John V. Lindsay Wildcat Academy Charter School

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Ronald Tabano, C.E.O. and Principal

October 29, 2010

State Education Department
Office of Audit Services
89 Washington Avenue Room 524 EB
Albany, NY 12234

To Whom It May Concern:

Attached, please find all the required financial information from John V. Lindsay Wildcat Academy Charter School.

If you have any questions about the financial information in this packet, please contact the Wildcat CFO, Cecilia Sakosky at 212-209-6186 or csakosky@jvlwildcat.org.

If you have any questions about this transmission, please contact me at 212-209-6146 or sasmussen@jvlwildcat.org.

Thank you.

Sincerely,

Sara M. Asmussen

Sara M. Asmussen, Ph.D.
Director of Compliance & Accountability

SCHALL & ASHENFARB Certified Public Accountants, LLC

IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA

JOHN V. LINDSAY WILDCAT CHARTER SCHOOL

Audited Financial Statements

June 30, 2010

350 Fifth Avenue, Suite 5610
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JOHN V. LINDSAY WILDCAT CHARTER SCHOOL

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SCHALL & ASHENFARB Certified Public Accountants, LLC

IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
John V. Lindsay Wildcat Charter School

We have audited the accompanying statement of financial position of John V. Lindsay Wildcat Charter School (the "School") as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the School's June 30, 2009 financial statements and, in our report dated October 8, 2009 we expressed an unqualified opinion on those financial statements.

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 of material misstatements. 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 presents fairly, in all material respects, the financial position of the School as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2010 on our consideration of the 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* and should be considered in assessing the results of our audit.

Schall + Ashenfarb
Schall & Ashenfarb
Certified Public Accountants, LLC

October 21, 2010

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JOHN V. LINDSAY WILDCAT CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2010
(With comparative totals for June 30, 2009)

Assets

	6/30/10	6/30/09*
Current assets:		
Cash and cash equivalents (Notes 2b and 2c)	$806,142	$1,971,896
Investments (Notes 2d and 3)	1,550,277	0
Grants receivable (Note 2e)	373,985	411,469
Other receivables (Note 4)	26,276	18,300
Other assets (Note 5)	612,671	575,000
Total current assets	3,369,351	2,976,665
Non-current assets:		
Fixed assets (Notes 2f and 6):		
Leasehold improvements and equipment	313,744	342,689
Leasehold improvements and equipment, restricted by grantor	0	18,819
Total non-current assets	313,744	361,508
Total assets	$3,683,095	$3,338,173

Liabilities and Net Assets

Liabilities:		
Accounts payable	$172,989	$115,238
Accrued expenses	710,392	552,449
Deferred rent	590,176	320,855
Government grant advances (Note 2e)	69,157	0
Total liabilities	1,542,714	988,542
Net assets: (Note 2a)		
Unrestricted	2,117,681	2,330,812
Temporarily restricted (Note 7)	22,700	18,819
Total net assets	2,140,381	2,349,631
Total liabilities and net assets	$3,683,095	$3,338,173

* Restated - See Note 11.

The attached notes and auditors' report are an integral part of these financial statements.

JOHN V. LINDSAY WILDCAT CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010
(With comparative totals for the year ended June 30, 2009)

	Unrestricted	Temporarily Restricted	Total 6/30/10	Total 6/30/09*
Public support and revenue:				
Public school district:				
Revenue - resident student enrollment	$5,642,163		$5,642,163	$5,770,115
Revenue - students with disabilities	1,360,969		1,360,969	1,119,158
Government grants	977,207		977,207	849,394
Private grants	3,792	$25,000	28,792	34,750
Investment income (Note 3)	56,462		56,462	36,573
In-kind services (Note 2i)			0	60,000
Other	8,056		8,056	6,089
Net assets released from restrictions (Note 7)	21,119	(21,119)	0	0
Total support and revenue	8,069,768	3,881	8,073,649	7,876,079
Expenses:				
Program services:				
Regular education	4,584,729		4,584,729	4,661,541
Special education	1,658,693		1,658,693	1,399,772
Other program	988,794		988,794	426,181
Total program services	7,232,216	0	7,232,216	6,487,494
Supporting services:				
Management and general	1,050,683		1,050,683	1,241,831
Total expenses	8,282,899	0	8,282,899	7,729,325
Change in net assets	(213,131)	3,881	(209,250)	146,754
Net assets - beginning	2,330,812	18,819	2,349,631	2,469,133
Prior period adjustment (Note 9)			0	(266,256)
Net assets - ending	$2,117,681	$22,700	$2,140,381	$2,349,631

* Restated - See Note 11.

The attached notes and auditors' report are an integral part of these financial statements.

