ROSS GLOBAL ACADEMY CHARTER SCHOOL
(A Not-For-Profit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

ROSS GLOBAL ACADEMY CHARTER SCHOOL
(A Not-For-Profit Corporation)
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JUNE 30, 2009 AND 2008

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES OF
ROSS GLOBAL ACADEMY CHARTER SCHOOL

We have audited the accompanying statements of financial position of Ross Global Academy Charter School (a not-for-profit corporation) as of June 30, 2009 and 2008, and the related statements of activities, and cash flows for the years 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 audits. The prior-year summarized comparative information has been derived from the School's 2008 financial statements and, in our report dated September 20, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of the School as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years 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 16, 2009 on our consideration of the School's inte rnal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 read in conjunction with this report in considering the results of our audit.

Fruchter Rosen & Company P.C.

FRUCHTER ROSEN & COMPANY, P.C.
Certified Public Accountants

New York, New York
October 16, 2009

ROSS GLOBAL ACADEMY CHARTER SCHOOL
(A Not-for-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION
JUNE 30,

	2009	2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 533,492	$ 17,364
Grants receivable	77,249	58,222
Other receivables	-	844
Prepaid expenses and other assets	39,243	48,695
Total current assets	649,984	125,125
Property and equipment, net of accumulated depreciation of $234,037 and $94,020, respectively	534,007	168,129
Restricted cash	70,168	25,000
TOTAL ASSETS	$ 1,254,159	$ 318,254
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 78,377	$ 51,286
Accrued payroll and payroll taxes	199,151	184,433
Due to related party	82,201	-
Total current liabilities	359,729	235,719
Unrestricted net assets	894,430	82,535
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	$ 1,254,159	$ 318,254

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

ROSS GLOBAL ACADEMY CHARTER SCHOOL
(A Not-for-Profit Corporation)
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2009	2008
Revenue and support:		
State and local per pupil operating revenue	$ 4,094,928	$ 2,424,580
Federal grants	94,966	313,157
State and city grants	85,892	61,860
Contributions and grants	420,145	1,380,128
In-kind donations	320,499	-
Donated services	167,438	129,600
Interest and other income	168	252
Total revenue and support	5,184,036	4,309,577
Expenses:		
Program services	3,376,246	2,532,657
Management and general	995,895	601,637
Fundraising	-	18,182
Total expenses	4,372,141	3,152,476
Change in unrestricted net assets	811,895	1,157,101
Unrestricted net assets (deficiency) - beginning of year	82,535	(1,074,566)
Unrestricted net assets - end of year	$ 894,430	$ 82,535

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

ROSS GLOBAL ACADEMY CHARTER SCHOOL
(A Not-for-Profit Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 811,895	$ 1,157,101
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	140,017	56,715
Changes in operating assets and liabilities:		
(Increase) in grants and other receivables	(18,183)	(10,933)
Decrease (Increase) in prepaid expenses and other assets	9,452	(6,705)
(Increase) in restricted cash	(45,168)	(25,000)
Increase (Decrease) in accounts payable and accrued expenses	27,091	(113,857)
Increase in accrued payroll and payroll taxes	14,718	51,447
Increase in due from related party	82,201	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,022,023	1,108,768
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property and equipment	(505,895)	(75,244)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank loan	-	285,000
Advances from related party	-	50,972
Payment of bank loan	-	(460,000)
Payments to related party	-	(907,012)
NET CASH (USED IN) FINANCING ACTIVITIES	-	(1,031,040)
NET INCREASE IN CASH AND CASH EQUIVALENTS	516,128	2,484
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	17,364	14,880
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 533,492	$ 17,364
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ -	$ 56,430

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

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Ross Global Academy Charter School (the "School") is an educational corporation that operates in the borough of Manhattan, New York. On January 10, 2006, 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's mission is to transform the way education prepares students for the future. Through systematic interdisciplinary instruction, built upon deep knowledge of the disciplines and commitment to fundamental skills, immersion in worldwide cultural history and current world events, intercultural dialogue, and fluency in new technologies, the School endeavors to prepare students for the global challenges of the 21st century. The School provided education to approximately 319 students in kindergarten through 3rd grades and 6th through 8th grades in the 2008-2009 academic year.

The New York City Department of Education ("NYCDOE") provided free classroom space to the School at the Tweed Courthouse/NYCDOE Central Headquarters. On September 3, 2009, the School moved into space that is shared with a New York City public school. The School is not responsible for rent, utilities, custodial services, maintenance and school safety services other than security related to the School's programs that take place outside the district's school day.

Food and Transportation Services

The New York City Department of Education provides free lunches directly to some of the School's students. Such costs are not included in these financial statements. The School covers the unreimbursed cost of lunches for children not entitled to the free lunches. The Office of Pupil Transportation provides free transportation to the majority of the students during the district's school days.

