

School Information and Cover Page

School Name: DREAM Charter School

School Leader: Eve Colavito, Principal

School Leader email address: ecolavito@dreamschoolnyc.org

Primary address: 232 East 103rd Street, NY, NY 10029

School website: www.dreamschoolnyc.org

School email: ecolavito@dreamschoolnyc.org

Telephone: 212-722-0232 **Fax:** 212-722-1862

BEDS #: 310400860919

District/CSD of Location: CSD 4

Charter authorizer: NYC Chancellor

Chair, Board of Trustees: Richard Berlin

Date school first opened for instruction: September 2, 2008

2010-11 Enrollment: 250

2010-11 Grades Served: K-3

Our signatures below attest that all of the information contained herein is truthful and accurate.

Eve Colavito
Print Name, Head of Charter School


Signature and Date 7/29/11

Richard Berlin
Print Name, President, Board of Trustees


Signature and Date 7/29/11



PROGRESS TOWARD GOAL ATTAINMENT

Goal/Objective: Desired Level of Attainment	Actual Result: Observed Level of Attainment	Measure Used to Indicate Attainment of the Goal/Objective	Was the Goal/ Objective Met? (Y/N)	Explanation if Not Met/Efforts to be Undertaken
<p><i>Goal 1: DREAM Charter School will become proficient readers of the English Language</i> <i>Measure 1 (Absolute) Student Performance on Fountas and Pinnell Benchmark Assessment in Literacy</i></p>				
<p>For the 2008-09 through 2012-13 school years, 75% of Kindergarten students will read at or above Level C</p>	<p align="center">84%</p>	<p align="center">Fountas and Pinnell Benchmark Assessment in Literacy</p>	<p align="center">Yes</p>	
<p>For the 2008-09 through 2012-13 school years, 75% of the first grade students will perform at or above Reading Level I on the Spring administration.</p>	<p align="center">68%</p>	<p align="center">Fountas and Pinnell Benchmark Assessment in Literacy</p>	<p align="center">No</p>	<p>Our first grade students fell short of their goal by 7 percentage points in the 2010-2011 school year. We have identified several trends among our lowest performing group, including inconsistent understanding of the rules of language and gaps in inferential comprehension. Several of our first graders who did not meet the goal were new to DREAM in the first grade and did not receive systematic instruction in phonics and phonemic awareness. Additionally, many students have become stuck at levels G and H because they are unable to create deeper meaning from the text.</p> <p>In response, DREAM has widened and deepened our phonics instruction with Wilson Foundations. During the 2011-2012 school year, all teachers at DREAM will receive professional development in Wilson Foundations from a trained presenter. Additionally, we have ensured that dedicated time is given each school day to phonics and phonemic awareness instruction in order to promote decoding and fluency.</p> <p>In response to the comprehension challenges our students have exhibited, we are providing on-going support with guided reading instruction, particularly in the area of planning for the</p>



				comprehension conversation. We are providing teachers with an explicit template for guided reading plans which requires that teachers carefully plan their literal, inferential and deep thinking questioning strategies. We are confident that with the combined focus on instruction in decoding and deeper comprehension, our students will show the necessary gains.
For the 2008-09 through 2012-13 school years, 75% of the second grade students will perform at or above Independent Reading Level M on the Spring administration.	32%	Fountas and Pinnell Benchmark Assessment in Literacy	No	We believe that the significant gap in proficiency in our second grade is a direct reflection of the number of students who were at risk of failing. These students exhibited weaknesses when faced with significantly more challenging tasks, as are present in grades 2 and higher. In addition, to the action plans outlined above for our first grade students to address reading comprehension and phonics awareness, we have made specific efforts to address the gaps for our second grade students by initiating a systematic intervention program. All students who fall more than 6 months below grade level in reading level will receive intervention from 2-5 mornings a week in a consistent and structured group. The progress of these students will be monitored and groups will be reorganized and reassigned every 6-8 weeks.
Goal 1: DREAM Charter School will become proficient readers of the English Language				
Measure 2 (Absolute) Student Performance on the NYS ELA Examination				
For the 2010-11 through 2012-13 school years, 75% of 3 rd through 5 th graders who are enrolled in DCS on the date of the test administration who were also enrolled in DCS on BEDS day of the prior school year will perform at or above Level 3 on the NYS ELA examination.	<u>Third Grade</u> 29%	New York State Testing Program and nySTART	No	2010-2011 was our first year of state testing and we had only one testing grade, 3 rd grade. We have put in place new curriculum components and a revised curriculum that we believe will address some of the gaps. Our revised literacy curriculum is aligned to the Common Core State Standards and meets the new rigorous standards. Additionally, we have added a vocabulary period to our day when students are learning and applying tier 2 and 3 vocabulary words. Additionally, we expanded our Wilson Foundations program to include all grades K-4. Initially, we had only explicitly addressed phonics in grades K and 1. However, with our expanded



				approach, we are able to address gaps and ensure application of decoding principles in our higher grades, particularly with our current 3 rd and 4 th grades.
Each year, the School's aggregate Performance Index on the NYS ELA exam will meet its Annual Yearly Progress set forth in the State's No Child Left Behind (NCLB) accountability system.	Met AYP	The New York State School Report Card: Accountability and Overview Report 2010-11	Yes	
<i>Goal 1: DREAM Charter School will become proficient readers of the English Language</i>				
<i>Measure 3 (Comparative): Student performance as compared to students in similar schools and home districts on the NYS ELA Examination</i>				
Each year, the percentage of students who are enrolled in DCS on the date of the test administration who were also enrolled in DCS on BEDS day of the prior school year and performing at or above Level 3 on the NYS ELA examination in each tested grade will be greater than that of Community School District 4.	DREAM: 29% CSD 4: 41%	New York State Testing Program and nystart.gov	No	Our action plan for Goal 1: Measure 3 is the same as Goal 1: Measure 2.
Each year, the percentage of students performing at or above Level 3 on the NYS ELA exam in each tested grade will place the school in the top quartile of all similar schools as determined by the NYC Department of Education and based on the similar school categories generated by the NYS Education Department and the NYC Department of Education.	In comparison to peer schools, DREAM scored 1.09 in a range from .83-3.49, or in the 9.8%ile of peer schools	New York City Department of Education Progress Report 2010-11	No	DREAM did not perform in the top quartile of similar schools in the 2010-2011 school year. Our efforts to improve ELA instruction and close the gaps we have identified will serve to move DREAM to the top quartile of schools. The initiatives taken to improve literacy results are detailed above in the action plans for Goal 1: Measure 1.



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Goal/Objective: Desired Level of Attainment	Actual Result: Observed Level of Attainment	Measure Used to Indicate Attainment of the Goal/Objective	Was the Goal/ Objective Met? (Y/N)	Explanation if Not Met/Efforts to be Undertaken
Goal 1: DREAM Charter School will become proficient readers of the English Language Measure 4 (Value-Added) Student Proficiency on NCE for Terra Nova- CAT and NYS ELA examination.				
For the 2009-10 through 2012-12 school years, grade level cohorts of students will reduce by one-half, the gap between their average NCE in the previous Spring Administration a nationally-normed reading test and an NCE of 50 (grade level) in the current Spring	<u>Third Grade</u> Goal: 39 NCE Result: 42.8 NCE	Terra Nova- CAT Reading	Yes	
For the 2009-10 through 2012-12 school years, grade level cohorts of students will reduce by one-half, the gap between their average NCE in the previous Spring Administration a nationally-normed reading test and an NCE of 50 (grade level) in the current Spring	<u>Second Grade</u> Goal: 43 NCE Result: 38.9 NCE	Terra Nova- CAT Reading	No	<p>Our 2nd grade cohort did not meet the goal for improvement on the Terra Nova CAT for a variety of reasons. We believe that the significant differences between the 1st and 2nd grade Terra Novas impacted our students. The primary difference is that the majority of the test is read to students in the 1st grade, while 2nd graders are expected to read the test themselves. Our students' reading levels impacted their ability to decode and comprehend the test with success.</p> <p>In order to address this gap, we have begun small intervention groups, grouping students across the school so that students receive targeted intervention in an appropriately leveled group. Additionally, students who are performing below grade level now receive guided reading instruction every day from one of the classroom teachers.</p> <p>Our Interim Assessment program will also provide tools and systems for teachers to address gaps when we see them. For example,</p>



				our Interim Assessment cycle now provides time for teachers to create action plans, which includes planning for small group instruction.
Goal II DREAM Charter School students will demonstrate proficiency in the understanding and application of Mathematical skills and concepts Measure 1 (Absolute) Student Performance on the NYS Mathematics Examination				
<p>For the 2010-11 through 2012-13 school years, 75% of 3rd through 5th graders who are enrolled in DCS on the date of the test administration who were also enrolled in DCS on BEDS day of the prior school year will perform at or above Level 3 on the NYS Mathematics examination.</p>	<p><u>Third Grade</u> 37.5%</p>	<p>New York State Testing Program and nySTART</p>	<p>No</p>	<p>In our first year of state testing, DREAM Charter School students did not achieve this Math goal. Our first cohort of students have exhibited significant gaps in their math understanding, stemming from weak number sense and limited test sophistication skills including reading the questions carefully, checking answers for accuracy, and thinking about whether or not an answer makes sense.</p> <p>In an effort to address the gaps we have recognized, this year DREAM has begun to implement Cognitively Guided Instruction (CGI), a strategy-driven approach to math instruction. CGI is fully aligned with the Common Core State Standards and encourages students to develop and explain strategies to problem solving. Through solving word problems, students develop deeper understandings of place value, quantity, and flexibility with numbers. Students also develop the ability and habit of determining whether their answers are reasonable.</p> <p>In addition to CGI, DREAM has also expanded our Interim Assessment program in Math. Interim Assessments in all grades are closely aligned to our curriculum and scope and sequence which is standards-aligned. As a result, we will have the opportunity to use our Interim Assessments to analyze current gaps and create detailed plans for providing remediation and individual support.</p>
<p>Each year, the School's aggregate Performance Index on the NYS Mathematics exam will meet it Annual Yearly</p>	<p>Met AYP</p>	<p>The New York State School Report Card: Accountability and Overview Report 2010-</p>	<p>Yes</p>	



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Progress set forth in the State's NCLB accountability system.		2011		
Goal II: DREAM Charter School students will demonstrate proficiency in the understanding and application of Mathematical skills and concepts				
Measure 2 (Comparative): Student performance as compared to students in similar schools and home districts on the NYS Mathematics Examination				
Each year, the percentage of students who are enrolled in DCS on the date of the test administration who were also enrolled in DCS on BEDS day of the prior school year, and performing at or above Level 3 on the NYS Mathematics exam in each tested grade, will be greater than that of Community School District 4.	DREAM: 37.5% CSD 4: 48%	New York State Testing Program and nySTART	No	DREAM Charter School did not perform greater than CSD 4 in Math. See Goal II: Measure 1 for math improvement plan of action.
Each year, the percentage of students performing at or above Level 3 on the NYS Mathematics exam in each tested grade will place the school in the top quartile of all similar schools as determined by the NYC Department of Education and based on the similar school categories generated by the State Education Department and the NYC Department of Education.	In comparison to peer schools, DREAM scored 1.14 in at range from .31-5.29, or in the 16.7%ile of peer schools	New York City Department of Education Progress Report 2010-11	No	Our action plan for Goal II: Measure 2 is the same as Goal II: Measure 1.
Goal/Objective: Desired Level of Attainment	Actual Result: Observed Level of Attainment	Measure Used to Indicate Attainment of the Goal/Objective	Was the Goal/Objective Met? (Y/N)	Explanation if Not Met/Efforts to be Undertaken
Goal II: DREAM Charter School students will demonstrate proficiency in the understanding and application of Mathematical skills and concepts				
Measure 3 (Value-Added): Student proficiency on the NCE for the Terra Nova CAT- Mathematics				
For the 2009-10 through 2012-12 school years, grade level cohorts of students will				



reduce by on-half, the gap between their average NCE in the previous Spring Administration a nationally-normed Mathematics test and an NCE of 50 (grade level) in the current Spring.	<u>Third Grade</u> Goal: 37.5 NCE Result: 39.2 NCE	Terra Nova- CAT Mathematics	Yes	
For the 2009-10 through 2012-12 school years, grade level cohorts of students will reduce by one-half, the gap between their average NCE in the previous Spring Administration a nationally-normed Mathematics test and an NCE of 50 (grade level) in the current Spring.	<u>Second Grade</u> Goal: 42.5 NCE Result: 37.1 NCE	Terra Nova- CAT Mathematics	No	While we saw significant increases in our third grade cohort, our second grade cohort did not make sufficient progress in Math as measured by the Terra Nova. As we experienced with the reading Terra Nova, we believe the increased demands on students in 2 nd grade directly impacted results. Students in 2 nd grade were not fully prepared with the necessary test sophistication skills. In addition to the above initiatives, we have also begun to address the need for test-taking skills by adding a component to our math instruction. At the end of each math period, students will practice applying the skills they are learning to a test format question. We believe that this practice will ensure that students feel fully prepared and have all the skills necessary to approach math problems in multiple contexts.
<i>Goal III: DCS students will demonstrate proficiency relevant to Science achievement</i>				
<i>Measure 1 (Absolute): Student performance on the NYS Science Examination</i>				
N/A				
<i>Goal III: DCS students will demonstrate proficiency relevant to Science achievement</i>				
<i>Measure 2 (Comparative): Student performance as compared to students in similar schools and home districts on the NYS Science examination</i>				
N/A				
Goal/Objective: Desired Level of Attainment	Actual Result: Observed Level of Attainment	Measure Used to Indicate Attainment of the Goal/Objective	Was the Goal/ Objective Met? (Y/N)	Explanation if Not Met/Efforts to be Undertaken
<i>Goal IV: DCS will be in "Good Standing" each year</i>				
<i>Measure 1: Under the</i>				



