VOICE CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2010

With Comparative Totals From Inception (January 18, 2008) to June 30, 2009

accountants & advisors

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
VOICE Charter School

We have audited the accompanying statement of financial position of VOICE Charter School (the "School") as of June 30, 2010, and the related statements of activities, functional expenses and cash flows for the year ended June 30, 2010. 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 2009 financial statements and, in our report dated October 13, 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 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 VOICE Charter School as of June 30, 2010 and the changes in its net assets and its cash flows for the year ended June 30, 2010, 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 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 on 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.

ERE LLP
New York, NY
October 27, 2010

VOICE CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

As of June 30,		2010		2009
Assets:				
Cash	$	652,682	$	212,029
Cash - restricted		30,000		10,000
Grants and other receivables		56,784		87,181
Prepaid expenses and other assets		71,569		7,550
Property and equipment, net		33,021		4,957
Total Assets	**$**	**844,056**	**$**	**321,717**
Liabilities and Net Assets:				
Liabilities:				
Accounts payable and accrued expenses	$	486,837	$	175,479
Accrued salary and other payroll related expenses		126,057		65,660
Deferred revenue		45,260		-
Total Liabilities		658,154		241,139
Net assets - unrestricted				
Operating		185,902		80,578
Total Net Assets		185,902		80,578
Total Liabilities and Net Assets	**$**	**844,056**	**$**	**321,717**

The accompanying notes are an integral part of these financial statements.

VOICE CHARTER SCHOOL

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2010 and the Period From Inception (January 15, 2008) to June 30, 2009	2010	2009
Operating revenue:		
State and local per pupil operating revenue	$ 1,983,967	$ 1,174,951
Government grants and contracts	298,434	368,468
Total operating revenue	2,282,401	1,543,419
Expenses:		
Program services	1,840,870	1,120,757
Management and general	430,935	515,834
Fund raising	-	6,650
Total operating expenses	2,271,805	1,643,241
Surplus (deficit) from school operations	10,596	(99,822)
Support and other income:		
Contributions, grants and other income	51,604	75,818
In-kind contributions	41,202	103,496
Interest income	1,922	1,086
Total support and other income	94,728	180,400
Change in net assets	105,324	80,578
Net assets - unrestricted – beginning of year	80,578	-
Net assets - unrestricted – end of year	**$ 185,902**	**$ 80,578**

The accompanying notes are an integral part of these financial statements.

VOICE CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2010 and the Period From Inception (January 15, 2008) to June 30, 2009

	Program Services	Management and General	Fund Raising	2010	2009
Salaries and wages	$ 948,620	$ 232,139	$ -	$ 1,180,759	$ 684,793
Payroll taxes and employee benefits	422,912	81,937	-	504,849	306,643
Accounting fees	29,700	26,425	-	56,125	53,632
Professional fees	125,229	31,307	-	156,536	212,825
Professional fees - In-kind	25,440	6,360	-	31,800	98,925
Donated materials and supplies	6,032	670	-	6,702	-
Donated use of facilities	2,700	-	-	2,700	-
Classroom supplies and instructional materials	148,704	-	-	148,704	121,922
Furnitures and fixutres - non-capitalizable	-	-	-	-	17,555
Insurance	8,074	2,018	-	10,092	6,414
Bank service charge	-	190	-	190	240
Office expense	20,413	2,268	-	22,681	13,352
Bad debt expense	-	4,763	-	4,763	-
Parent activities	-	-	-	-	11,287
Postage and delivery	2,412	268	-	2,680	2,600
Printing and photocopying	3,817	424	-	4,241	12,065
Publications and advertisements	2,732	304	-	3,035	-
Repairs and maintenance	-	-	-	-	2,533
Special education contracted services	-	-	-	-	2,660
Other contracted services	31,163	31,163	-	62,326	-
Staff professional development	22,781	5,695	-	28,476	48,356
Student field trips and incentive programs	2,585	-	-	2,585	12,356
Student food services	1,395	-	-	1,395	128
Staff recruitment	7,091	1,773	-	8,864	17,775
Technology infrastructure and software	8,615	957	-	9,572	12,921
Telephone and internet	11,682	1,298	-	12,980	2,606
Depreciation and amortization	8,775	975	-	9,750	1,653
Total expenses	**$ 1,840,870**	**$ 430,935**	**$ -**	**$ 2,271,805**	**$ 1,643,241**

The accompanying notes are an integral part of these financial statements.