Tax Status

The School is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and a similar provision under New York State income tax laws. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in section 170(b)(l)(A)(ii).

Basis of Presentation

Financial statement presentation follows the requirements of Statement of Financial Accounting Standards ("SFAS") No. 117, "Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, the School is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The net assets classifications are described as follows:

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Unrestricted
Net assets of the School whose use has not been restricted by an outside donor or by law. They are available for any use in carrying out the operations of the School.

Temporarily Restricted
Net assets of the School whose use has been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the School. 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 and changes in net assets, as net assets released from restrictions.

Permanently Restricted
Net assets of the School whose use has been permanently limited by donor-imposed restrictions. Such assets include contributions required to be invested in perpetuity, the income from which is available to support charitable purposes designated by the donors.

The School has no temporarily or permanently restricted net assets at June 30, 2009 and 2008, respectively.

Revenue and Support
Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as temporarily restricted support if they are received with donor stipulations. Restricted contributions and grants that are made to support the School's current year activities are recorded as unrestricted revenue. Contributions of assets other than cash are recorded at their estimated fair value.

Revenue from the state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the School's charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agencies.

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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash
Under the provisions of its charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution should it occur.

Cash and Cash Equivalents
For the purpose of the Statement of Cash Flows, the School considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk
Financial instruments which potentially subject the School to concentrations of credit risk are cash and cash equivalents. The School places its cash and cash equivalents on deposit in what it believes to be highly credited financial institutions. Cash balances may exceed the FDIC insured levels of $250,000 per institution at various times during the year. The School believes that there is little risk in any losses and has not experienced any losses in such accounts.

Property and Equipment
Purchased property and equipment are recorded at cost. Property and equipment acquired with certain government funding are recorded as expenses pursuant to the terms of the contract, in which ownership of such property and equipment is retained by the funding source. Maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Equipment and software	4 years
Furniture and fixtures	5 years

Refundable Advances
The School records certain government operating revenue as refundable advances until related services are performed, at which time they are recognized as revenue.

Reclassifications
Certain 2008 accounts have been reclassified to conform to the 2009 financial statement presentation. The reclassifications have no effect on 2008 total assets, liabilities, net assets and changes in net assets.

Comparative Financial Information
The accompanying statements of activities and functional expenses are presented with summarized comparative information. Such prior year information is not presented by net asset class in the statement of activities or by functional category in the statement of functional expenses. Accordingly, such information should be read in conjunction with the School's 2008 financial statements from which the summarized information was derived.

NOTE 1 - PRINCIPAL BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board (the "FASB") issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*- an interpretation of FASB Statement No. 109 ("FIN 48"). FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. If there are changes in net assets as a result of application of FIN 48, these will be accounted for as an adjustment to the opening balance of net assets. Additional disclosures about the amounts of such liabilities will also be required. In 2008, the FASB delayed the effective date of FIN 48 for certain nonpublic enterprises to annual financial statements for fiscal years beginning after December 15, 2008. The School will be required to adapt FIN 48 in its June 30, 2010 financial statements. The adoption of FIN 48 is not expected to have a material impact on the School's financial position, results of operations or cash flows.

NOTE 2 - GRANTS RECEIVABLE

Grants receivable consisted of federal, state and city entitlements and private grants. The School expects to collect these receivables within one year.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30,:

	2009	2008
Furniture and fixtures	$ 507,661	$ 126,970
Equipment and software	260,383	135,179
	768,044	262,149
Less: Accumulated depreciation	234,037	94,020
	$ 534,007	$ 168,129

Depreciation expense was $140,017 and $56,715 for the years ended June 30, 2009 and 2008, respectively.

NOTE 4 - LINE OF CREDIT

In August 2006, the School obtained a line of credit with a financial institution providing for borrowings, up to $175,000. This line of credit was increase to $575,000 on October 25, 2007. The line of credit bears interest at a floating rate equal to .75% above the three-month London interbank offered rate. The line of credit was not utilized during the fiscal years ended June 30, 2009.

NOTE 5 - RELATED PARTY TRANSACTIONS

Ross Institute

Ross Institute for Advanced Study and Innovation in Education ("Ross Institute") is a not-for-profit research organization that employs specialists in education research and curriculum development. The School is a member of Ross Institute's consortium of innovative educational institutions.

As the School's institutional partner, Ross Institute provides assistance to the School in terms of curriculum design and development, training of teachers, coordination of fundraising and development efforts, and access to educational research. Ross Institute also provided direct financial support to the School by providing loans, payable with interest at 4.99% per annum, to cover start-up expenses. Ross Institute entered into a $160,000 service agreement with the School on July 1, 2008 to provide assistance during the 2008-2009 school year. In addition, Ross Institute provided professional development services of $82,201 for the year ended June 30, 2009. The $82,201 balance due to Ross Institute at June 30, 2009 was repaid in full prior to the issuance of this report.

