



THE NEW YORK CITY DEPARTMENT OF EDUCATION

JOEL I. KLEIN, *Chancellor*

DIVISION OF FINANCIAL OPERATIONS

September 1, 2006

Please Print/Type ASEP Name & Address Above

ASEP 12-digit SED Code: _____

Provider Tax ID Number: _____

Re: Letter Agreement with the Board of Education of the City of New York to Provide Flow-Through Funds to Approved Special Education Programs.

Dear Provider:

This letter will set forth the obligations of the Board of Education of the City of New York (hereinafter, referred to as the "Board") and your school (hereinafter, referred to as the "Provider").

The Board is authorized by the Education Law of the State of New York to contract with private providers that have been approved by the New York State Education Department (hereinafter, referred to as "SED") to provide special education services for New York City resident students with disabilities. The Provider has been approved by the New York State Education Department to provide special education services.

Pursuant to Section 611 and Section 619 of Part B of the Individuals with Disabilities Education Act (hereinafter, referred to as "IDEA"), the State Education Department will allocate federal IDEA flow-through funds to local education agencies (hereinafter, referred to as "LEAs") that in turn will sub-allocate such funds to approved special education programs.

Therefore, the Board of Education is required to sub-allocate IDEA flow-through funds on a per student basis, to approved special education programs, for preschool and/or school-aged students with disabilities who are placed in such programs by the Board for the provision of special education services consistent with IDEA.

In addition, pursuant to Chapter 254 of the Laws of 2000, the Board has developed sub-allocation procedures for the flow-through of "carry over" IDEA Section 611 and Section 619 funds to approved special education programs. For purposes of this Agreement, "carry over" funds are defined as unspent funds from the initial year in which they were allocated.

The Board and the Provider agree as follows:

The term of this Agreement shall be for the grant year beginning September 1, 2006 and concluding with the grant year ending August 31, 2009. Payment of the sub-allocation of such funds to the Provider shall be made on a per student basis as provided in Chapter 6 of the Laws of 2000. Payment of "carry over" funds to the Provider shall be made pursuant to procedures established by the Board, in accordance with Chapter 254 of the Laws of 2000.

In order to receive payment for the services rendered under this Agreement; the Provider must complete and submit all required forms, as described in the Notice of Allocation, each grant year. Completed forms must be submitted to the Board by the date indicated in the Notice of Allocation. The Provider shall complete the SEDCAR 1 form and the supplemental listing of the names of the students comprising the counts identified on the SEDCAR 1. The Provider shall also complete and submit the corresponding Program Narrative and budget. The Provider will receive payment from the Board based on its eligibility to receive funding for the corresponding grant year and the total number of students, as indicated on the SEDCAR 1 and supplemental listing, subject to verification.

In order for the Board to establish and implement necessary accounting and audit mechanisms, the Provider agrees not to obligate sub-allocated funds (including "carry-over funds) beyond August 31st of the respective grant year. For purposes of this agreement, "obligated funds" mean a commitment to purchase goods, supplies or services.

The Board has established a sub allocation process in which, on a quarterly grant year basis, approved special education programs identify eligible expenditures to the Board. For the grant years covered by this agreement; payment of sub-allocated funds will be made by the Board to the Provider on a quarterly basis in accordance with

the payment schedule described in the "Notice of Allocation" after the following:

- (1) The Board receives any portion of its allocation of funds for the current grant year; or
- (2) a date to be established by SED: and
- (3) The Board receives all applicable forms and reports in the prescribed format from ASEPS.

No later than sixty (60) days after the conclusion of the grant year, the Provider agrees to complete and submit a final expenditure report to the Board.

Carry over funds, as defined herein, will be paid in accordance with the payment schedule established in the Notice of Allocation. Further, within each grant year to which this Agreement applies, the Provider agrees to first obligate "carry over" funds from any previous grant year before obligating any current year sub-allocated IDEA Section 611 and Section 619 funds.

All forms and notices that shall be given to the Board shall be sent to the Board at the following address: New York City Department of Education, Attn: IDEA Unit, Contract Aid, 65 Court Street, Room 1503, Brooklyn, New York 11201.

The Board shall process payments to the Provider in accordance with applicable laws. The Board is only obligated to process payments to the Provider for the provision of services in the approved program as permitted under IDEA during the established period of placement. Payments made to the Provider pursuant to this Agreement shall be utilized only for the purposes as provided in the IDEA and indicated in the annual Program Narrative.

The Provider shall maintain their books, records and accounts pertaining to the use of these funds in accordance with the requirements of the Consolidated Fiscal Report (CFR). The Board, the Office of the Auditor General (OAG), the City Comptroller, the SED and the State Comptroller, or their authorized representative(s) shall have the right to conduct audits of the program(s) supported by these funds, provided, however, that nothing in this Agreement will diminish or modify the audit procedures required in any other contract which the Provider may have with the Board for the provision of special education or other services. Access to property and personnel related to the Provider's use of these funds shall be provided during an audit, including all records maintained by the Provider necessary to substantiate the information contained in the CFR.

If, upon audit, the Board determines that funds were used for unapproved uses, said funds shall be returned to the Board upon request.

The Provider shall notify the Board in writing within thirty (30) days of any change in its eligibility to receive funding for any grant year

Except as otherwise directed by the Board, the Provider shall, until seven (7) years after the end of each grant year to which the Agreement applies, or if earlier terminated, until seven (7) years after the termination of the Agreement, retain all books and records required hereunder, including, without limitation, all cost and accounting records, employee certifications, staff (pedagogical and non-pedagogical) attendance, service and time records pertaining to the use of these funds, the Provider shall make all books and records available to the Board, the OAG, the SED, the State Comptroller, and the City Comptroller, or their authorized representatives, for review and audit at such times during business hours as they may request.

Submission of all reports and data shall be in a format prescribed by the Board and SED and shall include but not be limited to electronic data submission.

The Provider shall furnish any additional data and reports, including, but not limited to, SED submissions, as the Chancellor deems to be related to the performance of the Agreement, upon request of the Chancellor. The Provider shall be given a reasonable time to respond to such requests.

The Provider shall comply with all applicable federal, state, and local laws in connection with the services to be provided by the Provider under this Agreement. If the Provider is in violation of aforesaid laws, and/or the terms of this agreement, the Board shall have the right to terminate this Agreement.

The Board reserves the right to amend this Agreement, as may be necessary, in order to comply with any change in applicable law, regulation and guidelines governing the operation of this Agreement

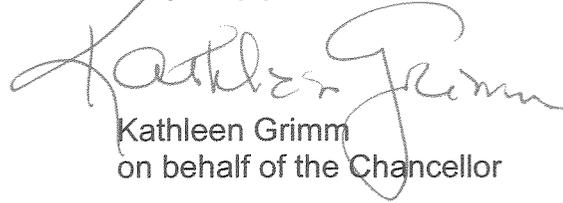
This Agreement may only be modified or amended by mutual agreement of the parties, in writing.

The parties to this Agreement will maintain their independent and separate identities, each having exclusive control of its own management, assets and affairs. Neither party will, by virtue of this Agreement, assume any liability or obligation of the other party.

If you find the foregoing terms acceptable, please sign this document in the space provided below and return it to the New York City Department of Education, Attn:

Brenda Antoine, Deputy Director, Contract Aid, 65 Court Street, Room 1503, Brooklyn, New York 11201. Keep a copy of this document for your records.

Very truly yours,



Kathleen Grimm
on behalf of the Chancellor

Agreed to and accepted:

Signature of Authorized
Representative

Print Name

Print Title

Dated: _____

Signatory is an authorized representative of the Provider