE 5 – MANAGEMENT FEES

In July 2008, the School entered into an agreement with Victory Schools, Inc. (VSI) d/b/a Victory Education Partners (VEP) to provide services related to certain education and operational aspects of the School. Victory serves as an advisor regarding functions associated with the educational services to be provided to the students at the School and consults with the School with respect to its legal and operational compliance in accordance with the terms of the charter and the Charter School Act. In providing the above services, VEP is paid a service fee in the amount equal to the product of the total full-time equivalent enrollment of students in the Charter School as defined under Section 119.1 of the New York State Commissioner of Education Regulations multiplied by two thousand one hundred seventy-four dollars ($2,174) (The "Per Pupil Fee"). The Per Pupil Fee shall be increased or decreased each year by the percentage increase or decrease in the Final Adjusted Per Pupil for charter schools in the New York City school district as calculated by the New York State Education Department annually.

NOTE 6 – IN-KIND GOODS AND SERVICES

The School received in-kind goods and service of facilities (approximate 14,962 square feet) and services from various sources. In-kind contributions in the statement of activities and the schedule of functional expenses consisted of the following for the year ended June 30, 2013:

Rent	$ 399,304
Maintenance/Security	25,717
Utilities	43,688
Food Service / Meals	109,299
	$ 578,008

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Audits by Funding Sources

The School participates in a number of Federal and State programs. These programs require that the School complies with certain requirement of laws, regulations, contracts, and agreements applicable to the program 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 result of operations. Accordingly, no provision for any such liability that may result has been made in the accompanying financial statements.

NOTE 8 – CONCENTRATION OF RISK

The School is dependent on various government agencies for funding, and is responsible for meeting the requirements of such agencies. If the school was to lose students or the related government funding, it could have a substantial effect on its ability to continue operations.

NOTE 9 – SUBSEQUENT EVENTS

The School evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was September 27, 2013, for these financial statements.

Supplemental Information

Bronx Global Learning Institute for Girls
Schedule of Functional Expenses
For the year ended June 30, 2013

Personnel Service Costs	Regular Education	Special Education	Total Programs	Support Services	Total
Administrative Staff Personnel	$ 322,374	$ 31,975	$ 354,349	$ -	$ 354,349
Instructional Personnel	1,403,606	139,220	1,542,826	-	1,542,826
Non-Instructional Personnel	164	2	166	59,344	59,510
Total Personnel Service Costs	1,726,144	171,197	1,897,341	59,344	1,956,685
Fringe Benefits	220,886	21,907	242,793	7,594	250,387
Retirement Benefits	26,829	2,661	29,490	922	30,412
Payroll Taxes	153,344	15,209	168,553	5,272	173,825
Total Personnel and Related Expenses	2,127,203	210,974	2,338,177	73,132	2,411,309
Operating Expenses					
Management Fee (Note 5)		-	-	632,417	632,417
Professional and Other Consultant Fees	69,076	6,851	75,927	2,375	78,302
Food (Note 6)	96,421	9,563	105,984	3,315	109,299
Insurance	30,372	3,012	33,384	21,940	55,324
Supplies and Materials	125,359	12,966	138,325	4,494	142,819
Technology	27,263	2,704	29,967	937	30,904
In-kind Goods and Services (Note 6)	417,602	41,417	459,019	14,357	473,376
Staff Development	43,252	4,290	47,542	1,487	49,029
Marketing and Recruiting	822	82	904	28	932
Auditing Fees	-	-	-	8,000	8,000
Office Expense	33,068	3,280	36,348	1,137	37,485
Maintenance and Repairs	5,612	557	6,169	193	6,362
Equipment/Furnishings	17,689	1,754	19,443	609	20,052
Student Services	8,056	799	8,855	277	9,132
Depreciation	40,623	4,029	44,652	1,397	46,049
Other Expenses	27,193	2,697	29,890	935	30,825
Total Operating Expenses	942,408	94,001	1,036,409	693,898	1,730,307
TOTAL EXPENSES	$ 3,069,611	$ 304,975	$ 3,374,586	$ 767,030	$ 4,141,616

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Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees of
Bronx Global Learning Institute for Girls
Bronx, New York

We have audited, 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, the financial statements of Bronx Global Learning Institute for Girls (a nonprofit organization) which comprise the statement of financial position as of June 30, 2013 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bronx Global Learning Institute for Girls '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 Bronx Global Learning Institute for Girls 's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Bronx Global Learning Institute for Girls' 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*.

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.

Vargas & Rivera, LLP

New City, New York
September 27, 2013