VOICE CHARTER SCHOOL

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2010 and the Period From Inception (January 15, 2008) to June 30, 2009	2010	2009
Cash flows from operating activities:		
Change in net assets	$ 105,324	$ 80,578
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	9,750	1,653
Bad debt expense	4,763	-
Changes in operating assets and liabilities:		
Increase in cash - restricted	(20,000)	(10,000)
Decrease (increase) in grants and other receivables	25,634	(87,181)
Increase in prepaid expenses and other assets	(64,019)	(7,550)
Increase in accounts payable and accrued expenses	311,358	175,479
Increase in accrued salary and other payroll related expenses	60,397	65,660
Increase in deferred revenue	45,260	-
Net cash provided by operating activities	**478,467**	**218,639**
Cash flows from investing activities:		
Purchase of property and equipment	(37,814)	(6,610)
Net cash used in investing activities	**(37,814)**	**(6,610)**
Net increase in cash	440,653	212,029
Cash - beginning of year	212,029	-
Cash - end of year	**$ 652,682**	**$ 212,029**

Supplemental Disclosures of Cash Flow Information:

	2010	2009
Cash paid during the year for:		
Interest	$ -	$ -
Income taxes	$ -	$ -

The accompanying notes are an integral part of these financial statements.

1. NATURE OF THE ORGANIZATION:

VOICE Charter School (the "School"), aims to create a safe and healthy learning environment that will nurture, motivate and challenge all of our children to achieve the highest level of academic excellence and to develop into mindful, responsible, contributing participants in their education, their community and the diverse society in which we live. The School incorporates music into a rigorous academic program. On January 15, 2008, the Board of Regents of the University of the State of New York granted the School a provisional charter valid for a term of five years and renewable upon expiration. The School is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. VOICE Charter School, located in Long Island City, Queens, primarily educates children residing in District 30.

In fiscal year 2010, the School operated classes for students in grades K-2. During fiscal year 2009, the School operated classes for students in grades K-1.

The New York City Department of Education ("NYCDOE") provides free lunches and transportation directly to a majority of the School's students.

2. SIGNIFICANT ACCOUNTING POLICIES:

Financial Statement Presentation

The School's financial statements have been prepared on the accrual basis of accounting.

The classification of an organization's net assets and its support, revenues and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Permanently Restricted – Net assets resulting from contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School.

Temporarily Restricted – Net assets resulting from contributions and other inflows of assets whose use by the School are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the School pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities. However, if a restriction is fulfilled in the same period in which the contribution is received, the School reports the support as unrestricted.

Unrestricted – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Cash
The School considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The School held aside $30,000 during the fiscal year ended June 30, 2010 for contingency purposes as required by the New York City Department of Education.

Grants and Other Receivables
Grants and other receivables represent unconditional promises to give. At June 30, 2010 and 2009, the School had $56,784 and $87,181, respectively of grants and other receivables that are expected to be collected within one year and recorded at net realizable value. The School has determined that no allowance for uncollectible accounts for contributions receivable is necessary as of June 30, 2010. Such estimate is based on management's assessments of the creditworthiness of its donors, the aged basis of its receivables, as well as current economic conditions and historical information.

The carrying value of the grants and other receivables approximates fair value. Management reviews those receivables due in more than one year for impairment and none was determined as of June 30, 2010 and 2009

Property and Equipment
Property and equipment are stated at cost and are being depreciated on the straight-line method over the estimated useful lives of the assets. The School has established a $5,000 threshold above which assets are capitalized. Leasehold improvements are amortized over the shorter of the life of the asset or the life of the lease. Property and equipment acquired with certain government contract funds is recorded as expenses pursuant to the terms of the contract in which the government funding source retains ownership of the property.

The School reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the School recognizes an impairment loss. No impairment losses were recognized for the year ended June 30, 2010.

Planned Maintenance
Costs related to planned major maintenance are expensed as incurred.

Revenue Recognition
Revenue from the state and local government resulting from the School's charter status is based on the number of students enrolled and is recorded when services are performed in accordance with the charter agreement. Revenue from federal, state and local government grants and contracts are recorded by the School when qualifying expenditures are incurred and billable. Funds received in advance for which qualifying expenditures have not been incurred are reflected as refundable advances from state and local government grants in the accompanying statement of financial position.

Donated Goods and Services
The School receives contributed goods and services that are an integral part of its operations. Such goods and services are only recorded as contributions in-kind, at their fair value, provided it meets the criteria for recognition. Donated facilities and professional services received are estimated at $41,202 for the year ended June 30, 2010. The following are reflected as donated goods and services both as income and expense in the accompanying financial statements.

Functional Allocation of Expenses
Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications using bases determined by management to be reasonable.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles 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.

Subsequent Events
Management has reviewed subsequent events and transactions that occurred after the balance sheet date through the auditors' report date. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no nonrecognized subsequent events that require additional disclosure.

Comparative Financial Information
The June 30, 2010 financial statements include certain prior year summarized comparative information in total but not by net asset class. In addition, only certain of the notes to the financial statements for June 30, 2009 are presented. As a result, the June 30, 2009 comparative 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 June 30, 2009 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.