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<p>State's No Child Left Behind accountability system, the School's Accountability Status will be "Good Standing" each year.</p>	<p>Good Standing</p>	<p>The New York State School Report Card: Accountability and Overview Report 2010-11</p>	<p>Yes</p>	
<p><i>Goal V: DCS will exceed attendance rates of the surrounding district</i> <i>Measure 1: Student Attendance</i></p>				
<p>Each year, DREAM will have a daily student attendance rate of at least 95%.</p>	<p>91.7%</p>	<p>Daily attendance records from classroom teachers and as inputted into ATS.</p>	<p>No</p>	<p>DREAM staff made every effort to encourage regular student attendance during the 2010-2011 school year. Attendance increased by 1.15 percentage points from the previous school year because of increased social work intervention, attendance contracts signed by all families and positive reinforcement for students and classes that maintain a 95% attendance rate by celebrating these achievements at weekly community gatherings.</p> <p>Action Plan: In addition to continuing the interventions mentioned above, DREAM's Dean of Students will be working with the Family Coordinator, operations staff and social work team on a comprehensive attendance plan that addresses both absences and latenesses. The plan will take into account family issues that may be impacting student attendance and will seek to meet parents/guardians where they are to ensure students are in school, on time, each day. Unlike in past years, the attendance plan may consider expulsion as a last resort for students who are chronically late or absent without a showing of extenuating personal circumstances.</p>

<p>Goal/Objective: Desired Level of Attainment</p>	<p>Actual Result: Observed Level of Attainment</p>	<p>Measure Used to Indicate Attainment of the</p>	<p>Was the Goal/ Objective Met? (Y/N)</p>	<p>Explanation if Not Met/Efforts to be Undertaken</p>
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		Goal/Objective		
Goal VI - Parent Satisfaction				
Measure 1 - DREAM Charter School parents will express a high satisfaction rating with the School				
Each year, parents will express satisfaction with DREAM's program, based on the School's Parent Survey, in which at least 80% of all parents provide a positive response to each of the survey items.	84% of DREAM's families completed the annual NYC DOE survey. 80% or more of respondents indicated satisfaction on all survey questions. Over 90% of the families responded positively to each question in all four sections of the survey – Academic Expectations; Communication; Engagement and Safety & Respect. DREAM families positive responses were average or above in all 4 categories and significantly higher in each category in comparison to the citywide average for all early childhood schools.	NYC Department of Education School Survey 2010-2011	Yes	

Goal/Objective: Desired Level of Attainment	Actual Result: Observed Level of Attainment	Measure Used to Indicate Attainment of the Goal/Objective	Was the Goal/Objective Met? (Y/N)	Explanation if Not Met/Efforts to be Undertaken
Each year, 95% of all students enrolled in DREAM during the course of the school year, return the following September.	97% (191 of 196) of all students enrolled at DREAM at the end of the 2010-2011 school year indicated they will return to DREAM in	School's student enrollment records and as indicated in ATS.	Yes	



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	September.			
Goal VII: DREAM Charter School will meet all legal requirements and responsibilities				
Measure 1: Adherence to Contract Terms				
Each year, DREAM will comply with all applicable laws, rules, regulations and contract terms including, but not limited to, the New York Charter Schools Act, the New York Freedom of Information meet all legal requirements and responsibilities.	Under the governance of its Board of Trustees, DREAM has complied with all laws, rules and regulations applicable to charter schools and met all its contractual obligations.	Absence of any legal issues or any other disputes regarding the rules, regulations and laws applicable to charter schools as well as related to any/all contractual terms.	Yes	
Goal VIII: DCS will make responsible financial decisions and demonstrate sound fiscal practices and management				
Measure 1: Financial Compliance				
Upon completion of DREAM's first year and every year thereafter, the School will undergo an independent financial audit that will result in an unqualified opinion and no major findings.	DREAM underwent an independent financial audit in October 2011 that resulted in an unqualified opinion and no major findings. DREAM has provided NYSED with a 2010-2011 audit.	Independent Financial Audit by Schall & Ashenfarb.	Yes	
Goal/Objective: Desired Level of Attainment	Actual Result: Observed Level of Attainment	Measure Used to Indicate Attainment of the Goal/Objective	Was the Goal/Objective Met? (Y/N)	Explanation if Not Met/Efforts to be Undertaken
Goal VIII: DCS will make responsible financial decisions and demonstrate sound fiscal practices and management				
Measure 2: Financial Viability				
Each year, DREAM will operate on a balanced budget and maintain a stable cash flow.	Throughout the 2009-2010 school year, DREAM's revenues exceeded expenditures. Additionally, throughout FY11	Board approved FY11 budget and balance sheet.	Yes	



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	DREAM maintained 90 days of cash on hand and will continue to meet this cash flow objective.			
<i>Goal VIII. DCS will make responsible financial decisions and demonstrate sound fiscal practices and management</i>				
<i>Measure 3: Enrollment Stability</i>				
Each year, the student enrollment at DREAM will be within 15% of full enrollment as defined in the School's charter.	Throughout the 2010-2011 school year. DREAM student enrollment never fell below 97% of full enrollment.	Student records and as recorded in ATS.	Yes	



Appendix C

Total Expenditures and Administrative Expenditures per Child

Total Expenditures Per Child: \$17,881*

Total Administrative Expenditures Per Child: \$2,146*

*Based on unaudited Fiscal Year 2011 numbers.

DREAM Charter School
 Fiscal Year 2012 Budget
 August 1, 2011

APPENDIX E

		<u>FY2012 Budget</u>
REVENUE		
	General Contribution	70,000
	Foundation Grants	386,000
	Government Contracts	185,000
	Title Funding	92,900
	Dept of Education Per Pupil - General	2,811,117
	Dept of Education Per Pupil - SPED	1,500,670
	General Event	50,000
	Interest income	10,000
	Total Revenue	4,905,687
EXPENSES		
Personnel Expenses	Professional Salaries	412,655
	Instructional/Program Staff	2,394,324
	Part-time Salaries	71,384
	Bonus	-
	State Unemployment Insurance	17,112
	FICA	(58,543)
	Health Insurance	-
	Dental Insurance	-
	Workers Compensation	-
	Disability Insurance	-
	Life Insurance	-
	Total Personnel Expenses	2,836,932
Contractual Service Expenses	Consulting & Professional Fees	598,893
	Audit Fees	22,000
	IT Consultant	17,300
	Contractual Services	25,000
	Payroll Service	10,500
	Total Contractual Service Expenses	673,693
Direct Program Expenses	Youth and Staff Stipends	-
	Program Travel	8,000
	Instructors and Tutors	54,300
	Program Services	291,044
	Uniforms	15,000
	Curriculum	164,500
	Program Events Expenses	-
	Student Test and Assessment	20,000
	Program Supplies and Materials	-
	Books	-

	Program Food	23,500
	Permit fees	-
	Field Trips and Admission Fees	20,000
	Moving Expenses	-
	Minor Furniture and Equipment	-
	Total Direct Program Expenses	<u>596,344</u>
Office-Related Expenses	Office Supplies	25,000
	Minor Furniture and Equipment	-
	Equipment Maintenance	2,000
	Printing and Copying	2,000
	Dues and Subscriptions	-
	Telecommunications	15,700
	Equipment Leasing and Rental	4,000
	Postage and Shipping	5,000
	Total Office-Related Expenses	<u>53,700</u>
Occupancy Expenses	Maintenance and Repairs	5,510
	Total Occupancy Expenses	<u>5,510</u>
Travel and Meeting Expenses	Staff Travel	4,000
	Staff Meals	15,000
	Total Travel and Meeting Expenses	<u>19,000</u>
Insurance Expenses	Sports and Youth insurance	2,000
	Property and Liability Insurance	8,100
	Directors and Officers Insurance	5,100
	Total Insurance Expenses	<u>15,200</u>
Professional Development Expenses	Professional Development-Fees	84,000
	Total Professional Development Expenses	<u>84,000</u>
Other Expenses	Credit Card Fees	500
	Contributions Made	-
	Advertising and Recruitment	33,000
	Total Other Expenses	<u>33,500</u>
TOTAL OPERATING EXPENSE		<u><u>\$ 4,317,879</u></u>
Surplus (Deficit)		587,808



CHARTER REVISIONS OVERVIEW

DREAM Charter School ("DREAM") submitted a letter to the New York City Department of Education Charter Schools Office on March 14, 2011 requesting to make non-material changes to its charter as detailed below. Accompanying this narrative is the letter of receipt by the New York City Department of Education forwarding DREAM Charter School's request to the New York State Education Department.

The non-material changes made to DREAM Charter School's charter during the 2010-2011 school year are as follows:

1. Assessment System

DREAM's original charter, approved on January 15, 2008, stated "Charter Goal I: DCS students will become proficient readers of the English Language, Measure 1 (Absolute): Student Performance on ECLAS-2 and DIBELS; Measure 4 (Value-Added): Student Proficiency on NCE for the Iowa Test of Basic Skills."

DREAM changed the assessment system from ECLAS-2 and DIBELS to the Fountas and Pinnell Benchmark Assessment System because it is aligned with how DREAM levels texts and shows growth in student reading. This leveling system is known as the Fountas and Pinnell Leveling System A-Z. DREAM also decided to use the Terra Nova examination instead of the Iowa Test of Basic Skills because it is more closely aligned with NYS standards and has been proven to more accurately predict student performance on the NYS ELA examination.

DREAM's Charter Goal II originally stated that "DCS students will demonstrate proficiency in the understanding and application of Mathematical skills and concepts; Measure 3 (Value-Added): Student performance on NCE for the Iowa Test of Basic Skills."

DREAM again decided to use the Terra Nova examination instead of the Iowa Test of Basic Skills as it is more closely aligns with NYS standards and has been proven to more accurately predict student performance on the NYS Mathematics examination.

2. Waiting List Expiration Date

DREAM's original charter stated that the school's waiting list will expire at the time of DREAM's next lottery, which is held in April each year. DREAM decided to move up the waiting list expiration date to January 31 so that the school can continue to refill vacated seats during the first half of the school year without having to revisit routines and policies with new students after the midpoint of the school year.

3. By-Laws Revisions

DREAM revised the by-laws submitted with its charter to be in compliance with sections of the GML now applicable to charter schools (see enclosed revised by-laws). DREAM also revised its

Conflict of Interest Policy (enclosed) and developed a Code of Ethics (enclosed) to conform to recent amendments to the charter law. The revisions to the by-laws more closely align DREAM's provisions with those of its institutional partner, Harlem RBI. The revisions are:

1. Interested Persons — Under GML, school board members or employees are prohibited from having an interest in any contract with the school or school board. As a result, DREAM revised Article III.C.3 to reflect this new requirement, and to incorporate the Conflicts of Interest and Code of Ethics policies.

2. Term of Office — DREAM revised Article III.C.4 to enact a one year term, beginning on July 1 of each calendar year, and renewable indefinitely.
3. Principal Office — DREAM updated Article IV to reflect the accurate, current address of DREAM's principal office.
4. Annual, Regular, and Special Meetings — DREAM made a series of edits to Article IV. In particular DREAM:
 - Simplified the provision regarding Annual Meetings;
 - Changed the provision regarding Regular Meetings to remove any mandated minimum number of meeting and include notice provisions;
 - Added notice provisions to the provision regarding Special Meetings.
5. Conflict of Interest — Similar to [1] above, under GML, conflicts of interests are now strictly prohibited. Thus, DREAM revised Article XI.E to reflect the new requirements, and updated the definition of "interest" accordingly. DREAM also incorporated, by reference, the revised Conflicts of Interest and new Code of Ethics policies.
6. Number of Trustees — DREAM revised Article III.B regarding the upper and lower bound of the size of the Board.
7. Quorum — DREAM revised the provision on quorum.
8. Removal and Resignation — DREAM revised Article III.D, Article III.E, and Article VII.C on removal and resignation of Trustees and of Officers.
9. Amendment — DREAM revised the provision regarding amendments.