JOHN V. LINDSAY WILDCAT CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010
(With comparative totals for the year ended June 30, 2009)

	Program Services				Management and General	Total Expenses 6/30/10	Total Expenses 6/30/09*
	Regular Education	Special Education	Other Program	Total			
Salaries	$2,225,823	$822,286	$413,953	$3,462,062	$572,047	$4,034,109	$3,637,210
Employee benefits and payroll taxes	946,513	365,257	102,148	1,413,918	159,732	1,573,650	1,387,539
Total personnel services	3,172,336	1,187,543	516,101	4,875,980	731,779	5,607,759	5,024,749
Bad debt expense				0		0	213,911
Bank charges				0	6,018	6,018	5,646
Consultants and professional (including in-kind services - Note 2i)	77,766	29,105	246,655	353,526	29,440	382,966	382,344
Copying	5,149	3,278	2,168	10,595	1,861	12,456	10,967
Educational supplies	30,922	8,003	22,886	61,811		61,811	60,994
Equipment leasing			332	332	3,964	4,296	7,276
Equipment rental	19,741	7,367		27,108	4,033	31,141	29,264
Insurance	22,041	8,550		30,591	4,854	35,445	29,894
Maintenance	26,636	7,499	41,415	75,550	3,916	79,466	30,050
Miscellaneous	6,361			6,361	6,844	13,205	12,811
Office supplies, postage and printing			695	695	5,922	6,617	9,540
Rent	919,210	369,782		1,288,992	219,206	1,508,198	1,382,224
Staff development	9,600			9,600		9,600	9,754
Student incentives and internships	135,372		56,231	191,603		191,603	219,122
Telephone	5,948	2,396	33,327	41,671	1,466	43,137	30,049
Travel	778		195	973	10,429	11,402	11,918
Utilities	84,251	34,105		118,356	20,311	138,667	144,332
Water	2,590	1,065		3,655	640	4,295	4,026
Depreciation and amortization	66,028		68,789	134,817		134,817	110,454
Total expenses	$4,584,729	$1,658,693	$988,794	$7,232,216	$1,050,683	$8,282,899	$7,729,325

* Restated - See Note 11.

The attached notes and auditors' report are an integral part of these financial statements.

JOHN V. LINDSAY WILDCAT CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010
(With comparative totals for the year ended June 30, 2009)

	6/30/10	6/30/09*
Cash flows from operating activities:		
Change in net assets	($209,250)	$146,754
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Depreciation and amortization	134,817	110,454
Unrealized and realized gains on investments	(14,611)	0
(Increase)/decrease in:		
Grants receivable	37,484	(184,605)
Other receivables	(7,976)	213,258
Other assets	(37,671)	(231,089)
Increase/(decrease) in:		
Accounts payable	57,751	22,017
Accrued expenses	157,943	64,845
Deferred rent	269,321	54,599
Refundable advance	69,157	(5,172)
Total adjustments	666,215	44,307
Net cash provided by operating activities	456,965	191,061
Cash flows from investing activities:		
Acquisition of equipment, leasehold improvements and furniture	(87,053)	(243,516)
Purchase of investments (including reinvestment of interest), net of fees	(1,535,666)	0
Net cash used for investing activities	(1,622,719)	(243,516)
Net decrease in cash and cash equivalents	(1,165,754)	(52,455)
Cash and cash equivalents - beginning of year	1,971,896	2,024,351
Cash and cash equivalents - end of year	$806,142	$1,971,896

* Restated - See Note 11.

Supplemental data:
Interest paid - $0
Taxes paid - $0

The attached notes and auditors' report are an integral part of these financial statements.

JOHN V. LINDSAY WILDCAT CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 - Organization and Nature of Activities

Effective September 1, 2000, John V. Lindsay Wildcat Charter School (the "School") was granted a charter by the University of the State of New York, Education Department. The School's charter has been renewed, most recently for a period of three years from July 31, 2008 through August 31, 2011. The School is an inner city high school serving adolescents who are at risk of failure due to poor attendance, disruptive behavior, criminal activity and poor academic achievement.

The School was organized under the Not-For-Profit Corporation Law of the State of New York and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar NYS statutes.

Note 2 - Significant Accounting Policies

a. Basis of Presentation
The accompanying financial statements have been prepared using the accrual basis of accounting.

The School's net assets are classified based upon the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted* – represent those resources for which there are no restrictions by donors as to their use.