Implementation of New Accounting Pronouncements
Effective December 15, 2009, the School adopted a new accounting standard for uncertainty in income taxes. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The cumulative effect of this change in accounting principal was immaterial.

The School is under regular audit by tax authorities. The School believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts filed. Management believes that its nonprofit status would be sustained upon examination.

The School is subject to U.S. federal, state, or local income tax examinations by tax authorities for its initial year of operations, 2008.

Reclassifications
Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

3. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following as of June 30:

	2010	2009	Estimated Useful Lives
Furniture and fixtures	$ 17,470	$ -	7 years
Musical instruments	6,610	6,610	3 years
Computers	9,564	-	3 years
Software	10,780	-	3 years
Less: accumulated depreciation and amortization	(11,403)	(1,653)	
	$ 33,021	$ 4,957	

Depreciation and amortization expense for the years ended June 30, 2010 and 2009 was $9,750 and $1,653, respectively.

4. PENSION PLAN:

The Teachers' Retirement System of the City of New York ("TRS") was founded in 1917 to provide eligible New York City educators with a retirement plan. Effective September 1, 2008, the School adopted the Teachers' Retirement System of the City of New York ("The Plan"), which covers only employees with approved job titles ("Principal" and "Teacher"). The Plan provides for the School to contribute an undisclosed percentage per employee's salary. The balance is included in cash at June 30, 2010 and 2009. The School, after further research, has decided to contribute 29% per employee's salary, based on the percentage of other participating TRS charter schools' contributions. Employees enrolled in the plan are required to contribute 4.85% for the first ten years and 1.85% thereafter through twenty-seven years. Employees become vested in the plan after ten years of service. For the fiscal years ended June 30, 2010 and 2009, pension expense for the School were $284,227 and $148,800, respectively, which is included in payroll taxes and employee benefits in the accompanying statement of functional expenses.

TRS Membership offers key benefits including a monthly retirement allowance through a Qualified Pension Plan ("QPP") upon meeting certain age and service credit requirements and the opportunity to set aside additional funds for retirement on a pre-tax basis and invest them in a combination of investment plans available through a Tax-Deferred Annuity ("TDA") Program.

Employees may contribute as little as 1% of their salary to the TDA Program and as much as their designated Maximum Contribution Rate. This rate is based on their salary and the allowable maximum contribution amount the Internal Revenue Service (IRS) has established for that year. All TRS members participate in TRS Qualified Pension Plan ("QPP"), a retirement plan administered under Section 401(a) of the Internal Revenue Code. The QPP combines features of a defined-benefit pension plan with those of a defined-contribution pension plan.

5. RISK MANAGEMENT:

The School is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School maintains commercial insurance to protect itself from such risks.

The School entered into contractual relationships with certain governmental funding sources. The governmental agencies may request return of funds as a result of noncompliance by the School, as well as additional funds for the use of facilities. The accompanying financial statements make no provision for the possible disallowance or refund.

6. CONCENTRATION:

A. Financial instruments that potentially subject the school to a concentration of credit risk include cash accounts at a major financial institution that exceeded the Federal Deposit Insurance Corporation (FDIC) limits by approximately $524,000 as of June 30, 2010. The FDIC has temporarily increased the limit to $250,000 through December 31, 2013

B. The School received approximately 87% and 67% of its total revenue from per pupil funding from New York City Department of Education during the fiscal years ended June 30, 2010 and 2009, respectively

C. The School's grants and other receivables exclusively consist of two major grantors.

7. SUBSEQUENT EVENT:

In July 2010, TRS began deducting $14,462 monthly from the School's bank account to pay off the pension expense related to fiscal year 2009. The pension accrual is included in accounts payable and accrued expenses in the accompanying statement of financial position.

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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
VOICE Charter School

We have audited the financial statements of VOICE Charter School (the "School") 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 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 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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the School in a separate letter dated October 27, 2010.

This report is intended solely for the information and use of the audit committee, Board of Trustees, management, the New York State Education Department and the Board of Regents of the University of the State of New York and is not intended to be and should not be used by anyone other than these specified parties.

ERE LLP

New York, NY
October 27, 2010

VOICE Charter School

Communication With Those Charged With Governance

OCTOBER 27, 2010

accountants & advisors

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October 27, 2010

To the Audit Committee
VOICE Charter School

We have audited the financial statements of VOICE Charter School (the "School") for the year ended June 30, 2010 and are prepared to issue our report thereon dated October 27, 2010. Professional standards require that we provide you with the following information related to our audit. This letter is divided into two sections: 1) required communications from the auditors to those with audit oversight responsibilities and 2) opportunities for strengthening internal controls or enhancing operating efficiency and our related recommendations.