Recy Dunn
Executive Director
Charter School Office

52 Chambers Street
Room 413
New York, NY 10007

March 18, 2011

Cliff W. Chuang
Director, Charter School Office
New York State Education Department
89 Washington Ave
Albany, NY 12234

Tel: 212 374 0204
Fax: 212 374 5581

Re: Non-Material Revision to DREAM Charter School

Dear Mr. Chuang:

We have received a charter non-material revision request from DREAM Charter School to approve changes: in the School's assessment system; waiting list expiration date; bylaws; Conflict of Interest Policy; and Code of Ethics.

DREAM Charter School has requested to change from using ECLAS-2 and DIBELS to the Fountas and Pinnell Benchmark system. DREAM has also asked to change its normed based assessment from the Iowa Test of Basic Skills to the Terra Nova as it is more closely aligned with NYS Standards.

The School has requested a change in the expiration date of its waiting list that annually has been the lottery date of the next academic year. The change would be to January 31st.

DREAM has revised its bylaws to comply with the GML. It has also revised its Conflict of Interest Policy and developed a Code of Ethics to reflect the amendments made to the Charter Schools Act.

After reviewing the request, the Charter Schools Office of the New York City Department of Education finds that this revision to DREAM Charter School:

- (i) will meet the requirements set out in Article 56 of the Education Law, and all other applicable laws, rules, and regulations;
- (ii) will permit the charter school to operate in an educationally and fiscally-sound manner; and
- (iii) is likely to improve student learning and achievement and materially further the purposes set out in subdivision two of section twenty-eight hundred fifty of Article 56 of the Education Law.

The Office of Charter Schools of the New York City Department of Education on behalf of the Chancellor has approved this charter provision request. If you determine that any of these are material in nature and/or require further information please contact me within two weeks. If I do not hear from you by April 1, 2011, we will consider that you are in agreement with our determination and the status of these requests.

If you have any questions or require additional information, please contact me.

Sincerely,



Sonia C. Park
Senior Director
Charter School Office
New York City Department of Education

Cc: Richard Berlin; Eve Colavito; Recy Dunn

Enclosure(s)

DREAM CHARTER SCHOOL

BY-LAWS

ARTICLE I: NAME

The name of the Corporation is the DREAM Charter School, Inc. (hereinafter "the Corporation").

ARTICLE II: MEMBERSHIP

The Corporation has no members. The rights which would otherwise vest in the members vest in the Directors of the Corporation (hereinafter the "Trustees") of the Charter School. Actions which would otherwise require approval by a majority of all members or approval by the members require only approval of a majority of all Trustees or approval by the Board of Trustees (hereinafter the "Board").

ARTICLE III: BOARD OF TRUSTEES

A. **Powers.** The Board shall conduct or direct the affairs of the Corporation and exercise its powers, subject to applicable Education Law, Not-for-Profit Corporation Law, the Corporation's Charter and these Bylaws. The Board may delegate the management of the activities of the Corporation to others, so long as the affairs of the Corporation are managed, and its powers are exercised, under the Board's ultimate jurisdiction.

Without limiting the generality of the powers hereby granted to the Board, but subject to the same limitations, the Board shall have all the powers enumerated in these Bylaws, and the following specific powers:

1. To elect and remove Trustees;
2. To select and remove Officers, agents and employees of the Corporation; to prescribe powers and duties for them; and to fix their compensation;
3. To conduct, manage and control the affairs and activities of the Corporation, and to make rules and regulations;
4. To enter into contracts, leases and other agreements which are, in the Board's judgment, necessary or desirable in obtaining the purposes of promoting the interests of the Corporation;
5. To carry on the business of operating the Charter School and apply any surplus that results from the business activity to any activity in which the Corporation may engage;
6. To act as trustee under any trust incidental to the Corporation's purposes, and to receive, hold, administer, exchange and expend funds and property subject to such a trust;
7. To acquire real or personal property, by purchase, exchange, lease, gift, devise, bequest, or otherwise, and to hold, improve, lease, sublease, mortgage, transfer in trust, encumber, convey or otherwise dispose of such property;
8. To borrow money, incur debt, and to execute and deliver promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations and other evidences of debt and securities;

9. To indemnify and maintain insurance on behalf of any of its Trustees, Officers, employees or agents for liability asserted against or incurred by such person in such capacity or arising out of such person's status as such, subject to the provisions of the New York Not-for-Profit Corporation Law and the limitations noted in these Bylaws.

B. Number of Trustees. The number of Trustees of the Corporation shall be not fewer than three (3) and shall not exceed twenty-five (25). The Board shall fix the exact number of Trustees, within these limits, by Board resolution or amendment of the Bylaws.

C. ~~Election of Trustees.~~

1. **Election.** The Board shall elect the Trustees by the vote of a majority of the Trustees then in office, whether or not the number of Trustees in office is sufficient to constitute a quorum, or by the sole remaining Trustee. Trustees-elect assume office subject to approval by the Charter Entity.

2. **Eligibility.** The Board may elect any person who in its discretion it believes will serve the interests of the Corporation faithfully and effectively.

3. **Interested Persons.** No person serving on the Board may be an interested person. An "interested person" is: (1) any person currently being compensated by the Corporation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor or otherwise; or (2) any sister, brother, ancestor, descendant, spouse, sister-in-law, brother-in-law, daughter-in-law, son-in-law, mother-in-law or father-in-law of any such person. All persons serving on the Board shall comply with any stated and adopted Conflicts of Interest and Code of Ethics Policies.

4. **Term of Office.** The Board shall elect Trustees at the Annual Meeting for that year, or at a Regular Meeting designated for that purpose, or at a Special Meeting called for that purpose by a majority of a quorum of the Board of Trustees. Trustees shall hold office for a term of one (1) year beginning on July 1st of the given year, and until their successors have been elected as provided herein, or until the death, resignation or removal of the Trustee. Trustees shall be eligible for re-election without limitation.

a. The term of office of a Trustee elected to fill a vacancy begins on the date of the Trustee's election, and continues: (1) for the balance of the unexpired term in the case of a vacancy created because of the resignation, removal, or death of a Trustee, or (2) for the term specified by the Board in the case of a vacancy resulting from the increase of the number of Trustees authorized.

D. Removal of Trustees. The Board may remove a Trustee for cause by a majority vote of all Trustees (other than the Trustee subject to removal) at a Special Meeting of the Board called for that purpose.

E. Resignation by Trustee. A Trustee may resign by giving written notice to the Board and to the President or Secretary. The resignation is effective upon receipt of such notice, or at any later date specified in the notice. The acceptance of a resignation by the Board President or Secretary shall not be necessary to make it effective, but no resignation shall discharge any accrued obligation or duty of a Trustee.

F. Vacancies. A vacancy is deemed to occur on the effective date of the resignation of a Trustee, upon the removal of a Trustee, upon declaration of vacancy pursuant to these Bylaws, or upon a Trustee's death. A vacancy is also deemed to exist upon the increase by the Board of the authorized number of Trustees.

G. **Compensation of Trustees.** Trustees shall serve without compensation. However, the Board may approve reimbursement of a Trustee's actual and necessary expenses while conducting Corporation business.

ARTICLE IV: OFFICES

The Corporation's principal office shall be at the following address: DREAM Charter School, Inc., c/o: 232 East 103rd Street, New York, NY 10029. The Secretary shall note any change in office on the copy of the Bylaws maintained by the Secretary. The Corporation may also have offices at such other places, within the State of New York, as the Board may from time to time determine.

ARTICLE V: MEETINGS OF THE BOARD

A. **Place of Meetings.** Board Meetings shall be held at the Corporation's principal office or at any other reasonably convenient place as the Board may designate.

B. **Annual Meetings.** An Annual Meeting of the Board shall be held in the month of June. Notice of the time and place of such annual meeting shall be given by the Secretary to each Director not less than twenty days before such annual meeting.

D. **Regular Meetings.** Regular meetings of the Board may be held at such time and place as shall be designated by resolution of the Board. Notice of the time and place of any such regular meeting shall be given by the Secretary to each Trustee not less than ten days before any such regular meeting, except, that if notice is sent by mail, such notice shall be received by each Trustee not less than ten days before such regular meeting.

E. **Special Meetings.** A Special Meeting shall be held at any time called by the President, or by any Trustee upon written demand of not less than one-half of the entire Board. Notice of the time and place of any such regular meeting shall be given by the Secretary to each Trustee not less than five days before any such regular meeting, except, that if notice is sent by mail, such notice shall be received by each Trustee not less than five days before such regular meeting.

F. **Adjournment.** A majority of the Trustees present at a meeting, whether or not a quorum, may adjourn the meeting to another time and place.

G. **Notices.** Notices to Trustees of Board Meetings shall be given as follows:

1. Annual Meetings and Regular Meetings may be held without notice if the Bylaws or the Board fix the time and place of such meetings.

2. Special Meetings shall be held upon four days' notice by first-class mail or 48 hours' notice delivered personally or by telephone, facsimile or e-mail. Notices will be deemed given when deposited in the United States mail, addressed to the recipient at the address shown for the recipient in the Corporation's records, first-class postage prepaid; when personally delivered in writing to the recipient; or when faxed, e-mailed, or communicated orally, in person or by telephone, to the Trustee or to a person whom it is reasonably believed will communicate it promptly to the Trustee.

H. **Waiver of Notice.** Notice of a meeting need not be given to a Trustee who signs a waiver of notice or written consent to holding the meeting or an approval of the minutes of the meeting, whether before or after the meeting, or attends the meeting without protest prior to the meeting or at its commencement, of the lack of notice. The Secretary shall incorporate all such waivers, consents and approvals into the minutes of the meeting.

ARTICLE VI: ACTION BY THE BOARD

A. **Quorum.** If the Board has less than fifteen Trustees, one-third of the entire Board shall be necessary to constitute a quorum for the transaction of business. If the Board has more than fifteen Trustees, then five Trustees plus one additional Trustee for every ten Trustees (or fraction thereof) in excess of fifteen Trustees shall be necessary to constitute a quorum for the transaction of business. The acts of a majority of the Trustees present at a meeting at which a quorum is present shall be the acts of the Board, unless otherwise provided by law, the Articles of Incorporation or these Bylaws. If a quorum is not present, a majority of the Trustees present may adjourn the meeting to such time and place as they may determine without notice other than announcement at the meeting until enough Trustees to constitute a quorum shall attend. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any Trustee.

B. Action by the Board.

1. **Actions Taken at Board Meetings.** Any business may be transacted and any corporate action may be taken at any regular or special meeting of the Board of Directors at which a quorum is present, whether such business or proposed action be stated in the notice of such meeting or not, unless special notice of such business or proposed action is required by law or by these bylaws. Except as otherwise provided by statute or by these Bylaws, the vote of a majority of the Board present at the time of the vote, if a quorum is present at such time, shall be the act of the Board. If at any meeting of the Board there shall be less than a quorum present, the Trustees present may adjourn the meeting until a quorum is obtained.

2. **Board Participation by Other Means.** In all events, a quorum of Trustees must be present to lawfully conduct a Board Meeting of the Charter School. To the fullest extent permitted by law, trustees participating by means of, video-conferencing may be counted toward achieving a quorum, provided that all Trustees participating in such meeting can hear one another and there is no objection from any Trustee or any person in the public audience, if any.

C. Committees.

1. **Appointment of Committees.** The Board may create committees for any purpose, and the President of the Board shall appoint members to and designate the chairs of such committees. A Board Committee will consist of not fewer than three Trustees, who shall serve at the pleasure of the President of the Board, except that any executive committee of the Board shall comprise not fewer than five trustees.

2. **Standing Committees.** The Board shall have the following standing committees: Executive (chaired by the Board Chair), Finance (Chaired by the Treasurer), Nominating, Education, Accountability and Personnel. Additional Chairs and committee members will be appointed by the President of the Board.

3. **Authority of Board Committees.** The President of the Board may delegate to a Board committee any of the authority of the Board, except with respect to:

- a. The election of Trustees;
- b. Filling vacancies on the Board or any committee which has the authority of the Board;
- c. The amendment or repeal of Bylaws or the adoption of new Bylaws; and

- d. The appointment of other committees of the Board, or the members of the committees.

4. Procedures of Committees. The Board may prescribe the manner in which the proceedings of any Board Committee are to be conducted. In the absence of such prescription, a Board Committee may prescribe the manner of conducting its proceedings, except that the regular and special meetings of the Committee are subject to the provisions of these Bylaws and the Open Meetings Law with respect to the calling of meetings.

D. Standard of Care.

1. Performance of Duties. Each Trustee shall perform all duties of a Trustee, including duties on any Board Committee, in good faith and with that degree of diligence, care and skill, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances.

2. Reliance on Others. In performing the duties of a Trustee, a Trustee shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, presented or prepared by:

- a. One or more Officers or employees of the Corporation whom the Trustee believes to be reliable and competent in the matters presented;
- b. Legal counsel, public accountants or other persons as to matters that the Trustee believes are within that person's professional or expert competence; or
- c. A Board Committee on which the Trustee does not serve, duly designated in accordance with a provision of the Corporation's Charter or Bylaws, as to matters within its designated authority, provided the Trustee believes the Committee merits confidence and the Trustee acts in good faith, and with that degree of care specified in Paragraph D.1., and after reasonable inquiry when the need is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.