- *Temporarily restricted* – represent those resources, the uses of which have been restricted by donors to specific purposes or the passage of time. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor. When the restrictions from temporarily restricted contributions have been met in the year of donation, they are reported as unrestricted.

b. Cash and Cash Equivalents
Checking and money market accounts with local banks and highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents for purposes of the accompanying statement of cash flows.

c. Concentration of Credit Risk
Financial instruments which potentially subject the School to concentration of credit risk consist of cash accounts which are placed with financial institutions that management deems to be credit worthy. At times, balances may exceed federally insured limits. While at year end, the School had material uninsured balances, management feels they have little risk and has not experienced any losses.

d. Investments
Investments are recorded at fair market value. Unrealized gains and losses are included in income on the statement of activities. The School follows FASB Accounting Standards Codification (ASC) 820, (formerly SFAS No. 157) to determine fair market value. Under ASC 820, fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

e. Government Grants
Government grants that have traits more similar to contracts for service are treated as exchange transactions and are recognized as income when earned. Grants earned in excess of cash received are recorded as grants receivable and cash received in excess of grants earned are recorded as grant advances.

The School reviews receivables that are unlikely to be collected based on historical experience and a review of activity subsequent to the balance sheet date. No allowance for doubtful accounts exists as of June 30, 2010. Write-offs will be made directly to operations in the period the receivable is deemed to be uncollected. (See Note 4)

f. Fixed Assets
Property and equipment that exceed pre-determined amounts and have a useful life of greater than one year are recorded at cost or at the fair market value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

Office equipment – *3 year life*
Furniture and fixtures –*7 year life*
Leasehold improvements – *Life of lease*

g. Revenues – Public School District
The School receives grants from the New York City Department of Education (NYCDOE) to carry out its operations. Program revenues are recognized based on rates established by the School's funding sources and the amount realizable on the accrual basis in the period during which services are provided.

h. Contributions
Contributions are recorded as revenue upon receipt of cash or at the time a pledge is considered unconditional. Contributions received with specific donor restrictions are recorded in the permanent or temporarily restricted class of net assets, depending on the nature of the donor's restriction. All other contributions are recorded as unrestricted.

Contributions expected to be received within one year are recorded at their net realizable value. Long-term pledges are recorded at fair value using market conditions under the income approach. Conditional contributions received are recorded as liabilities and are recognized as income when the conditions have been substantially met.

i. Contributed Services
Donated services that either create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would

typically need to be purchased if not provided in-kind, are recognized at fair value.

Although the School receives services from board members and other volunteers, these services do not meet the criteria for recognition as outlined above and have not been recorded.

j. Functional Allocation of Expenses
The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The School did not incur any fundraising expenses.

k. Use of 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 the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

l. Subsequent Events
Management has evaluated for potential recognition and disclosure events subsequent to the date of the balance sheet through October 21, 2010, the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date through our evaluation date that would require adjustment to or disclosure in the financial statements.

m. Prior-Year Comparative Information
The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Note 3 - Investments

ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the securities based on market data obtained from sources independent of the School. Unobservable inputs reflect the School's assumptions about the inputs that market participants would use in pricing the security developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the School has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

At June 30, 2010, all investments are categorized as Level 1.

Investment income consists of:

Interest and dividend income	$51,556
Unrealized gains	14,611
Investment fees	(9,705)
Total	$56,462

Note 4 - Other Receivables/Related Party Transactions

As of June 30, 2010, other receivables consist of:

Receivable from:	
New Era Transitions, Inc.	$15,793
Other	10,483
Total other receivables	$26,276

In 2009, a receivable of approximately $214,000 from Wildcat Service Corporation ("WSC") was written-off after consultation with the School's attorney.

The receivable from the New Era Transitions, Inc. (NET), a non-profit organization incorporated in the City of New York, represents start up costs and funds advanced by the School. NET is a related entity by affiliation, since three of its board members are also serving on the Board of the School. The School's compliance officer is also serving on the Board of NET.

Note 5 - Other Assets

As of June 30, 2010 other assets consist of:

Security deposit	$573,270
Prepaid insurance	35,609
Other	3,792
Total	$612,671

Note 6 - Fixed Assets

At June 30, 2010, fixed assets consisted of the following:

Furniture	$31,799
Equipment	650,249
Leasehold improvements	141,613
Subtotal	823,661
Less: accumulated depreciation	(509,917)
Total fixed assets, net	$313,744

Note 7 - Temporarily Restricted Net Assets

Net assets at July 1, 2009 consisted of a contribution that was restricted for capital. Net assets were released from restriction during June 30, 2010 by recording depreciation expense in satisfaction of the restriction. Net assets at June 30, 2010 relate to a contribution that has been restricted for college related expenses.

Note 8 - Significant Concentrations

The School and NYCDOE signed an agreement, which permits the school to operate the charter until August 31, 2011. For the year ended June 30, 2010, approximately 87% of the School's total public support and revenue, excluding in-kind contributions, was realized from NYCDOE.

