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October 19, 2011

The Board of Trustees
Brooklyn Scholars Charter School
2609 Linden Boulevard
Brooklyn, NY 11208

Dear Members of the Board of Trustees:

We have performed an audit of the financial statements of Brooklyn Scholars Charter School (the "School"), as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our report thereon dated October 19, 2011.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the School is responsible.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility under 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 ("generally accepted government auditing standards"), has been described in our engagement letter dated March 15, 2011. As described in that letter, the objective of a financial statement audit conducted in accordance with generally accepted auditing standards is to express an opinion on the fairness of the presentation of the School's financial statements for the year ended June 30, 2011, in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"), in all material respects. In addition, the objective of an audit conducted in accordance with generally accepted government auditing standards is to report on the School's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended June 30, 2011 based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in generally accepted auditing standards, in all material respects. Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Board of Trustees are presented fairly, in all material respects, in conformity with generally accepted accounting principles. In addition, our responsibilities under generally accepted auditing standards include reporting on the scope and results of testing of the School's internal control over financial reporting and compliance with laws, regulations, and provisions of contracts and grant agreements. The audit of the financial statements does not relieve management or the Board of Trustees of their responsibilities.

We considered the School's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in the School's 2011 basic financial statements include the collectability of grant receivables. The basis for our conclusions as to the reasonableness of this estimate when considered in the context of the basic financial statements taken as a whole, as expressed in our auditor's report on the basic financial statements, is our understanding and testing of the process used by management to develop the estimates.

During the year ended June 30, 2011, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates.

Significant Accounting Policies

The School's significant accounting policies are set forth in Note 2 to the School's 2011 basic financial statements. During the year ended June 30, 2011, there were no significant changes in previously adopted accounting policies or their application.

Management's Representations

We have made specific inquiries of the School's management about the representations embodied in the basic financial statements. Additionally, we have requested that management provide to us the written representations the School is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Appendix A, a copy of the representation letter we obtained from management.

* * * * * *

This report is intended solely for the information and use of the Board of Trustees, management of the School, National Heritage Academies, Inc., the authorizing agency, the New York State Education Department, and federal awarding agencies and state funding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Deloitte & Touche LLP

cc: National Heritage Academies, Inc.

- Appendix A: Representation from Management

BROOKLYN SCHOLARS CHARTER SCHOOL
A PUBLIC CHARTER SCHOOL MANAGED BY NATIONAL HERITAGE ACADEMIES

October 19, 2011

Deloitte & Touche LLP
Suite 600
38 Commerce SW
Grand Rapids, MI 49503

We are providing this letter in connection with your audit of the statements of financial position of Brooklyn Scholars Charter School (the "School") as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets, and statements of cash flows for the years then ended, which collectively comprise the School's financial statements for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations and changes in net assets and cash flows, of the School in conformity with accounting principles generally accepted in the United States of America.

We confirm that we are responsible for the following:

a. The fair presentation in the financial statements of financial position and related statements of activities and changes in net assets and cash flows in conformity with accounting principles generally accepted in the United States of America

b. The fair presentation of the required supplemental schedule that is presented for the purpose of additional analysis of the financial statements

c. The design, implementation, and maintenance of programs and controls to prevent and detect fraud, including fraud related to federal awards

d. Establishing and maintaining effective internal control over financial reporting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

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

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1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. In addition:

   a. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

   b. The financial statements properly classify all funds and activities, including special and extraordinary items.

   c. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

   d. Applicable laws and regulations are followed in adopting, approving, and amending budgets.

   e. Federal awards expenditures have been charged in accordance with applicable cost principles.

2. The School has provided to you all relevant information and access as agreed in the terms of the audit engagement letter, including:

   a. Summaries of actions of the Board of Trustees.

   b. Financial records and related data for all financial transactions of the School and for all funds administered by the School. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the School and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.

   c. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies.

3. There has been no:

   a. Action taken by School management that contravenes the provisions of federal laws and New York laws and regulations, or of contracts and grants applicable to the School

   b. Communication from other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.

4. The School has provided to you the results of management's risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud.

5. We have no knowledge of any fraud or suspected fraud affecting the School involving:

   a. Management.

   b. Employees who have significant roles in internal control over financial reporting.

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

6. We have no knowledge of any allegations of fraud or suspected fraud affecting the School received in communications from employees, former employees, analysts, regulators, or others.

7. There are no unasserted claims or assessments that legal counsel has advised us are probable of assertion and must be disclosed in accordance Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 450, *Contingencie*s.

8. Significant assumptions used by us in making accounting estimates are reasonable.

9. There were no deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that are significant deficiencies or material weaknesses in internal control over financial reporting.

10. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.

11. We believe that internal control over the receipt and recording of contributions is adequate.

12. We have included in the financial statements all assets and liabilities under the Entity's control.

13. Our basis for allocating functional expenses is to allocate the expenses in a consistent nature based on factors impacting the School’s operations throughout the period.

Except where otherwise stated below, matters less than $1,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the financial statements.

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

15. The School has no plans or intentions that may affect the carrying value or classification of assets and liabilities.

16. The following, to the extent applicable, have been appropriately identified, properly recorded, and disclosed in the financial statements:

    a. Related-party transactions and associated amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral)

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

17. In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:

    a. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events

    b. The effect of the change would be material to the financial statements.

18. Risks associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the financial statements:

    a. The concentration exists at the date of the financial statements

    b. The concentration makes the enterprise vulnerable to the risk of a near-term severe impact

    c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.

19. There are no:

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

    b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, *Contingencies*.

20. The School has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

21. The School has complied with all aspects of contractual agreements that may have an effect on the financial statements in the event of noncompliance.

22. No department or agency of the School has reported a material instance of noncompliance to us.

23. No events have occurred after June 30, 2011, but before October 19, 2011, the date the financial statements were available to be issued that require consideration as adjustments to or disclosures in the financial statements.

24. Management has disclosed whether, subsequent to June 30, 2011, any changes in internal control or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses, have occurred.

25. Management has disclosed all contracts or other agreements with the School's service organizations.

26. Management has disclosed all communications from the School's third-party service organizations relating to noncompliance with the School's operations at those service organizations.

27. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.

28. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.

29. We have complied with all of the provisions of our charter with the authorizing agency.

30. There have been no significant reductions in insurance coverage during fiscal year 2011, and claims did not exceed coverage in the past three fiscal years.

31. The School has received proceeds from several federal and state grants. Periodic audits of these grants may result in certain costs being questioned as not being appropriate expenditures, which result in the refund of grant monies to the grantor agencies. Management believes that any required refunds would be immaterial.

32. Assets purchased with federal funds by National Heritage Academies, Inc. have not been improperly disposed of or encumbered and they have not been sold or converted to non-federal use.

33. The School operates under a charter approved by the authorizing agency, which is responsible for oversight of the School's operations. The charter expires February 9, 2014, and is subject to renewal. Management believes the charter will be renewed in the ordinary course of business.

Susan Beans

Susan Beans, Interim Chief Financial Officer,
National Heritage Academies, Inc.

Kathy Schmidt

Kathy Schmidt, Director of School Accounting,
National Heritage Academies, Inc.

Laura Kaleefey

Laura Kaleefey, Audit Manager, National Heritage
Academies, Inc.