3. Investments. In investing and dealing with all assets held by the Corporation for investment, the Board shall exercise the standard of care described above in Paragraph D.1. and shall consider among other relevant considerations the long and short term needs of the Corporation in carrying out its purposes, including its present and anticipated financial requirements. The Board may delegate its investment powers to others, provided that those powers are exercised within the ultimate direction of the Board.

E. Rights of Inspection. Every Trustee has the right to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the Corporation, provided that such inspection is conducted at a reasonable time after reasonable notice, and provided that such right of inspection and copying is subject to the obligation to maintain the confidentiality of the reviewed information, in addition to any obligations imposed by any applicable federal, state or local law.

F. Participation in Discussions and Voting. Every Trustee has the right to participate in the discussion and vote on all issues before the Board or any Board Committee, except that any Trustee shall be excused from the discussion and vote on any matter involving such Trustee relating to: (a) a self-

dealing transaction; (b) a conflict of interest; (c) indemnification of that Trustee uniquely; or (d) any other matter at the discretion of a majority of the Trustees then present.

G. Duty to Maintain Board Confidences. Every Trustee has a duty to maintain the confidentiality of all Board actions which are not required by law to be open to the public, including discussions and votes which take place at any Executive Sessions of the Board. Any Trustee violating this confidence may be removed from the Board.

ARTICLE VII: OFFICERS

A. Officers. The Officers of the Corporation consist of a President (hereinafter "President"), Vice President (hereinafter "Vice President"), a Secretary and a Chief Financial Officer (hereinafter "Treasurer"). The Corporation also may have such other officers as the Board deems advisable.

1. **President.** Subject to Board control, the President has general supervision, direction and control of the affairs of the Corporation, and such other powers and duties as the Board may prescribe. If present, the President shall preside at Board meetings.

2. **Vice President.** If the President is absent or disabled, the Vice President shall perform all the President's duties and, when so acting, shall have all the President's powers and be subject to the same restrictions. The Vice President shall have other such powers and perform such other duties as the Board may prescribe.

3. **Secretary.** The Secretary shall: (a) keep or cause to be kept, at the Corporation's principal office, or such other place as the Board may direct, a book of minutes of all meetings of the Board and Board Committees, noting the time and place of the meeting, whether it was regular or special (and if special, how authorized), the notice given, the names of those present, and the proceedings; (b) keep or cause to be kept a copy of the Corporation's Charter and Bylaws, with amendments; (c) give or cause to be given notice of the Board and Committee meetings as required by the Bylaws; and (d) have such other powers and perform such other duties as the Board may prescribe.

4. **Treasurer.** The Treasurer shall: (a) keep or cause to be kept adequate and correct accounts of the Corporation's properties, receipts and disbursements; (b) make the books of account available at all times for inspection by any Trustee; (c) deposit or cause to be deposited the Corporation's monies and other valuables in the Corporation's name and to its credit, with the depositories the Board designates; (d) disburse or cause to be disbursed the Corporation's funds as the Board directs; (e) render or cause to be rendered to the President and the Board, as requested but no less frequently than once every fiscal year, an account of the Corporation's financial transactions and financial condition; (f) prepare or cause to be prepared any reports on financial issues required by an agreement on loans; (g) serve as Chairperson of the Finance Committee; and (h) have such other powers and perform such other duties as the Board may prescribe.

B. Election, Eligibility and Term of Office.

1. **Election.** The Board shall elect the Officers annually at the Annual Meeting or a Regular Meeting designated for that purpose or at a Special Meeting called for that purpose, except that Officers appointed to fill vacancies shall be elected as vacancies occur.

2. **Eligibility.** A Trustee may hold any number of offices, except that neither the Secretary nor Treasurer may serve concurrently as the Chairman.

3. **Term of Office.** Each Officer serves at the pleasure of the Board, holding office until resignation, removal or disqualification from service, or until his or her successor is elected.

C. **Removal and Resignation.** The Board may remove any Officer, either with or without cause, at any time, whenever in the sole judgment of the Board of Directors the best interest of the Corporation will be served thereby. Such removal shall not prejudice the Officer's rights, if any, under an employment contract. Any Officer may resign at any time by giving written notice to the Corporation, the resignation taking effect upon receipt of the notice or at a later date specified in the notice.

ARTICLE VIII: NON-LIABILITY OF TRUSTEES

The Trustees shall not be personally liable for the Corporation's debts, liabilities or other obligations.

ARTICLE IX: INDEMNIFICATION OF CORPORATE AGENTS

A. **Exculpatory Provisions.**

None of the Corporation's current or former Officers or Trustees (each, an "**Indemnified Person**") shall be liable, directly or indirectly, to the Corporation for any act or omission taken or omitted by such Indemnified Person in good faith, provided that such act or omission did not constitute gross negligence, fraud or willful violation of the law or a breach of such Indemnified Person's duty of loyalty to the Corporation.

B. **Derivative Actions.**

Any and every Indemnified Person made or threatened to be made a party to any action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she, his or her testator or intestate, is or was a Trustee or Officer of this Corporation or of any corporation which he or she served as such at the request of this Corporation, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by applicable law, against any and all claims, liabilities and expenses of whatever nature ("**Claims**") relating to activities undertaken in connection with the Corporation, including but not limited to amounts paid in satisfaction of judgments, in compromise or settlement, or other amounts, and reasonable attorneys', accountants' and experts' and other fees, in each case incurred by him or her in connection with the investigation, defense or disposition of such action or in connection with any appeal thereof, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Officer or Trustee has breached his or her duty of loyalty to the Corporation.

C. **Nonderivative Actions.**

Any and every Indemnified Person made or threatened to be made a party to any action, suit, or proceeding other than one by or in the right of the Corporation to procure a judgment in its favor, whether civil or criminal, including an action by or in the right of any other corporation of any type or kind, domestic or foreign, which any Trustee or Officer of the Corporation served in any capacity at the request of the Corporation, by reason of the fact that he or she, his or her testator or intestate, is or was a Trustee or Officer of the Corporation, or served such other corporation in any capacity, shall be indemnified and held harmless by the Corporation, to the fullest extent permitted by applicable law, against any and all Claims incurred by him or her in connection with the investigation, defense or disposition of such action, suit or proceeding or in connection with any appeal thereof, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Officer or Trustee

(i) acted with gross negligence, fraud or willful violation of the law or (ii) shall not have acted in good faith.

D. Advance of Expenses.

Expenses incurred by an Indemnified Person in, investigation, defense or settlement of any Claim that may be subject to a right of indemnification hereunder may be advanced by the Corporation prior to the final disposition thereof upon receipt of an undertaking by or on behalf of the Indemnified Person to repay such amount if it shall ultimately be determined that the Indemnified Person ~~is not entitled to be indemnified by the Corporation.~~

E. Non-Exclusivity.

The right of any Indemnified Person to the indemnification provided herein shall be cumulative of, and in addition to, any and all rights to which such Indemnified Person may otherwise be entitled by contract or as a matter of law or equity, and shall extend to such Indemnified Person's successors, assigns and legal representatives. The Corporation shall have the power to purchase or maintain at its cost and expense insurance on behalf of such Indemnified Persons to the fullest extent permitted by this Article and applicable law.

F. Satisfaction from Corporation's Assets.

All judgments against the Corporation or an Indemnified Person, in respect of which such Indemnified person is entitled to indemnification, shall first be satisfied from corporation assets before the Indemnified Person is responsible therefore.

G. Notices of Claims.

Promptly after receipt by an Indemnified Person of notice of the commencement of any action or proceeding or threatened action or proceeding involving a Claim, such Indemnified Person will, if a claim for indemnification in respect thereof is to be made against the Corporation, give written notice to the Corporation of the commencement of such action; provided, however, that the failure of any Indemnified Person to give notice as provided herein shall not relieve the Corporation of its obligations under this Article VI, except to the extent that the Corporation is actually prejudiced by such failure to give notice. Each such Indemnified Person shall keep the Chairman of the Board of Trustees and the Executive Director of the Corporation apprised of the progress of any such proceeding.

H. Burden of Proof.

In any dispute as to indemnification between the Corporation and a person claiming indemnity, the burden of proof shall in all events, and as to all elements of any claim or defense, be on the Corporation.

ARTICLE X: SELF-DEALING TRANSACTIONS

The Corporation shall not engage in any self-dealing transactions, except as approved by the Board. "Self-dealing transaction" means a transaction to which the Corporation is a party and in which one or more of the Trustees has a material financial interest ("interested Trustee(s)"). Notwithstanding this definition, the following transaction is not a self-dealing transaction, and is subject to the Board's general standard of care:

A transaction which is part of a public or charitable program of the Corporation, if the transaction (a) is approved or authorized by the Board in good faith and without unjustified favoritism; and (b) results

in a benefit to one or more Trustees or their families because they are in a class of persons intended to be benefited by the program.

ARTICLE XI: OTHER PROVISIONS

A. **Fiscal Year.** The fiscal year of the Corporation begins on July 1 of each year and ends June 30.

B. **Execution of Instruments.** Except as otherwise provided in these Bylaws, the Board ~~may adopt a resolution authorizing any Officer or agent of the Corporation to enter into any contract or~~ execute and deliver any instrument in the name of or on behalf of the Corporation. Such authority may be general or confined to specific instances. Unless so authorized, no Officer, agent or employee shall have any power to bind the Corporation by any contract or engagement, to pledge the Corporation's credit, or to render it liable monetarily for any purpose or any amount.

C. **Checks and Notes.** Except as otherwise specifically provided by Board resolution, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the Corporation may be signed by the President of the Board, the Principal, or Treasurer. In the instance that that the Corporation utilizes a fiscal sponsor, check requests must be made in writing to the fiscal sponsor by those same individuals. Check requests for amounts of \$5,000.00 or greater must be signed by two (2) of these individuals.

D. **Construction and Definitions.** Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the Not-for-Profit Corporation Law and the Education Law shall govern the construction of these Bylaws. Without limiting the generality of the foregoing, words in these Bylaws shall be read as the masculine or feminine gender, and as the singular or plural, as the context requires, and the word "person" includes both a corporation and a natural person. The captions and headings in these Bylaws are for reference and convenience only and are not intended to limit or define the scope or effect of any provisions.

E. **Conflict of Interest.** No Trustee, Officer, or Committee member shall, consistent with any stated and adopted Conflicts of Interest and Code of Ethics Policies, have an interest in any contract, other transaction or program approved by the Board or Board Committee. Any Trustee, Officer or Committee member who may have such an interest, or may cause the appearance of such an interest, in any such contract, other transaction or program presented to the Board or Board Committee for authorization, approval, or ratification shall make a prompt, full and frank disclosure of his or her interest to the Board or Committee. Such disclosure shall include all relevant and material facts known to such person about the contract or transaction.

The body to which such disclosure is made shall thereupon determine, by majority vote, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist, such contract, other transaction or program shall be eliminated from consideration. The minutes of the meeting shall reflect proceedings, including the disclosure made, and the vote thereon. The Board may adopt formal policies requiring:

1. Regular annual statements from Trustees, Officers and key employees to disclose existing and potential conflicts of interest; and
2. Corrective and disciplinary actions with respect to transgressions of such policies, including removal from the Board.

For the purpose of this section, a person shall be deemed to have an interest in a contract, other transaction, or program if it results in a direct or indirect financial benefit to the person, and the person can negotiate, authorize, approve, prepare, make payment or audit bills or claims under the contract.

F. **Interpretation of Charter.** To the extent of any conflict between any provision of these by-laws and the Open Meetings Law, the Open Meetings Law will control. Whenever any provision of the Bylaws is in conflict with the provisions of the Charter, the provisions of the Charter shall control.

ARTICLE XII: AMENDMENT

A majority of the Trustees may adopt, amend or repeal these Bylaws at any annual, regular or special meeting of the Board by a majority of the votes cast at such meeting, provided notice or intention to amend the Bylaws be sent to each Trustee at least twenty (20) days before such meeting, and subject to approval by the Charter Entity.

CERTIFICATE OF THE SECRETARY

The undersigned does hereby certify that the undersigned is the Secretary of the Charter School, an education Corporation duly organized and existing under the laws of the State of New York; that the foregoing Bylaws of said Corporation were duly and regularly adopted as such by the Board of Trustees of said Corporation; and that the above and foregoing Bylaws are now in full force and effect.