Note 9 - Commitments

The School occupies space in lower Manhattan and the Bronx under separate leases that expire on October 31, 2017 and August 31, 2022.

As of June 30, 2010, minimum lease payments due under the leases for the next five years are as follows:

Year	Amount
2011	$1,599,347
2012	1,640,900
2013	1,675,158
2014	1,767,421
2015	1,841,043
Thereafter	8,756,817
Total	$17,280,686

In accordance with ASC 840-25-2 (formerly SFAS No. 13), the School records rent expense on the straight line method and recognizes deferred rent for the cumulative amount that expenses exceed actual payments. As payments exceed the amount of expense recognized, deferred revenue will be reduced until it becomes $0 at the end of the lease.

In 2009, a prior period adjustment was made in the amount of $266,256 to recognize deferred rent as of June 30, 2008 that had not been previously recorded.

Note 10 - Pension

All union members are covered under a retirement plan administered by the New York City Teachers Retirement System. The plan is partially contributory. The School's contribution amounted to $692,251 for the year ended June 30, 2010.

Note 11 - Restatement

A restatement of the June 30, 2009 financial statements has been made to increase government grant revenue by $145,185 to reflect a grant that had not been recognized in 2009. Corresponding increases were made to grants receivable for $21,699, leasehold improvements – net for $118,204 and depreciation expenses for $5,282. This resulted in a net increase to unrestricted net assets of $139,903.

SCHALL & ASHENFARB Certified Public Accountants, LLC

IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA

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
John V. Lindsay Wildcat Charter School

We have audited the financial statements of John V. Lindsay Wildcat Charter School (the "School") as of and for the year ended June 30, 2010, and have issued our report thereon dated October 21, 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 School's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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.

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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.*

We noted certain matters that we reported to management of the School in a separate letter dated October 21, 2010.

This report is intended solely for the information and use of management, the Board of Trustees and others within the School, and is not intended to be and should not be used by anyone other than these specified parties.

Schall & Ashenfarb

Schall & Ashenfarb
Certified Public Accountants, LLC

October 21, 2010

JOHN V. LINDSAY WILDCAT CHARTER SCHOOL
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2010

Current Year:

10-1 - Cash balances in excess of FDIC insurance limits

Condition: Deposits with a financial institution exceeded the FDIC insurance levels.

Cause: The board of trustees is still in the process of exploring investment options to eliminate the exposure on uninsured cash balances.

Effect: Cash balances in excess of FDIC insurance levels create a risk of potential loss of School assets.

Recommendation: The School should consider diversifying their cash balances to minimize the exposure on balances in excess of FDIC insurance levels.

Management response: The School's Board and management continually discuss market trends and elect to have banking relationships with two strong financial institutions, JP Morgan Chase and Bank of America. FDIC insurance limits are currently $250,000 and investments are covered by SIPC up to $500,000. Additionally, the School's Board and management continually review the operational cash requirements of the School and determined that a cash balance of approximately $770,000 is required to maintain operations for a 2 month period.

Prior Year Follow-Up:

09-1 - See current year 10-1.

SCHALL & ASHENFARB Certified Public Accountants, LLC

IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA

MANAGEMENT LETTER

To the Board of Trustees of
John V. Lindsay Wildcat Charter School

In planning and performing our audit of the financial statements of John V. Lindsay Wildcat Charter School (the "School"), as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the 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 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 and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we have provided a follow-up to certain matters involving internal controls and their operations that were outlined last year.

I - Other Matters/Follow up

Prior period adjustment
In the prior year audit, an adjustment was required to restate opening net assets to account for an error made to the previous year's financial statements. Organizations are required to recognize rent expense in an even, periodic basis, over the life of the lease. Under the process referred to as the "straight-line" method, a liability (deferred rent) is recorded in the earlier periods of the lease when rent payments are lower than the computed annualized amount. As organizations get deeper into their leases, the payment amounts become lower than the rent expense and the deferred liability is reduced to -0- at the end of the lease term.

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After bringing this issue to management's attention, it was promptly booked and included in the audited financial statements. We provided management with the calculation for adjustments required in future years. We recommended that this adjustment be made to the books and included in the financial statements in all future years.

Follow up June 30, 2010 *- The entry to record the straight line rent for the year ended June 30, 2010 was made by management and is included in the June 30, 2010 financial statement. However certain revenue related to a prior year government grant was not recorded in the correct period and as a result a restatement of prior year net assets was required. We continue to recommend that all accounting matters be closely monitored to ensure that internal and external reporting is accurate and timely.*

Cash balances in excess of FDIC insurance coverage
As noted in the prior year cash balances at year-end and at several points throughout the year exceeded federally insured limits. This places risk on the School that if the bank were to fail, losses could be incurred for the uninsured balance, which at June 30, 2010 was in excess of $358,000.