REQUIRED COMMUNICATIONS

A. <u>Our Responsibility under U.S. Generally Accepted Auditing Standards:</u>

As stated in our engagement letter May 17, 2010, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of VOICE Charter School. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

B. <u>Planned Scope and Timing of the Audit:</u>

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on May 16, 2010.

C. <u>Auditor Independence:</u>

We affirm that ERE LLP is independent with respect to VOICE Charter School.

D. <u>Qualitative Aspects of Accounting Practices:</u>

Management is responsible for the 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 VOICE Charter School are described in Note 2 to the financial statements.

As described therein, the School elected to implement the application of an accounting pronouncement pertaining to accounting for uncertain tax positions. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

E. Accounting Estimates Used in the Financial Statements:

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 estimate's affecting the financial statements was:

Allowance for Doubtful Accounts:

As of June 30, 2010, VOICE Charter School recorded grants and other receivables of $56,784. Management concluded that no allowance for doubtful accounts was necessary. Management calculated based on the assessment of the credit-worthiness of the School's donors, the aged basis of the receivables, as well as economic conditions and historical information. Based on our audit procedures which included a discussion with the Principal and a review of subsequent collections (which amounted to 40% as of September 23, 2010) we concur with management's conclusion.

Functional Statement Allocation:

Management's estimate of the allocation of functional expenses is directly identified with the program or supporting service to which they relate. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

F. Sensitive Disclosures Affecting the Financial Statements:

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

The disclosure of Risk Management in Note 5 to the financial statements which describes various risks to which the School is exposed.

G. Corrected and Uncorrected Misstatements:

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Except as those made known to you, management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. We will identify those adjustments proposed both corrected and uncorrected:

Proposed and Corrected:

There were 10 audit adjustments (6 of which were reclassifying entries) that decreased net assets by approximately $30,000. In the prior year, there were 4 audit adjustments that increased net assets by approximately $4,000. The most significant adjustments were as follows:

1. To decrease net assets by approximately $29,000 to adjust the TRS liability.

2. To increase net assets by approximately $8,000 to correct per pupil revenue.

3. To decrease net assets by $7,000 to correct Title I funding.

H. Audit Difficulties and Disagreements with Management:

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report.

We are pleased to report that no such disagreements arose during the course of our audit.

I. Management Representations:

We have requested certain representations from management that are included in the management representation letter dated October 27, 2010.

J. Management Consultations with Other Independent Accountants:

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

K. Other Audit Findings or Issues:

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

OPPORTUNITIES FOR STRENGTHENING INTERNAL CONTROLS OR ENHANCING OPERATING EFFICIENCY

Please note: Comments with an asterisk (*) were communicated in the prior fiscal year.

Credit Cards:

The School credit card has a credit limit of $10,000, these high lines may expose the School to potential risks. Accordingly, we recommend that management consider reducing the credit limit.

***School Facility Lease Agreement:**

Through conversations with the School's Principal, we have been informed that a formal written agreement between VOICE Charter School and the Department of Education does not exist. We recommend that VOICE Charter School periodically re-explore the risks of such a relationship.

***Pension Plan:**

Through conversations with the School's Principal we have been informed that, no formal written agreement exists pertaining to the pension plan with Teacher Retirement Services ("TRS"). Accordingly, we recommend the School follow up with TRS to obtain an executed agreement.

***Allocation Methodology:**

In light of all of the recent headlines, nonprofit organizations remain under scrutiny by the general public. The fact that the School is regarded as such a highly visible entity compounds the need to ensure justifiable allocations. Furthermore, the School's IRS form 990, which discloses a statement of functional expenses, is open to public inspection and is easily accessed through internet sites such as Guidestar.org. During our audit, the School was successful in creating a reasonable allocation methodology. However, we recommend that a more formal system be implemented to monitor these allocations as the School continues to grow.

In addition, for the fiscal year ending June 30, 2010, the School did not record any fundraising expenses; however, the School did recognize contribution income. The explanation offered for this inconsistency is that most of the grants were secured in fiscal year 2009. Some small grants, that were not anticipated, were received during the current fiscal year. Although we are satisfied with this response, it should be noted that the IRS, as well as various watchdog organizations may question this anomaly.

***Write-offs:**

Through conversations with the School's Principal, there does not appear to be a formal written policy pertaining to the write-off of receivables. Accordingly, we recommend that the School adopt a written policy regarding the processing of write-offs.

Federal Grants:

We understand that the School was awarded various Federal and ARRA grants. While federal funds are a valuable source of revenue, the grants impose very specific and stringent reporting requirements and compliance. In addition, where cumulative expenditure of federal funds exceeds $500,000, an additional audit is performed in accordance with OMB Circular A-133. We recommend that the School closely review its obligations under any programs in which federal funds are received.

We wish to thank management and personnel for their support and assistance during our audit. We would be pleased to further discuss the contents of this report with you at your convenience.

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

Very truly yours,

ERE LLP

ERE LLP