_____, Secretary

Dated: _____

**HARLEM RBI AND DREAM CHARTER SCHOOL
POLICY ON CONFLICTS OF INTEREST**

Under General Municipal Law, and under our Policy on Conflicts of Interest, no officer or employee may have an interest, direct or indirect, in any contract with Harlem RBI ("RBI") or with the DREAM Charter School ("School"), when such trustee, officer or employee, individually or as a member of the Board, has the power or duty to (a) negotiate, prepare, authorize or approve the contract, or authorize or approve payment under the contract; (b) audit bills or claims under the contract; or (c) appoint an officer or employee who has any of the powers or duties set forth above. No Treasurer may have an interest, direct or indirect, in a bank or trust company designated as a depository or paying agent or for investment of funds of the School. This policy does not preclude payment of lawful compensation and necessary expenses of an employee in one or more public offices or positions of employment, the holding of which is not prohibited by law.

In addition to the foregoing general rule prohibiting conflicts of interests, the following activities are expressly prohibited, as in contravention to local law. Trustees, officers or employees may not:

- a) Directly or indirectly, solicit any gift, or accept or receive any gift having a value of \$75 or more, whether in the form of money, service, loan, travel, entertainment, hospitality, thing, or promise, or in any other form, under circumstances in which it could reasonably be inferred that the gift was intended to or could reasonably be expected to influence him/her in the performance of his/her official duties, or was intended as a reward for any official action on his/her part;
- b) Disclose confidential information acquired in the course of his/her official duties or use such information to further his/her personal interests;
- c) Receive, or enter into any agreement, express or implied, for compensation for services to be rendered in relation to any matter before the Board; or
- d) Receive, or enter into any agreement, express or implied, for compensation for services to be rendered in relation to any matter before the Board whereby the compensation is to be dependent or contingent upon any action by the agency. This does not prohibit the fixing of fees based upon the reasonable value of services rendered.

Despite the general rule prohibiting conflicts of interest, General Municipal Law enumerates a list of limited exceptions. This policy incorporates those limited exceptions, by stating that the prohibition on conflicts of interest does not apply to:

- a) The designation of a bank or trust company as a depository, paying agent, registration agent or for investment of funds of a municipality except when the chief fiscal officer, treasurer, or his/her deputy or employee, has an interest in such bank or trust company; provided, however, that where designation of a bank or trust company outside the municipality would be required because of the foregoing restriction, a bank or trust company within the municipality may nevertheless be so designated;

- b) A contract with a person, firm, corporation or association in which a municipal officer or employee has an interest which is prohibited solely by reason of employment as an officer or employee thereof, if the remuneration of such employment will not be directly affected as a result of such contract and the duties of such employment do not directly involve the procurement, preparation or performance of any part of such contract;
- c) The designation of a newspaper, including but not limited to an official newspaper, for the publication of any notice, resolution, ordinance or other proceeding only where such publication is required or authorized by law;

- d) The purchase by a municipality of real property or an interest therein, provided the purchase and the consideration therefore is approved by order of a court of competent jurisdiction upon petition of the governing board;
- e) The acquisition of real property or an interest therein, through condemnation proceedings according to law;
- f) A contract with a membership corporation or other voluntary non-profit corporation or association;
- g) The sale of lands and notes pursuant to Section 60.10 of local finance law;
- h) A contract in which an officer or employee has an interest if such contract was entered into prior to the time he/she was elected or appointed as such officer or employee (except that this limitation does not authorize a renewal of any such contract);
- i) Employment of a licensed physician as school physician for the School upon authorization by a two-thirds vote of the Board;
- j) A contract with a corporation in which an officer or employee has an interest by reason of stockholdings when less than five percent of the outstanding stock of the corporation is owned or controlled directly or indirectly by such officer or employee;
- k) A contract for the furnishing of public utility services when the rates or charges therefore are fixed or regulated by the public service commission;
- l) A contract for the payment of a reasonable rental of a room or rooms owned or leased by an officer or employee when the same are used in the performance of his/her official duties and are so designated as an office;
- m) A contract for the payment of a portion of the compensation of a private employee of an officer when such employee performs part-time service in the official duties of the office;
- n) A contract in which an officer or employee has an interest if the total consideration payable thereunder, when added to the aggregate amount of all consideration

payable under contracts in which such person had an interest during the fiscal year, does not exceed the sum of seven hundred and fifty dollars;

- o) A contract with a member of private industry council established in accordance with the federal job training partnership act or any firm, corporation or association in which such member holds an interest, provided the member discloses such interest to the council and the member does not vote on the contract.

Disclosure of Interests

In an effort to protect against and to publicize potential conflicts of interest, the law mandates certain disclosures of material interests. These disclosure requirements are incorporated into this Policy.

Any trustee, officer or employee who has, will have, or later acquires an interest in any actual or proposed contract with the Board must publicly disclose the nature and extent of such interest in writing to the Board as soon as he/she has knowledge of it. Such disclosure shall be set forth in the minutes of the Board. Once made, no further disclosures with respect to additional contracts with the same party during the remainder of the fiscal year need be made.

Any trustee, officer or employee who has any question or doubt as to whether such a disclosure need be made shall, in an abundance of caution, make such a disclosure or shall seek the advice of legal counsel.

Penalties

The violation of this conflicts of interest policy may also be a violation of General Municipal Law, and thus has significant penal implications.

- a) Any person who knowingly and intentionally violates the above may be suspended, or removed from office or employment in the manner provided by law.
- b) Any trustee, officer or employee who willfully and knowingly violates the foregoing provisions shall be guilty of a misdemeanor.
- c) Any contract willfully entered into in which there is a prohibited interest may be void and unenforceable.

**HARLEM RBI AND DREAM CHARTER SCHOOL
CODE OF ETHICS**

Sound, ethical standards of conduct serve to increase the effectiveness of school board trustees and their staff as educational leaders in their community. Actions based on an ethical code of conduct promote public confidence and the attainment of our goals. We also have certain obligations under the General Municipal Law to adopt a code of ethics consistent with the provisions of the General Municipal Law, setting forth the standards of conduct required of all trustees, officers and employees.

Therefore, every officer and employee, paid or unpaid, including the Board, shall adhere to the following code of conduct:

1. **Gifts:** An officer or employee shall not directly or indirectly solicit any gifts; nor shall an officer or employee accept or receive any single gift having a value of \$75 or more, or gifts from the same source having a cumulative value of \$75 or more over a twelve-month period, whether in the form of money, services, loan, travel, entertainment, hospitality, thing or promise, or any other form, if it could reasonably be inferred that the gift was intended to influence him or her in the performance of his or her official duties or was intended as a reward for any official action on his or her part.

However, we welcome and encourage the writing of letters or notes expressing gratitude or appreciation to staff members. Gifts from children that are principally sentimental in nature and of insignificant financial value may be accepted in the spirit in which they are given.

2. **Confidential Information:** An officer or employee shall not disclose confidential information acquired by him or her in the course of his or her official duties or use such information to further his or her own personal interest, except as expressly required by law. In addition, any information regarding any matters discussed in an executive session of the Board shall not be disclosed, regardless of whether such information is deemed confidential or not, except as expressly required by law.
3. **Conflicts of Interest:** All officers and employees shall adhere to the Policy on Conflicts of Interest. In particular, officers and employees shall not receive or enter into any agreement, express or implied, for compensation for services to be rendered in relation to any matter before the school board, nor shall any officer or employee receive or enter into any agreement, express or implied, for compensation for services to be rendered in relation to any matter before the school board, whereby the compensation is to be dependent or contingent upon any action by the school with respect to such matter.
4. **Disclosure:** A member of the Board of Trustees and any officer or employee of the school, whether paid or unpaid, who participates in the discussion or gives official opinion to the Board on any matter before the Board shall publicly disclose on the official record the nature and extent of any direct or indirect financial or other private interest he or she has in such matter. The term "interest" means a pecuniary or material benefit accruing to an officer or employee.

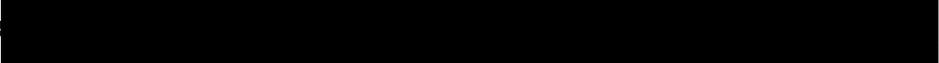
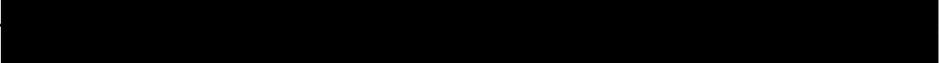
5. **Investments:** An officer or employee shall not invest or hold any investment directly in any financial, business, commercial or other private transaction that creates a conflict with his or her official duties.
 6. **Employment:** An officer or employee shall not engage in, solicit, negotiate for or promise to accept private employment when that employment or service creates a conflict with or impairs the proper discharge of his or her official duties. An officer or employee shall not, after the termination of service or employment with the Board, appear before the Board or any panel or committee of the Board, in relation to any case, proceeding, or application in which he or she personally participated during the period of his or her service or employment or that was under his or her active consideration. This paragraph shall not bar or prevent the timely filing by a present or former officer or employee of any claim, account, demand or suit against the district on his or her own behalf or on behalf of any member of his or her family arising out of any personal injury or property damage or for any lawful benefit authorized or permitted by law.
-

The violation of this code of ethics may also be a violation of General Municipal Law, and thus has significant penal implications. In addition to any penalty imposed by law, any person who knowingly and intentionally violates any of the forgoing provisions may be suspended or removed from office or employment in the manner provided by law.

Appendix F: Disclosure of Financial Interest Form

**Disclosure of Financial Interest by a New York Charter School Board of Trustees Member
Annual Report 2010-11**

**Note: This Disclosure is a public record, but asterisked data fields will be redacted.*

1. Trustee Name (print) Richard Berlin
2. Charter School Name DREAM Charter School
3. Charter Authorizer Entity NYC DOE
4. Home Address* 
5. Business Address 
6. Daytime Phone* 
7. E-Mail Address* 
8. List all positions held on board (e.g., chair, treasurer, parent representative)
Chairman

9. Is the trustee an employee of the school? ___ Yes No

If Yes, please provide a description of the position you hold and your responsibilities, your salary and your start date.

10. Is the trustee an employee or agent of the management company or institutional partner of the charter school? Yes ___ No

If Yes, please provide a description of the position you hold and your responsibilities, your salary and your start date.

Executive Director Harlem RBI (institutional partner)

11. Identify each interest/transaction (and provide the requested information) that you or any of your immediate family members or any persons who live with you in your house have held or engaged in with the charter school during the time you have served on the board, and in the six-month period prior to such service. If there has been no such financial interest or transaction, write **None**. Please note that if you answered **Yes** to Question 2-4 above, you need not disclose again your employment status, salary, etc.

Date(s)	Nature of Financial Interest/Transaction	Steps taken to avoid a conflict of interest, (e.g., did not vote, did not participate in discussion)	Name of person holding interest or engaging in transaction and relationship to yourself
<p><i>Please write "None" if applicable. Do not leave this space blank.</i></p> <p style="font-size: 2em; font-family: cursive;">NONE</p>			

12. Identify each individual, business, corporation, union association, firm, partnership, committee proprietorship, franchise holding company, joint stock company, business or real estate trust, non-profit organization, or other organization or group of people doing business with the school **and** in which such entity, during the time of your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or other relationship. If you are a member, director, officer or employee of an organization formally partnered with the school that is doing business with the school through a management or services agreement, please identify only the name of the organization, your position in the organization as well as the relationship between such organization and the school. If there was no financial interest, write **None**.

Organization conducting business with the school	Nature of business conducted	Approximate value of the business conducted	Name of Trustee and/or immediate family member of household holding an interest in the organization conducting business with the school and the nature of the interest	Steps Taken to Avoid Conflict of Interest
<p><i>Please write "None" if applicable. Do not leave this space blank.</i></p> <p style="font-size: 2em; font-family: cursive;">NONE</p>				

REARL

8/1/11

Signature _____ Date _____

Appendix F: Disclosure of Financial Interest Form

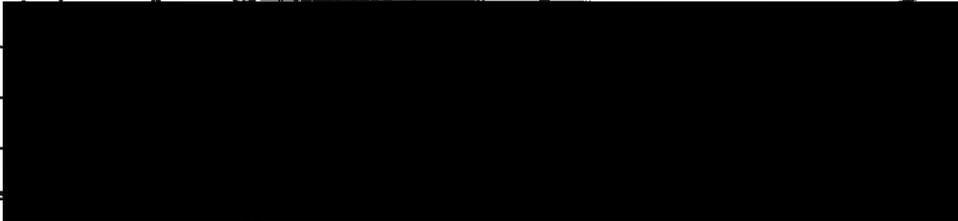
Disclosure of Financial Interest by a New York Charter School Board of Trustees Member
Annual Report 2010-11

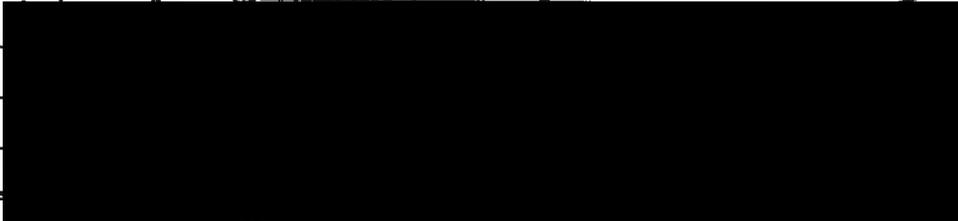
*Note: This Disclosure is a public record, but asterisked data fields will be redacted.