Follow up June 30, 2010 *- We understand that The School's board and management continually discuss market trends and elect to have banking relationships with two financial institutions that they deem to be creditworthy, JPMorgan chase and Bank of America. Based on a review of cash flow needs, management has determined that a cash balance of approximately $770,000 is needed to maintain operations for a two month period. This situation requires continual monitoring, however this comment will not be repeated in the future.*

II - Board Governance

In our prior year's management letter, we highlighted certain policies & procedures that we suggested the Organization adopt due to the IRS revision of the Form 990.

- Record Retention Policies
- Executive Compensation

Follow-up for June 30, 2010: *Both of the policies above have been adopted by the School.*

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendation.

This communication is intended solely for the information and use of management, the board of trustees, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Schall & Ashenfarb
Schall & Ashenfarb
Certified Public Accountants, LLC

October 21, 2010

SCHALL Certified Public Accountants, LLC
&ASHENFARB

IRA L. SCHALL, CPA
DAVID C. ASHENFARB, CPA

SAS #114 – Communication With Those Charged with Governance

To the Board of Trustees of
John V. Lindsay Wildcat Charter School

We have audited the financial statements of John V. Lindsay Wildcat Charter School (the "School"), for the year ended June 30, 2010, and have issued our report thereon dated October 21, 2010. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards
As stated in our engagement letter dated June 4, 2010, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope of Audit
We performed our audit according to the plan previously communicated to you in our engagement letter.

Significant Accounting Policies
Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the School are described in Note 2 to the financial statements.

No new accounting policies were adopted during the year under audit and the application of existing policies was not changed during the year. We noted no transactions entered into by the School during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

One new footnote disclosure was made. In May 2009, the FASB issued SFAS No. 165, which is part of the Accounting Standards Codification as ASC 855-10 "Subsequent Events". ASC 855-10 establishes general standards of accounting for, and disclosure of, events that occur after the financial statement date, but before the financial statements are issued or available to be issued. ASC 855-10 requires a new disclosure in financial statements related to the date through which reporting entities have evaluated subsequent events, along with the basis for that date being the appropriate date [i.e., whether the date represents the date the financial statements were issued, or

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whether the statements were available to be issued]. The purpose of this incremental disclosure is to put financial statement users on alert in circumstances where management has not evaluated subsequent events after the stipulated date in the financial statements that are being presented. This disclosure is reflected in Note 2 to the financial statements.

Accounting Estimates
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 statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates used in preparing the financial statements were as follows:

- allocation of expenses into program, management and fundraising categories.
- useful lives of fixed assets and depreciation methods
- collectability of receivables from government agencies

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The disclosures in the financial statements are neutral, consistent and clear.

Significant Audit Adjustments
For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures.

One significant adjustment made was to restate the 6-30-09 financial statements to recognize government grant revenue and fixed assets for a grant where the grantor paid the vendor directly. The transaction was properly brought to our attention by the finance director. This adjustment resulted in a restatement of opening net assets.

There were two proposed adjustments that were passed on (not recorded) that were not considered to have a material effect. At June 30, 2010, an accrual was recorded for teachers' sick time; a similar accrual should have been made as of June 30, 2009. This had an effect of overstating the expenses in 2010. In addition, there was an error in the calculation for deferred income at June 30, 2009; by correcting the balance at June 30, 2010, expenses were understated in 2010. Since these adjustments were close in amount and represent esoteric accounting concepts rather than amounts that impact on operations, the net effect is considered immaterial.

Disagreements with Management
For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter 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.

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 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.

Issues Discussed Prior to Retention of Independent Auditors
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the auditors. There were no specific matters of this nature discussed prior to our retention.

Difficulties Encountered in Performing the Audit
There were no significant difficulties encountered in performing the audit

Management Representations
We have requested certain representations from management that are included in the management representation letter.

Industry updates

The following represent new trends in the tax exempt area that we would like you to be informed of:

Hiring Incentives to Restore Employment Act (HIRE)
On March 18, 2010, President Obama signed into law the Hiring Incentives to Restore Employment Act (HIRE Act) that among other things, includes temporary tax incentives to encourage employers to hire new workers.

Employers who hire unemployed workers this year (after February 3, 2010 and before January 1, 2011) may qualify for a 6.2 percent payroll tax incentive, in effect exempting them from their share of Social Security taxes on wages paid to these workers after the date of enactment. This reduced tax withholding will have no effect on the employee's future Social Security benefits, and employers would still need to withhold the employee's 6.2 percent share of Social Security taxes, as well as income taxes. The employer and employee's shares of Medicare taxes would also still apply to these wages.