During the years ended June 30, 2009 and 2008, Ross Institute provided the School with donations of in-kind services in the amount of $167,438 and $129,600, respectively (see Note 9). In addition, Ross Institute donated furniture and associated costs with a fair value of $320,499 during the year ended June 30, 2009.

During the years ended June 30, 2009 and 2008, Ross Institute provided the School with cash contributions of $100,000 and $626,000, respectively. In addition, Ross Institute forgave loans of $225,972 during the year ended June 30, 2008.

Others

During the years ended June 30, 2009 and 2008, the School received unrestricted contributions of $200,000 and $681,040, respectively from the School's founder. The School also received contributions of $111,250 from various members of the School's Board of Trustees during the fiscal year 2008-2009.

NOTE 6 - CONTINGENCY

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE 7 - REVENUE CONCENTRATION

The School receives a substantial portion of its support and revenue from the New York City Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSE

The cost of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 9 - DONATED SERVICES AND FURNITURE

Donated services are recognized as contributions in accordance with SFAS No. 116, "Accountants for Contributions Received and Contributions Made," if the services (a) create of enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School.

During the years ended June 30, 2009 and 2008, Ross Institute provided the School with donations of in-kind services which amounted to $167,438 and $129,600, respectively. These donated services are included in both revenue and expenses in the accompanying statements of activities.

During the year ended June 30, 2009, Ross Institute donated furniture and associated costs to the School with a fair market value of $320,499.

NOTE 10 - RETIREMENT PLAN

The School maintains a pension plan qualified under Internal Revenue Code 403(b) for the benefit of its eligible employees. Under the plan, the School will match employee contributions up to 5% of annual compensation.

Employee match for the years ended June 30, 2009 and 2008, amounted to $26,901 and $27,281, respectively.

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INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

TO THE BOARD OF TRUSTEES
ROSS GLOBAL ACADEMY CHARTER SCHOOL

Our report on our audits of the basic financial statements of Ross Global Academy Charter School (a not-for-profit corporation) as of June 30, 2009 and 2008, appears on Page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Fruchter Rosen & Company P.C.
FRUCHTER ROSEN & COMPANY, P.C.
Certified Public Accountants

New York, New York
October 16, 2009

ROSS GLOBAL ACADEMY CHARTER SCHOOL
(A Not-for-Profit Corporation)
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30,

	2009					
	Regular Education	Special Education	Total Program Services	Management and General	Total	2008
Salaries and wages	$ 1,647,701	$ 174,872	$ 1,822,573	$ 593,570	$ 2,416,143	$ 1,868,393
Employee benefits and payroll taxes	313,367	32,258	345,625	115,209	460,834	333,343
Accounting and audit fees	-	-	-	18,000	18,000	27,500
Advertising and recruiting	52,702	5,856	58,558	6,506	65,064	32,972
Consulting - Professional	10,467	1,122	11,589	218,387	229,976	232,597
Consulting - Education	305,166	33,907	339,073	-	339,073	124,004
Textbooks and curriculum	182,954	20,328	203,282	-	203,282	151,233
Donated services	150,694	16,744	167,438	-	167,438	129,600
Equipment rental	4,502	500	5,002	555	5,557	-
Food	23,874	2,622	26,496	1,402	27,898	8,614
Insurance	24,776	2,753	27,529	3,060	30,589	23,420
Occupancy	2,539	282	2,821	123	2,944	-
Postage and shipping	2,914	324	3,238	360	3,598	1,624
Printing	10,381	1,153	11,534	1,282	12,816	5,773
Supplies and materials	28,540	3,171	31,711	3,523	35,234	35,378
Professional development	182,824	-	182,824	-	182,824	85,546
Miscellaneous	-	-	-	6,874	6,874	2,338
Interest	-	-	-	-	-	26,297
Telephone and communications	9,844	1,094	10,938	10,938	21,876	7,129
Travel	-	-	-	2,104	2,104	-
Depreciation	113,414	12,601	126,015	14,002	140,017	56,715
Total	$ 3,066,659	$ 309,587	$ 3,376,246	$ 995,895	$ 4,372,141	$ 3,152,476

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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 OF
ROSS GLOBAL ACADEMY CHARTER SCHOOL

We have audited the financial statements of Ross Global Academy Charter School ("the School") as of and for the year ended June 30, 2009, and have issued our report thereon dated October 16, 2009. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 were reported to the management of the School in a separate letter dated October 16, 2009.

This report is intended solely for the information and use of management, the audit committee, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Fruchter Rosen & Company P.C.
FRUCHTER ROSEN & COMPANY, P.C.
Certified Public Accountants

New York, New York
October 16, 2009