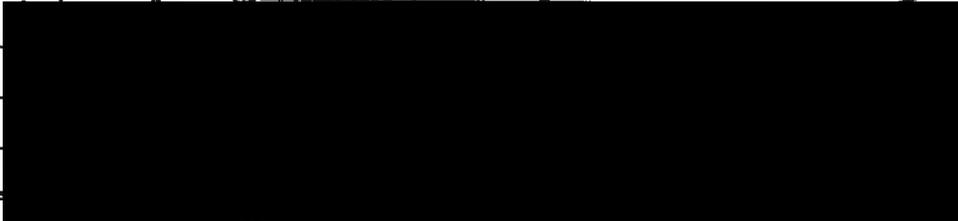
1. Trustee Name (print) Josh Goldstein

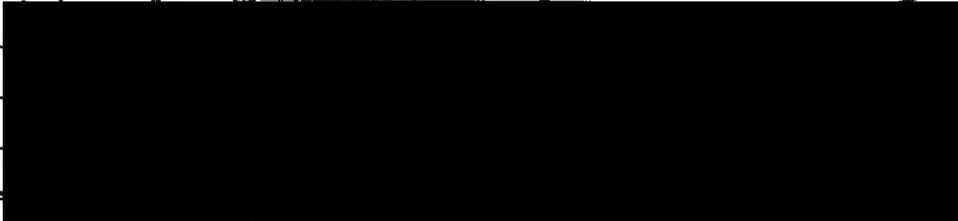
2. Charter School Name Dream

3. Charter Authorizer Entity NYC DOE

4. Home Address* 

5. Business Address* 

6. Daytime Phone* 

7. E-Mail Address* 

8. List all positions held on board (e.g., chair, treasurer, parent representative)

Member Finance Ctee

9. Is the trustee an employee of the school? ___ Yes No

If Yes, please provide a description of the position you hold and your responsibilities, your salary and your start date.

10. Is the trustee an employee or agent of the management company or institutional partner of the charter school? ___ Yes No

If Yes, please provide a description of the position you hold and your responsibilities, your salary and your start date.

11. Identify each interest/transaction (and provide the requested information) that you or any of your immediate family members or any persons who live with you in your house have held or engaged in with the charter school during the time you have served on the board, and in the six-month period prior to such service. If there has been no such financial interest or transaction, write **None**. Please note that if you answered **Yes** to Question 2-4 above, you need not disclose again your employment status, salary, etc.

Date(s)	Nature of Financial Interest/Transaction	Steps taken to avoid a conflict of interest, (e.g., did not vote, did not participate in discussion)	Name of person holding interest or engaging in transaction and relationship to yourself
<p>Please write "None" if applicable. Do not leave this space blank.</p> <p style="font-size: 2em; margin-left: 100px;">None</p>			

12. Identify each individual, business, corporation, union association, firm, partnership, committee proprietorship, franchise holding company, joint stock company, business or real estate trust, non-profit organization, or other organization or group of people doing business with the school and in which such entity, during the time of your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or other relationship. If you are a member, director, officer or employee of an organization formally partnered with the school that is doing business with the school through a management or services agreement, please identify only the name of the organization, your position in the organization as well as the relationship between such organization and the school. If there was no financial interest, write **None**.

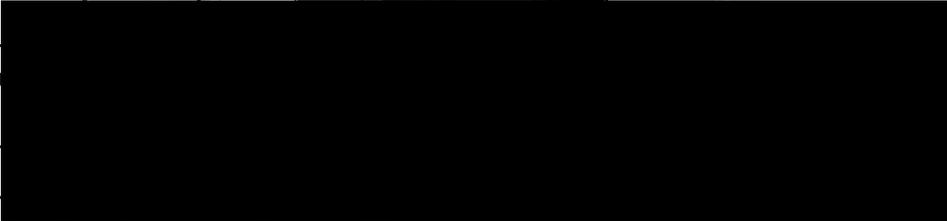
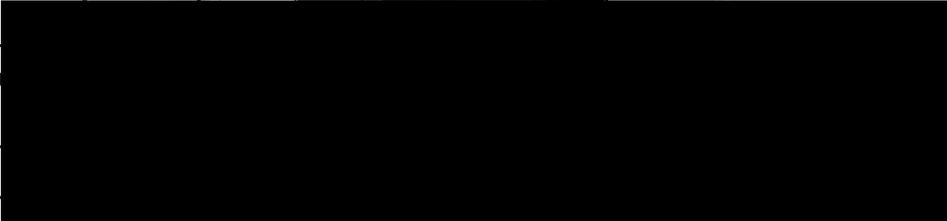
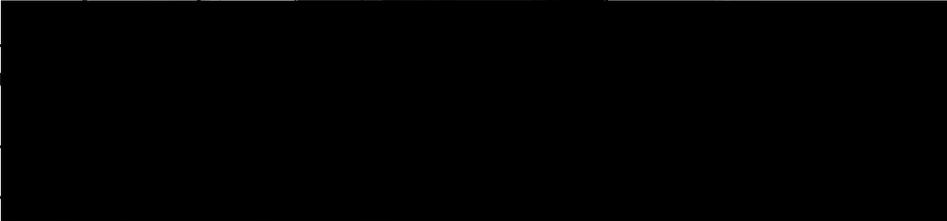
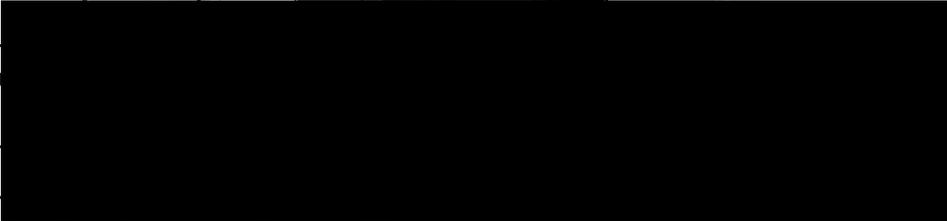
Organization conducting business with the school	Nature of business conducted	Approximate value of the business conducted	Name of Trustee and/or immediate family member of household holding an interest in the organization conducting business with the school and the nature of the interest	Steps Taken to Avoid Conflict of Interest
<p>Please write "None" if applicable. Do not leave this space blank.</p> <p style="font-size: 2em; margin-left: 100px;">None</p>				

Signature  Date 2/13/11

Appendix F: Disclosure of Financial Interest Form

Disclosure of Financial Interest by a New York Charter School Board of Trustees Member
Annual Report 2010-11

*Note: This Disclosure is a public record, but asterisked data fields will be redacted.

- 1. Trustee Name (print) Michele Joerg
- 2. Charter School Name DREAM Charter School
- 3. Charter Authorizer Entity MC DOE
- 4. Home Address* 
- 5. Business Address* 
- 6. Daytime Phone* 
- 7. E-Mail Address* 
- 8. List all positions held on board (e.g., chair, treasurer, parent representative)
Board member

9. Is the trustee an employee of the school? ___Yes No

If Yes, please provide a description of the position you hold and your responsibilities, your salary and your start date.

10. Is the trustee an employee or agent of the management company or institutional partner of the charter school? Yes No yes

If Yes, please provide a description of the position you hold and your responsibilities, your salary and your start date.

no salary - I am also a board member of Harkness
RBI, an institutional partner of DREAM

11. Identify each interest/transaction (and provide the requested information) that you or any of your immediate family members or any persons who live with you in your house have held or engaged in with the charter school during the time you have served on the board, and in the six-month period prior to such service. If there has been no such financial interest or transaction, write **None**. Please note that if you answered **Yes** to Question 2-4 above, you need not disclose again your employment status, salary, etc.

Date(s)	Nature of Financial Interest/Transaction	Steps taken to avoid a conflict of interest, (e.g., did not vote, did not participate in discussion)	Name of person holding interest or engaging in transaction and relationship to yourself
<p>Please write "None" if applicable. Do not leave this space blank.</p> <p><i>none</i></p>			

12. Identify each individual, business, corporation, union association, firm, partnership, committee proprietorship, franchise holding company, joint stock company, business or real estate trust, non-profit organization, or other organization or group of people doing business with the school and in which such entity, during the time of your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or other relationship. If you are a member, director, officer or employee of an organization formally partnered with the school that is doing business with the school through a management or services agreement, please identify only the name of the organization, your position in the organization as well as the relationship between such organization and the school. If there was no financial interest, write **None**.

Organization conducting business with the school	Nature of business conducted	Approximate value of the business conducted	Name of Trustee and/or immediate family member of household holding an interest in the organization conducting business with the school and the nature of the interest	Steps Taken to Avoid Conflict of Interest
<p>Please write "None" if applicable. Do not leave this space blank.</p> <p><i>none</i></p>				

Signature *Andale Jozzy*

Date 7/12/11

Appendix F: Disclosure of Financial Interest Form

**Disclosure of Financial Interest by a New York Charter School Board of Trustees Member
Annual Report 2010-11**

**Note: This Disclosure is a public record, but asterisked data fields will be redacted.*

1. **Trustee Name (print)** Brad Mak _____

2. **Charter School Name** DREAM Charter School _____

3. **Charter Authorizer Entity** NYC DOE _____

4. **Home Address*** _____

5. **Business Address*** _____

6. **Daytime Phone*** _____

7. **E-Mail Address*** _____

8. **List all positions held on board (e.g., chair, treasurer, parent representative)**

Chair of Finance Task Force _____

9. **Is the trustee an employee of the school?** ___Yes ___X___No

If Yes, please provide a description of the position you hold and your responsibilities, your salary and your start date.

10. **Is the trustee an employee or agent of the management company or institutional partner of the charter school?** ___Yes ___X___No

If Yes, please provide a description of the position you hold and your responsibilities, your salary and your start date.

11. Identify each interest/transaction (and provide the requested information) that you or any of your immediate family members or any persons who live with you in your house have held or engaged in with the charter school during the time you have served on the board, and in the six-month period prior to such service. If there has been no such financial interest or transaction, write **None**. Please note that if you answered **Yes** to Question 2-4 above, you need not disclose again your employment status, salary, etc.

Date(s)	Nature of Financial Interest/Transaction	Steps taken to avoid a conflict of interest, (e.g., did not vote, did not participate in discussion)	Name of person holding interest or engaging in transaction and relationship to yourself
None <i>Please write "None" if applicable. Do not leave this space blank.</i>	None	None	None

12. Identify each individual, business, corporation, union association, firm, partnership, committee proprietorship, franchise holding company, joint stock company, business or real estate trust, non-profit organization, or other organization or group of people doing business with the school **and** in which such entity, during the time of your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or other relationship. If you are a member, director, officer or employee of an organization formally partnered with the school that is doing business with the school through a management or services agreement, please identify only the name of the organization, your position in the organization as well as the relationship between such organization and the school. If there was no financial interest, write **None**.

Organization conducting business with the school	Nature of business conducted	Approximate value of the business conducted	Name of Trustee and/or immediate family member of household holding an interest in the organization conducting business with the school and the nature of the interest	Steps Taken to Avoid Conflict of Interest
None <i>Please write "None" if applicable.</i>	None	None	None <i>Do not leave this space</i>	None <i>blank.</i>

Bradford Mak
Signature

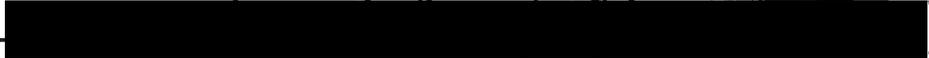
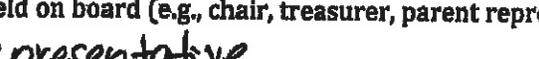
7/26/11
Date

Appendix F: Disclosure of Financial Interest Form

Disclosure of Financial Interest by a New York Charter School Board of Trustees Member
Annual Report 2010-11

*Note: This Disclosure is a public record, but asterisked data fields will be redacted.

1. Trustee Name (print) Natashia Veras

2. Charter School Name DREAM
3. Charter Authorizer Entity New York Dept of Ed / Harlem RBT
4. Home Address* 
5. Business Address* 
6. Daytime Phone* 
7. E-Mail Address* 
8. List all positions held on board (e.g., chair, treasurer, parent representative)
parent representative

9. Is the trustee an employee of the school? ___ Yes No

If Yes, please provide a description of the position you hold and your responsibilities, your salary and your start date.

10. Is the trustee an employee or agent of the management company or institutional partner of the charter school? ___ Yes No

If Yes, please provide a description of the position you hold and your responsibilities, your salary and your start date.

11. Identify each interest/transaction (and provide the requested information) that you or any of your immediate family members or any persons who live with you in your house have held or engaged in with the charter school during the time you have served on the board, and in the six-month period prior to such service. If there has been no such financial interest or transaction, write None. Please note that if you answered Yes to Question 2-4 above, you need not disclose again your employment status, salary, etc.