The new law requires that the employer get a statement from each eligible new hire certifying that he or she was unemployed during the 60 days before beginning work or, alternatively, worked fewer than a total of 40 hours for someone else during the 60-day period. The IRS is currently developing a form employees can use to make the required statement.

Changes in N.Y. labor law- notice and record keeping requirements:
Under New York State law, an employer must notify their employees, in writing, at the time of hiring of the rate of pay and what day they will be paid. All employees who are eligible for overtime compensation must be notified of the regular hourly rate and overtime rate of pay. In addition, the employer must obtain a written acknowledgment from each employee of receipt of this notice.

We have been informed of a recent increase in labor law cases brought under the Fair Labor Standards Act (FSLA). FSLA allows employees and former employees to sue their employers for wage and hour claims (generally regarding overtime and who is exempt or not exempt from overtime pay). Tax exempt organizations are not exempt from these laws and there can be stiff penalties if the employees win these cases.

We advise all of our clients to pay serious attention to this issue by double checking the exempt or non-exempt classification of their employees to ensure proper classification and overtime tracking. In addition, personnel files should be updated to include written acknowledgment for employees about required communications outlined above.

Overhead ratios being re-evaluated

Several charity watchdog groups including Guidestar, Charity Navigator and GiveWell recently announced that donors should not rely solely on overhead ratios when choosing whether or not to support specific charities.

For years, charity regulators have been debating whether expense ratios (the percentage of money spent on program, management & general and fundraising) are the best way to evaluate a charity. Many feel that the flexibility that organizations have in applying the rules renders these ratios meaningless.

The trend is towards evaluating the charities effectiveness in accomplishing its mission, particularly in supplying meaningful information about change in the communities they work in and the impact on the lives of the people it serves. However, because there are no standards to evaluate these outcomes, it is natural for potential donors to rely on numbers they see as part of the audited financial statements and tax returns.

As we have seen over the past several years, especially with the newly revised form 990, charities are being evaluated on their compliance with new board governance and fiscal practices. We can see the trend that donors are looking more towards these matters in making their evaluation of the charities' effectiveness. Charity Navigator, the largest of the ratings organizations, has said it will now look at the following factors in rating charities on effectiveness:

- Is the charitable organization sustainable? Does it have enough financial strength to survive in good and bad economic times?
- Accountability - Does the organization have ethical practices, good governance and transparency?
- Outcomes - Do they have systems in place to effectively manage their performance?

The Better Business Bureau has modified their controversial ratios that had been a long standing practice. The general rule required organizations to spend at least 65% of their overall expenditures on program activities. Now, under modified standards, the BBB will look on a case by case basis to organizations that fall below the 65% ratio and allow some leeway as long as the ratio remains above 55%.

IRS Governance Checklist

The Internal Revenue Service (IRS) has released a checklist to be used by all IRS agents during examinations of exempt organizations to collect data on their governance practices and internal controls.

As noted above, watchdog groups are not the only ones concerned with board governance practices. The checklist demonstrates the IRS's continued focus on exempt organizations and how they feel that good compliance will reduce the risk of misuse of charitable assets.

The checklist requires the auditor to check the following:

- Do activities properly reflect the written mission statement?
- Are board practices in compliance with the organization's by-laws?
- Does the governing board review compensation for executives and key employees, including the review of comparable data and documentation of the deliberation and decision making process?
- Does a written conflicts of interest policy exist and whether the organization follows it?
- Does an oversight committee of the board review the audited financial statements and form 990?
- Are board minutes properly kept to document the discussions and decisions made?
- Does the organization have written whistleblower procedures and how does the board monitor the possibility of fraud within the organization?
- Whether there are procedures set forth regarding document retention, but even more importantly, document destruction, especially in circumstances where a pending or ongoing investigation is imminent?

Other IRS Initiatives

Federal and State officials, facing record budget deficits, are starting to aggressively pursue companies that try to pass off regular employees as independent contractors. President Obama's 2010 budget assumes the federal crackdown will yield at least $7 billion over the next ten years. In a recent news release, the Internal Revenue Service announced that newly trained agents will focus on employment tax issues.

A typical examination will cover three years and employers of various sizes and industries. The employer's 2008 tax year is expected to be the current year subject to examination. In addition to worker classification matters, other employment issues such as fringe benefits, potential taxable benefits and backup withholding will be scrutinized.

