Bronx Global Learning Institute for Girls

Financial Statements
and
Independent Auditors' Report

June 30, 2010

Bronx Global Learning Institute for Girls

Financial Statements

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Vargas, Ghigliotty & Rivera LLP
Certified Public Accountants & Consultants

Independent Auditors' Report

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

We have audited the accompanying statement of financial position of Bronx Global Learning Institute for Girls as of June 30, 2010, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Project's management. 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 of The United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Bronx Global Learning Institute for Girls as of June 30, 2010, and the changes in net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2010, 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 grants. 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 9 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 auditing procedures applied in the audit 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.

Vargas, Ghigliotty & Rivera, LLP

New City, New York
October 27, 2010

586 Route 304, New City, NY 10956 | Tel: 845-638-3113 | Fax: 845-638-4817
445 Park Avenue, 9th Fl, New York, NY 10022 | Tel: 212-734-0395 | Fax: 212-734-0954

Bronx Global Learning Institute for Girls
Statement of Financial Position
June 30, 2010

ASSETS

Current Assets	
Cash - Operating	$ 214,719
Due from Government Agencies (Note 3)	229,156
Prepaid Expenses	4,806
Total Current Assets	448,681
Fixed Assets	
Equipment, Furniture and Fixtures	216,186
Less: Accumulated Depreciation	(59,260)
Total Fixed Assets	156,926
Total Assets	$ 605,607

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable and Accrued Expenses	$ 51,137
Accrued Payroll and Related Expenses	161,290
Total Current Liabilities / Total Liabilities	212,427
Net Assets	
Unrestricted Net Assets	393,180
Total Net Assets	393,180
Total Liabilities and Net Assets	$ 605,607

See accompanying notes and independent auditors' report.

Bronx Global Learning Institute for Girls
Statement of Activities
For the year ended June 30, 2010

PUBLIC SUPPORT AND REVENUE	Unrestricted	Temporarily Restricted	Total
Resident Student Enrollment	$ 1,886,981	$ -	$ 1,886,981
Food Service	-	65,702	65,702
Federal Funding	-	134,407	134,407
State and City Funding	-	197,492	197,492
In-kind Contributions (Note 6)	228,929	-	228,929
Corporate Contributions	16,909	-	16,909
Interest Income	544	-	544
	2,133,363	397,601	2,530,964
Net Assets Released From Restrictions	397,601	(397,601)	-
Total Public Support and Revenue	2,530,964	-	2,530,964
EXPENSES			
Program Services			
Regular Education	1,895,705	-	1,895,705
Special Education	113,900	-	113,900
	2,009,605	-	2,009,605
Supporting Services			
Management and General	310,510	-	310,510
Total Expenses	2,320,115	-	2,320,115
Change in Unrestricted Net Assets	210,849	-	210,849
Net Assets, Beginning of Year	182,331	-	182,331
Net Assets, End of Year	$ 393,180	$ -	$ 393,180

See accompanying notes and independent auditors' report.

Bronx Global Learning Institute for Girls
Statement of Cash Flows
For the year ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Unrestricted Net Assets	$ 210,849
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	54,556
Changes in Assets and Liabilities	
(Increase) / Decrease in:	
Due from Government Agencies	(14,672)
Prepaid Expenses	(804)
Increase / (Decrease) in:	
Accounts Payable and Accrued Expenses	31,439
Accrued Payroll and Related Expenses	65,383
Total Adjustments	135,902
Net Cash Provided by Operating Activities	346,751
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Equipment, Furniture and Fixtures	(194,381)
Net Cash Used In Investing Activities	(194,381)
NET INCREASE IN CASH	152,370
CASH - BEGINNING OF YEAR	62,349
CASH - END OF YEAR	$ 214,719

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 a grade fifth 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The accompanying financial statements were prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation
Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS 117, it is required to report information regarding financial position and activities according to the following three classes of net assets: Unrestricted net assets have no donor restrictions and have met all legal and donor requirements; Temporarily restricted net assets are temporarily restricted by donor stipulations and requirements; and Permanently restricted net assets are permanently restricted by donor stipulations and requirements.

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 2010 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 Organization 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 Organization 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	3 Years
Funiture and Fixtures	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
Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made,* if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provide services throughout the year that are not recognized as contributions in the financial statements since recognition criteria under SFAS No. 116 were not met.

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, 2010 are $229,156.

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 $9,819 for 2010. 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 6 – MANAGEMENT FEES

Victory Schools, Inc. (VSI) manages the operations of the School under a management agreement entered into by the School and VSI. The agreement was executed in July 2008. Per the terms of the agreement, VSI assumes responsibility for task and functions associated with the educational services to be provided to the children enrolled as students as the School in accordance with the terms of the Charter and the Charter Schools Act, subject to the appropriate oversight from the School's Board of Trustees.

In providing the above services, VSI is paid a management 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 one thousand dollars ($2,000) (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 CONTRIBUTIONS

The School received in-kind contribution of facilities 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, 2010:

Rent	$ 146,713
Maintenance/Security	58,555
Utilities	23,971
	$ 229,239

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 audt 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

In accordance with Statement of Financial Accounting Standards No. 165, *Subsequent* Events, the School has evaluated subsequent events between that statement of financial position date of June 30, 2010 and October 27, 2010, the date the financial statements were issued. No subsequent events requiring disclosure were noted.

Supplemental Information

Bronx Global Learning Institute for Girls
Schedule of Functional Expenses
For the year ended June 30, 2010

Personnel Expenses	Regular Education	Special Education	Total Programs	Support Services	Total
Salaries	$ 943,872	$ 59,808	$ 1,003,680	$ -	$ 1,003,680
Fringe Benefits	153,286	9,713	162,999	-	162,999
Payroll Taxes	87,268	5,530	92,798	-	92,798
Total Personnel and Related Expenses	1,184,426	75,051	1,259,477	-	1,259,477
Operating Expenses					
Contracted Services - Management Co.	-	-	-	303,300	303,300
Consultants - Education	22,851	-	22,851	-	22,851
Food	75,326	-	75,326	-	75,326
Insurance	31,577	2,001	33,578	-	33,578
Supplies and Materials	57,138	3,621	60,759	-	60,759
Textbooks	85,517	5,419	90,936	-	90,936
Telephone	27,342	1,732	29,074	-	29,074
In-kind Services (Note 6)	215,579	13,660	229,239	-	229,239
Printing	5,751	364	6,115	-	6,115
Professional Development	24,111	1,528	25,639	-	25,639
Advertising	7,425	470	7,895	-	7,895
Auditing Fees	-	-	-	7,210	7,210
Maintenance and Repairs	18,831	1,193	20,024	-	20,024
Transportation	37,476	2,375	39,851	-	39,851
Depreciation	51,305	3,251	54,556	-	54,556
Other Expenses	51,050	3,235	54,285	-	54,285
Total Operating Expenses	711,279	38,849	750,128	310,510	1,060,638
TOTAL EXPENSES	$ 1,895,705	$ 113,900	$ 2,009,605	$ 310,510	$ 2,320,115

Vargas, Ghigliotty & Rivera LLP
Certified Public Accountants & Consultants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on and Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited the financial statements of Bronx Global Learning Institute for Girls as of and for the year ended June 30, 2010, and have issued our report thereon dated October 27, 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 Bronx Global Learning Institute for Girls' 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 Bronx Global Learning Institute for Girls' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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.

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 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.*

This report is intended solely for the information and use of management, Board of Trustees, 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.



New City, New York
October 27, 2010