Date(s)	Nature of Financial Interest/Transaction	Steps taken to avoid a conflict of interest, (e.g., did not vote, did not participate in discussion)	Name of person holding interest or engaging in transaction and relationship to yourself
<i>Please write "None" if applicable. Do not leave this space blank.</i>			

12. Identify each individual, business, corporation, union association, firm, partnership, committee proprietorship, franchise holding company, joint stock company, business or real estate trust, non-profit organization, or other organization or group of people doing business with the school and in which such entity, during the time of your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or other relationship. If you are a member, director, officer or employee of an organization formally partnered with the school that is doing business with the school through a management or services agreement, please identify only the name of the organization, your position in the organization as well as the relationship between such organization and the school. If there was no financial interest, write None.

Organization conducting business with the school	Nature of business conducted	Approximate value of the business conducted	Name of Trustee and/or immediate family member of household holding an interest in the organization conducting business with the school and the nature of the interest	Steps Taken to Avoid Conflict of Interest
<i>Please write "None" if applicable. Do not leave this space blank.</i>				

Adrianne P. Jones
Signature

July 13, 2011
Date

Appendix F: Disclosure of Financial Interest Form

Disclosure of Financial Interest by a New York Charter School Board of Trustees Member
Annual Report 2010-11

*Note: This Disclosure is a public record, but asterisked data fields will be redacted.

1. Trustee Name (print) Eric Weingartner
2. Charter School Name Dream Charter School
3. Charter Authorizer Entity NYC Dept of Ed. / Harlem RSI
4. Home Address* 
5. Business Address* 
6. Daytime Phone* 
7. E-Mail Address* 
8. List all positions held on board (e.g., chair, treasurer, parent representative)

9. Is the trustee an employee of the school? Yes No

If Yes, please provide a description of the position you hold and your responsibilities, your salary and your start date.

10. Is the trustee an employee or agent of the management company or institutional partner of the charter school? Yes No

If Yes, please provide a description of the position you hold and your responsibilities, your salary and your start date.

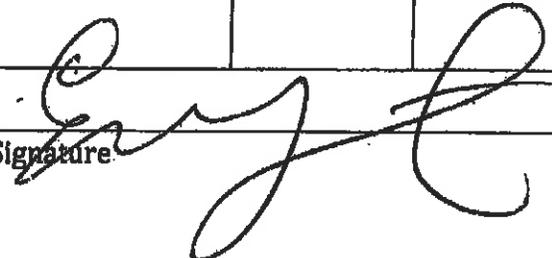
Eric works at Robin Hood, a financial supporter of Harlem RSI and the Dream Charter School. My role at Robin Hood has no relevance or management purview over Harlem RSI. / DREAM.

11. Identify each interest/transaction (and provide the requested information) that you or any of your immediate family members or any persons who live with you in your house have held or engaged in with the charter school during the time you have served on the board, and in the six-month period prior to such service. If there has been no such financial interest or transaction, write **None**. Please note that if you answered **Yes** to Question 2-4 above, you need not disclose again your employment status, salary, etc.

Date(s)	Nature of Financial Interest/Transaction	Steps taken to avoid a conflict of interest, (e.g., did not vote, did not participate in discussion)	Name of person holding interest or engaging in transaction and relationship to yourself
<p><i>Please write "None" if applicable. Do not leave this space blank.</i></p> <p style="font-size: 2em; text-align: center;">N/A</p>			

12. Identify each individual, business, corporation, union association, firm, partnership, committee proprietorship, franchise holding company, joint stock company, business or real estate trust, non-profit organization, or other organization or group of people doing business with the school and in which such entity, during the time of your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or other relationship. If you are a member, director, officer or employee of an organization formally partnered with the school that is doing business with the school through a management or services agreement, please identify only the name of the organization, your position in the organization as well as the relationship between such organization and the school. If there was no financial interest, write **None**.

Organization conducting business with the school	Nature of business conducted	Approximate value of the business conducted	Name of Trustee and/or immediate family member of household holding an interest in the organization conducting business with the school and the nature of the interest	Steps Taken to Avoid Conflict of Interest
<p><i>Please write "None" if applicable. Do not leave this space blank.</i></p> <p style="font-size: 2em; text-align: center;">N/A.</p>				

Signature 

Date 7.13.11

Appendix F: Disclosure of Financial Interest Form

Disclosure of Financial Interest by a New York Charter School Board of Trustees Member
Annual Report 2010-11

*Note: This Disclosure is a public record, but asterisked data fields will be redacted.

- 1. Trustee Name (print) CLAUDIA ZELDIN
- 2. Charter School Name DREAM CHARTER SCHOOL
- 3. Charter Authorizer Entity HARLEM RBT / NYC DOE
- 4. Home Address* 
- 5. Business Address* 
- 6. Daytime Phone* 
- 7. E-Mail Address* 
- 8. List all positions held on board (e.g., chair, treasurer, parent representative)
Trustee

9. Is the trustee an employee of the school? Yes No

If Yes, please provide a description of the position you hold and your responsibilities, your salary and your start date.

10. Is the trustee an employee or agent of the management company or institutional partner of the charter school? Yes No

If Yes, please provide a description of the position you hold and your responsibilities, your salary and your start date.

I AM ALSO ON THE BOARD OF DIRECTORS
OF HARLEM RBT.

11. Identify each interest/transaction (and provide the requested information) that you or any of your immediate family members or any persons who live with you in your house have held or engaged in with the charter school during the time you have served on the board, and in the six-month period prior to such service. If there has been no such financial interest or transaction, write **None**. Please note that if you answered **Yes** to Question 2-4 above, you need not disclose again your employment status, salary, etc.

Date(s)	Nature of Financial Interest/Transaction	Steps taken to avoid a conflict of interest, (e.g., did not vote, did not participate in discussion)	Name of person holding interest or engaging in transaction and relationship to yourself
<i>Please write "None" if applicable. Do not leave this space blank.</i>			
	NONE		

12. Identify each individual, business, corporation, union association, firm, partnership, committee proprietorship, franchise holding company, joint stock company, business or real estate trust, non-profit organization, or other organization or group of people doing business with the school **and** in which such entity, during the time of your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or other relationship. If you are a member, director, officer or employee of an organization formally partnered with the school that is doing business with the school through a management or services agreement, please identify only the name of the organization, your position in the organization as well as the relationship between such organization and the school. If there was no financial interest, write **None**.

Organization conducting business with the school	Nature of business conducted	Approximate value of the business conducted	Name of Trustee and/or immediate family member of household holding an interest in the organization conducting business with the school and the nature of the interest	Steps Taken to Avoid Conflict of Interest
<i>Please write "None" if applicable. Do not leave this space blank.</i>				
		NONE		

Signature Claudia Zel

Date 7/18/11



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

DREAM CHARTER SCHOOL

Audited Financial Statements

June 30, 2011

DREAM CHARTER SCHOOL

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

INDEPENDENT AUDITORS' REPORT

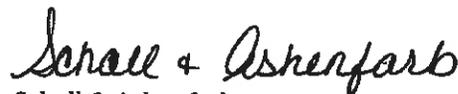
To the Board of Trustees of
DREAM Charter School

We have audited the accompanying statement of financial position of DREAM Charter School (the "School") as of June 30, 2011, 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, 2010 financial statements, and, in our report dated October 14, 2010, 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, 2011, 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 17, 2011 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
Certified Public Accountants, LLC

October 17, 2011

DREAM CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2011
(With comparative totals for June 30, 2010)

	<u>6/30/11</u>	<u>6/30/10</u>
Assets		
Cash and cash equivalents (Notes 2c and 2d)	\$363,885	\$480,446
Investments (Notes 2e and 4)	855,490	850,800
Contributions receivable (Note 2b)	200,000	0
Government grants receivable (Note 2f)	67,888	46,876
Prepaid expenses	23,613	43,223
Fixed assets (net of accumulated depreciation - Notes 2h and 5)	<u>163,323</u>	<u>132,636</u>
 Total assets	 <u><u>\$1,674,199</u></u>	 <u><u>\$1,553,981</u></u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$45,138	\$48,370
Refundable advances (Note 2f)	23,408	25,575
Due to institutional partner (Note 3)	42,808	64,066
Total liabilities	<u>111,354</u>	<u>138,011</u>
 Commitments (Note 8)		
 Net assets: (Note 2a)		
Unrestricted	1,362,845	1,190,970
Temporarily restricted (Note 6)	200,000	225,000
Total net assets	<u>1,562,845</u>	<u>1,415,970</u>
 Total liabilities and net assets	 <u><u>\$1,674,199</u></u>	 <u><u>\$1,553,981</u></u>

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

**DREAM CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**
(With comparative totals for the year ended June 30, 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 6/30/11</u>	<u>Total 6/30/10</u>
Public support and revenue:				
Public school district: (Notes 2i and 8)				
Revenue - resident student enrollment	\$2,673,612		\$2,673,612	\$1,814,345
Revenue - students with disabilities	601,916		601,916	450,237
Government grants (Note 2f)	151,007		151,007	235,645
Foundation grants (Note 2b)	141,000	\$200,000	341,000	342,000
Contribution (Note 2b)	69,850		69,850	81,895
Donated services (Note 2j)			0	14,108
Donated facilities (Notes 2j and 7)	328,510		328,510	152,235
Interest income	10,397		10,397	13,597
Other	0		0	1,600
Net assets released from restrictions	225,000	(225,000)	0	0
Total public support and revenue	<u>4,201,292</u>	<u>(25,000)</u>	<u>4,176,292</u>	<u>3,105,662</u>
Expenses:				
Program expenses	3,349,138		3,349,138	2,278,425
Supporting services:				
Management and general	583,653		583,653	446,676
Fundraising	96,626		96,626	98,977
Total supporting services	<u>680,279</u>	<u>0</u>	<u>680,279</u>	<u>545,653</u>
Total expenses	<u>4,029,417</u>	<u>0</u>	<u>4,029,417</u>	<u>2,824,078</u>
Change in net assets	171,875	(25,000)	146,875	281,584
Net assets - beginning	<u>1,190,970</u>	<u>225,000</u>	<u>1,415,970</u>	<u>1,134,386</u>
Net assets - ending	<u>\$1,362,845</u>	<u>\$200,000</u>	<u>\$1,562,845</u>	<u>\$1,415,970</u>

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

DREAM CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011
(With comparative totals for the year ended June 30, 2010)

	<u>Supporting Services</u>			Total Expenses 6/30/11	Total Expenses 6/30/10	
	Program Services	Management and General	Fundraising			Total
Salaries and payroll taxes	\$2,259,169	\$135,265		\$135,265	\$2,394,434	\$1,629,352
Instructors and tutors	98,905			0	98,905	\$12,913
Classroom supplies	86,697	2,228		2,228	88,925	76,647
Program food and events	17,252			0	17,252	3,924
Camp fees	130,694	256		256	130,950	131,730
Other program expenses	57,075	781		781	57,856	30,047
Contractual services (Note 3)	133,178	295,588	\$95,841	391,429	524,607	391,048
Consulting and professional	12,913	52,719		52,719	65,632	141,780
Telephone and internet	6,845	3,971		3,971	10,816	4,623
Communication and outreach	13,664	1,785	785	2,570	16,234	6,833
Professional development	59,130	5,604		5,604	64,734	115,518
Office and administration	10,437	49,319		49,319	59,756	48,272
Insurance	7,484	12,447		12,447	19,931	16,031
Facilities rental	39,846			0	39,846	0
Repairs and maintenance	40,676	2,005		2,005	42,681	2,530
Dues and publications	114	3,619		3,619	3,733	2,731
Bad debt expense	3,341			0	3,341	2,232
Total expenses before depreciation and in-kind services	2,977,420	565,587	96,626	662,213	3,639,633	2,616,211
Donated services and facilities (Note 7)	328,510			0	328,510	166,343
Depreciation	43,208	18,066		18,066	61,274	41,524
Total expenses	\$3,349,138	\$583,653	\$96,626	\$680,279	\$4,029,417	\$2,824,078

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

DREAM CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011
(With comparative totals for the year ended June 30, 2010)

	<u>6/30/11</u>	<u>6/30/10</u>
Net cash flows from operating activities:		
Change in net assets	\$146,875	\$281,584
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	61,274	41,524
(Increase)/decrease in assets:		
Contributions receivable	(200,000)	75,000
Government grants receivable	(21,012)	152,941
Prepaid expenses	19,610	(15,488)
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	(3,232)	22,223
Refundable advances	(2,167)	0
Due (to)/from institutional partner	(21,258)	160,428
Total adjustments	<u>(166,785)</u>	<u>436,628</u>
Net cash (used for)/provided by operating activities	<u>(19,910)</u>	<u>718,212</u>
Net cash flows from investment activities:		
Purchase of property and equipment	(91,961)	(43,501)
Transfer to establish investment accounts	0	(850,800)
Purchase of investments	<u>(4,690)</u>	<u>0</u>
Net cash used for investing activities	<u>(96,651)</u>	<u>(894,301)</u>
Net decrease in cash and cash equivalents	(116,561)	(176,089)
Cash and cash equivalents, beginning	<u>480,446</u>	<u>656,535</u>
Cash and cash equivalents, ending	<u>\$363,885</u>	<u>\$480,446</u>
Interest and income taxes paid	<u>\$0</u>	<u>\$0</u>

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

**DREAM CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 1 - Organization

Effective January 15, 2008, DREAM Charter School (the "School") was granted a provisional charter by the University of the State of New York, Education Department for a term up through and including January 14, 2013. Such provisional charter may be extended upon application for a term of up to five years in accordance with the provisions of Article 56 of the Education Law.