Political Activity

The IRS cautions organizations about the pitfalls of giving to political campaigns and how that can jeopardize a charitable organization's tax exempt status. In the past year, NYS has been reviewing donations to various political campaigns, including non-monetary items and notifying any charitable organizations in **all** cases where they find **any** amount of giving towards political campaigns. If you receive a notice from the Attorney General's office about this, **it is imperative that you take all steps to cure the default.**

Update on Uniform Prudent Management of Institutional Funds Act

On September 17, 2010, Governor Patterson signed into law, a New York specific version of the Uniform Prudent Management of Institutional Funds Act ("the act"). The new legislation switches from a view of preserving "historic dollar value" to one that focuses on "total return". Some of the more significant provisions of the legislation are:

1) The elimination of the requirement to maintain the original dollar value of endowment gifts.
2) The "Act" specifies certain factors that must be considered before spending decisions can be made and outlines stringent documentation requirements.
3) There is a rebuttable presumption of imprudence if a spending rate exceeds 7% of the market value of the endowment fund.
4) A not-for-profit organization must adopt a written policy setting forth guidelines on investments and delegation of management and investment functions.

Independence Issues

Schall & Ashenfarb, CPA's, LLC is not aware of any relationships that our firm, or any employees thereof, has with John V. Lindsay Wildcat Charter School or any of its board members that, in our professional judgment may impair our independence.

This information is intended solely for the use of the Finance Committee and management of John V. Lindsay Wildcat Charter School.

Schall & Ashenfarb

Schall & Ashenfarb
Certified Public Accountants, LLC

October 21, 2010

EXHIBIT 1

SCHALL & ASHENFARB

June 4, 2010

Ms. Cecilia Sakosky
CFO
John V. Lindsay Wildcat Academy Charter School
17 Battery Place, 1st floor
New York, NY 10004

Dear Ms. Sakosky:

We are pleased to confirm our understanding of the services we are to provide for John V. Lindsay Wildcat Academy Charter School for the year ended June 30, 2010. We will audit the statement of financial position of John V. Lindsay Wildcat Academy Charter School as of the year ended June 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. Also the following additional information accompanying the basic financial statements will be subjected to the auditing procedures applied in our audit of the financial statements:

1. Schedule of expenditures of Federal Awards
2. Schedule of Findings and Questioned Costs

Audit Objectives

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the second paragraph when considered in relation to the financial statements taken as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards.*

- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

The reports on internal control and compliance will each include a statement that the report is intended for the information and use of the audit committee, management, specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

EXHIBIT 1

Our audit will be conducted in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such an opinion and to render the required reports. If our opinion on the financial statements or the Single Audit compliance opinion is other than unqualified, we will discuss the reasons with management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for establishing and maintaining internal controls, including *monitoring* ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with U.S. generally accepted accounting principles, and for federal award programs are managed in compliance with applicable laws and regulations and the provisions of contracts and grant agreements. Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein.

You are responsible for management decisions and functions; for designating a management-level individual with suitable skill, knowledge, or experience to oversee the tax services and any other non-attest services we provide; and for evaluating the adequacy and results of the those services and accepting responsibility for them. In accordance with *Government Auditing Standards,* you will be required to review and approve the financial statements prior to their issuance and have responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services.

Management is responsible for making all financial records and related information available to us, including any significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Management's responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is **management's responsibility** to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

EXHIBIT 1

Management is responsible for the establishment and maintenance of a process for tracking the status of audit findings and recommendations. **Management is also responsible** for identifying for us, previous audits or other engagements or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, and the timing and format related hereto.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors' is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected funding sources, creditors, and financial institutions. We will also request written representations from the Organization's attorneys as part of the engagement, and they may bill the Organization for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a

EXHIBIT 1

direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit we will communicate to management and those charged with governance internal control related matters that are required to be communicated under *professional standards, Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of John V. Lindsay Wildcat Academy Charter School's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures may consist of test of transactions and other applicable procedures described in the "OMB Circular A-133 Compliance Supplement" for the types of compliance requirements that could have a direct and material effect on each of the Organization's major programs. The purpose of these procedures will be to express an opinion on John V. Lindsay Wildcat Academy Charter School's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Audit Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing. Certain financial institutions may charge us for this and the cost will be passed on to you. We will send a template in Word format for use with confirmation requests.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings in a new electronic format required by the federal government. We will input the information into the government provided system, which will generate your own electronic signature, which will then require you to log on to review and submit. **It is management's responsibility** to authenticate the reports and submit electronically the full package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the designated federal clearinghouse and, if appropriate, to pass-through

EXHIBIT 1

entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditor's reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

The audit documentation for this engagement is the property of Schall & Ashenfarb and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to your cognizant or oversight agency for audit or its designee, a federal agency providing direct or indirect funding, or the U.S. General Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of our personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any addition period requested by you. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

As part of our engagement, we will also prepare the federal and state information returns (Form 990 and CHAR 500). As you are probably aware, the IRS has recently revised the form 990 to be more detailed and lengthy. In order to prepare complete and accurate returns, we will require you to provide certain information about board governance policies, which may also include, but not be limited to, providing salary amounts for employees greater than $100,000, contractors for professional services in excess of the same amount, names, addresses and dollar amounts of large contributors in excess of certain calculated amounts and other matters that are not generally covered during the audit. If the information is not provided to us timely, you will not hold us responsible for any penalties incurred for incomplete information.

Our fee will be $22,000 ($15,000 for the annual audit and $7,000 for the OMB A-133 audit), and will include our time spent for typing, up to 10 copies of the final report to be sent to you via standard postage and all travel costs to your office in New York City. If applicable, we will charge you other out of pocket costs such as additional copies of the final report, excess administrative time creating draft documents for your review, postage for confirmations, and setting up conference calls through our phone center, etc. A payment is required upon the signing of this letter in the amount *of $5,500.* The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary we will discuss it with you and arrive at a new fee estimate before we incur additional costs. If we terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2010 peer review report accompanies this letter.

EXHIBIT 1

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Schall & Ashenfarb

Schall & Ashenfarb
Certified Public Accountants, LLC

RESPONSE:

This letter correctly sets forth the understanding of John V. Lindsay Wildcat Academy Charter School.

Ronald Tabano

Officer Signature

CEO

Title

6/9/10

Date

EXHIBIT 1

Lilling & Company LLP

Certified Public Accountants

System Review Report

February 3, 2010

To the Partners
Schall & Ashenfarb CPAs, LLC and the Peer Review Administrators

We have reviewed the system of quality control for the auditing practice of Schall & Ashenfarb CPAs, LLC (the firm) in effect for the year ended August 31, 2009. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included an engagement performed under the *Government Auditing Standards.*

In our opinion, the system of quality control for the auditing practice of Schall & Ashenfarb CPAs, LLC in effect for the year ended August 31, 2009, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies),* or *fail*. Schall & Ashenfarb CPAs, LLC has received a peer review rating of *pass.*

Lilling & Company

LILLING & COMPANY LLP

Ten Cutter Mill Road, Great Neck, NY 11021-3201 • (516) 829-1099 • Fax (516) 829-1065

EXHIBIT 2

John V. Lindsay Wildcat Academy Charter School

17 Battery Place•1st Floor•New York, NY 10004•212.209.6006•fax 212.635.3874
1239 Lafayette Avenue•Bronx, New York 10474•347.226.2511•fax 347.226.2515

Ronald Tabano, C.E.O and Principal

October 21, 2010

Schall & Ashenfarb, CPA's, LLC
350 Fifth Avenue, Suite 5610
New York, NY 10118

We are providing this letter in connection with your audit of the statement of financial position of John V. Lindsay Wildcat Charter School as of June 30, 2010 and the related statements of activities, functional expenses and cash flows for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, changes in net assets, and cash flows of John V. Lindsay Wildcat Charter School in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all assets and liabilities under the organization's control. There are no bank accounts which exist that are not reflected in the books.

2. We have made available to you all:

    a) Financial records and related data.

    b) Minutes of the meetings of Board of Trustees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

5. There have been no uncorrected financial statement misstatements that are material, both individually and in the aggregate, to the financial statements taken as a whole. There are no un-booked adjustments.

EXHIBIT 2

6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

7. We have no knowledge of any fraud or suspected fraud affecting the Organization involving:

    a) Management

    b) Employees who have significant roles in internal control, or

    c) Others where the fraud could have a material effect on the financial statements.

8. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others.

9. The Organization has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.

10. The following, if any, have been properly recorded or disclosed in the financial statements:

    a) Related party transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

    b) Guarantees, whether written or oral, under which the Organization is contingently liable.

11. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the organization vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.

12. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Organization; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.

13. John V. Lindsay Wildcat Charter School is an exempt organization under Section 501(c) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

EXHIBIT 2

14. There are no:

    a) Violations or possible violations of laws and regulations and provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

    b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5, Accounting for Contingencies.

    c) Agreements to repurchase assets previously sold.

    d) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.

    e) Designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.

15. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged except as made known to you and disclosed in the notes to the financial statements.

16. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

17. We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumption underlying those estimates, and we believe the estimates are reasonable in the circumstances. This includes estimates for the statement of functional expenses.

18. We have included in the financial statements, all assets and liabilities under our control.

No events have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

Cecilia Sakosky

Ms. Cecilia Sakosky
CFO

Ronald Tabano

Ronald Tabano
CEO