The School's mission is to prepare students for high-performing high schools, colleges and beyond through a rigorous academic program that develops critical thinkers who demonstrate a love of learning, strong character and a commitment to wellness and active citizenship. The School inspires every student to recognize their potential and realize their dreams.

The School currently serves 250 students in grades K-4 and will grow one grade (50 students) each year until it reaches capacity with grades K-8 and a total of 450 students. Unique features of the School include an extended day and extended year, exclusive classrooms taught by co-teaching teams, a high level of family engagement and a Coordinate School Health Program as a fundamental component of the school's educational philosophy.

The School is supported by its institutional partner, Harlem RBI, a 20 year-old youth-development organization located in East Harlem, New York. Harlem RBI brings the expertise of its Board of Directors, Executive Leadership and its Fund Development, Finance and Operations teams to bear on the School's needs. Two members of Harlem RBI's Board of Directors and Harlem RBI's Executive Director serve on the School's Board of Trustees.

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. 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 a risk adjusted discount rate. Conditional contributions received are recorded as liabilities and are recognized as income when the conditions have been substantially met.

All contributions receivable at June 30, 2011 are expected to be received in less than one year.

c. Cash and Cash Equivalents

For purposes of financial reporting, cash and cash equivalents include cash held in banks and money market funds other than those held by the investment manager.

d. Concentration of Credit Risk

Financial instruments which potentially subject the School to concentration of credit risk consist of cash and money market accounts.

The School places its temporary cash and money market accounts with financial institutions that they deem to be credit-worthy, which at times, may exceed federally insured limits. While at year end the School had material uninsured balances, management feels they have little risk of failure of the financed institutions, and has not experienced any losses of this nature.

e. Investments

The School's policy is to maintain a liquid cash reserve above the cash needed for immediate operations (defined as six weeks or 12% of the annual operating budget). At June 30, 2011, the balance of \$855,490 consisted of government bonds of \$799,475 and cash equivalents of \$56,015.

f. Government Grants

Government grants that have traits more similar to contracts for service are treated as exchange transactions and are recorded 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 refundable advances.

g. Allowance for Uncollectible Receivables

Management has not established a reserve for uncollectible receivables because they deem all receivables to be fully collected based on analysis and historical experience. Write-offs will be recorded as expense in the year they are deemed to be uncollectible.

h. Capitalization Policies

Leasehold improvements, equipment and furniture that exceed pre-determined amounts and that 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 years

Furniture and fixtures - 7 years

Leasehold improvements - *Life of lease*

i. Revenues - Public School District

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. The School is dependent upon grants from the New York City Department of Education (NYCDOE) to carry out its operations.

j. Donated Services

Donated services are recognized at fair value if they 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. See Note 7 for details.

k. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

l. 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.

m. Comparative Financial 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. Such information should be read in conjunction with the School's financial statements for the period ended June 30, 2010, from which the summarized information was derived.

n. Accounting for Uncertainty of Income Taxes

The School has adopted the provisions of FASB ASC 740, *Income Taxes*, which applies to positions taken or expected to be taken in a tax return. Organizations are required to recognize the effects of tax positions if they are more likely than not of being sustained. The School does not believe its financial statements include any uncertain tax positions.

o. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 17, 2011, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

Note 3 - Institutional Partnership

The School has an institutional partnership agreement with the Harlem RBI ("HRBI"), which is an affiliate by nature of common board members and management. An "Institutional Partnership Agreement" (IPA) serves as the foundation of the governance relationship between the School and HRBI. This contract speaks to key issues such as the exact nature and costs of HRBI's Executive Leadership and back office services to the School, and the allocation of unrestricted fundraising dollars that HRBI raises for the School. Both the School Board of Trustees and HRBI's Board of Directors will have the option of severing the relationship between the two entities with agreed upon notice, though the spirit of the partnership is unending. The IPA will be reviewed and revised by an "Integration & Governance Committee" consisting of both HRBI and the School Board members, and will be renewed on an annual basis.

At June 30, 2011, total contributions received by HRBI on behalf of the School, less amounts due from the School for administrative services totaled \$42,808. Total fees recorded as expense were \$524,607.

Note 4 - Investments

Accounting standards establish 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 December 31, 2011, investments consisted of the following:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Cash Equivalents	\$54,848	\$54,848	\$0
Government Bonds	<u>800,642</u>	<u>0</u>	<u>800,642</u>
	<u>\$855,490</u>	<u>\$54,848</u>	<u>\$800,642</u>

Note 5 - Fixed Assets

At June 30, 2011, fixed assets consisted of the following:

Computer and equipment	\$99,413
Furniture	124,304
Leasehold improvements	<u>72,655</u>
Total	296,372
Less: accumulated depreciation	<u>(133,049)</u>
Total fixed assets, net	<u>\$163,323</u>

Note 6 - Temporarily Restricted Net Assets

The following summarizes the changes in temporarily restricted net assets for the year ended June 30, 2011:

	<u>Balance</u> <u>7/1/10</u>	<u>Restricted</u> <u>Contributions</u>	<u>Released</u> <u>from</u> <u>Restrictions</u>	<u>Balance</u> <u>6/30/11</u>
Programs:				
Extended Day Programming	\$200,000	\$200,000	(\$200,000)	\$200,000
Coordinated Community Health Program	<u>25,000</u>	<u>0</u>	<u>(25,000)</u>	<u>0</u>
Total	<u>\$225,000</u>	<u>\$200,000</u>	<u>(\$225,000)</u>	<u>\$200,000</u>

Note 7 - In-Kind Services

As described in Note 2j, the School received the use of facilities. The estimated value of in-kind facilities at P.S. 38 for June 30, 2011 is \$328,510 and has been included in the program category of the statement of functional expenses.

Note 8 - Significant Concentrations

The School and NYCDOE signed an agreement, which permits the School to operate the charter until January 14, 2013. Approximately 85% of the School's total public support and revenue, excluding in-kind contributions, was realized from NYCDOE.

Note 9 - Commitments

Government grants are subject to audit. Refundable advances of \$23,408 reflect a reserve for potential disallowances that could arise from these audits.

Note 10 - Retirement Plan

The School has a tax deferred 403(b) retirement plan. All employees may participate by designating a percentage of their salaries, subject to regulatory limits, to be contributed to the plan on a pre-tax basis. No contributions by the School are made to the plan.

**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
DREAM Charter School

We have audited the financial statements of DREAM Charter School (the "School") as of and for the year ended June 30, 2011, and have issued our report thereon dated October 17, 2011. 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

Management of the School is responsible for establishing and maintaining effective internal controls 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.

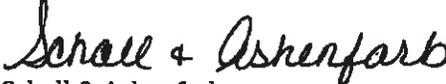
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 17, 2011.

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
Certified Public Accountants, LLC

October 17, 2011

SAS # 115 Management Letter

To the Audit Committee of
DREAM Charter School

In planning and performing our audit of the financial statements of DREAM 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, 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 follow-up responses to comments made as part of the prior year's audit.

I – Other Matters - New Comments

Independent Contractors vs. Employees

In recent years, the IRS and NYS Department of Labor (DOL) have been scrutinizing payments made to independent contractors to ensure that the payments aren't being made to workers that meet the definition of an "employee" for the sole purpose of not paying payroll taxes and related benefits. We noted that during the past year, the School made payments for tutors and instructors expense increased significantly and that these were considered payments to independent contractors.

The IRS has issued a twenty question test that tries to determine who has control of the work situation and whether the worker is holding themselves out to the public or not. We recommend periodically reviewing the factors contained in the IRS publication. For those that exhibit many of the traits of a true independent contractor, a contract should be on file to document this decision

process. For those individuals who exhibit traits of an employee, we recommend adding them to payroll and paying all applicable taxes.

II – Other Matters – Follow-up to prior comments

Salary Allocation for Government Grants

Last year we informed the School that although total federal funding does not exceed the annual \$500,000 threshold to require a more extensive A-133 audit, that does not relieve them from following federal requirements when they receive federal grants. We therefore recommended that the School establish a timesheet system that meets federal guidelines.

Follow-up for June 30, 2011: *The School has still not fully implemented a timesheet system that would be in compliance with federal guidelines.*

Monitoring of Government Grants

In prior communications, we suggested that the finance department maintain a schedule for each government grant that lists the amount of the vouchers submitted compared to the actual cash receipts. Such a schedule would help determine that the government grant receivable, income and total expenses allocated within the general ledger were accurate and up-to-date.

Follow-up for June 30, 2011: *These schedules were not accurately updated each month or at year-end. As a result audit adjustments were required to correct the books. While these adjustments were not material in dollar level, the need for adjustments could be avoided if the finance department accurately maintains the schedules each month and reviews them for accuracy and compares the amounts to the general ledger.*

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


Schall & Ashenfarb
Certified Public Accountants, LLC

October 17, 2011

SAS #114 – Communication With Those Charged with Governance

To the Audit Committee of
DREAM Charter School

We have audited the financial statements of DREAM Charter School (the “School”) for the year ended June 30, 2011 and have issued our report thereon dated October 17, 2011. 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 May 19, 2011, 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.

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.

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
- collectability of receivables from government agencies

- useful lives and methods for the depreciation of fixed assets
- valuation of in-kind rent

We evaluated the key factors and assumptions used to develop the above estimate in determining that it was 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

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. 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. There were no adjustments that we considered to be significant. We did however propose certain other adjustments.

Management agreed with all proposed adjustments and has recorded them as part of the audited financial statements. There were no un-booked adjustments.

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:

Accounting for leases

The US Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) have initiated a joint project to develop a new approach to lease accounting that

would ensure that assets and liabilities arising under leases are recognized in the statement of financial position. To meet that objective, the FASB and the IASB have jointly developed a draft standard on leases and, hence, are proposing amendments to the *FASB Accounting Standards Codification* and an International Financial Reporting Standard (IFRS). The boards developed the proposals after considering responses to their discussion paper, *Leases: Preliminary Views*, which was published in March 2009.

If confirmed, this exposure draft proposes that lessees should apply a right-of-use model in accounting for most leases (including leases of right-of-use assets in a sublease). This means that the financial statements will have a substantial impact even in situations where an organization has a simple lease of office space that is greater than 12 months.

The impact to the financial statements will be that the lessee would recognize an asset representing its right to use the leased ('underlying') asset for the lease term (the 'right-of-use' asset) and a liability to make lease payments. The amount used will be based on the longest possible lease term that is more likely than not to occur, taking into account the effect of any options to extend or terminate the lease.

Due to the controversial nature of this new standard, the FASB is currently reviewing user comments and could soften the instances where this new guidance will be required to be applied. We will keep you informed of any new developments as they occur, including the effective date and transition guidance.

Update on Uniform Prudent Management of Institutional Funds Act ("the 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 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.

Increased scrutiny by IRS

The Internal Revenue Service (IRS) released a new checklist to be used by all IRS agents during examinations of exempt organizations to collect data on their governance practices and internal controls. Since 2008, the IRS has been hiring new employees in its audit division and audits of organizations in the tax exempt sector have increased by approximately 30%.

One of the focuses seems to be whether organizations are trying to avoid social security taxes and other benefits by classifying workers as independent contractors instead of employees. Other areas of scrutiny are loans to officers, trustees, key employees and other related parties and whether tax exempt organization are following the "best practices" in the industry related to their fiduciary and oversight/monitoring procedures.

Policies that tax exempt organizations of all sizes should adopt are:

- Conflicts of interest policies with annual declarations
- Whistleblower policies
- Documentation of deliberation of and review of comparable studies on executive salaries
- Written documentation and destruction policies
- Review of form 990 by full governing body
- Contemporaneously documenting meetings held by the governing body and each committee with authority to act on their behalf

In addition, the IRS released its most recent twelve month priority guidance plan, which contains several projects it plans on focusing on in the tax exempt area. Among those projects is to issue final regulations on implementing the public support test which changed when the newly revised form 990 was issued. We will keep you informed about any new regulations that are issued.

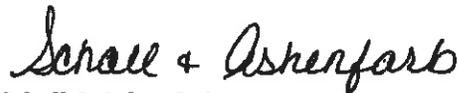
Impact of American Recovery and Reinvestment Act (ARRA)

In February 2009, the American Recovery and Reinvestment Act was passed that appropriated approximately \$300 billion of new spending. This spending came with a mantra of “**accountability and transparency**”. This means the scrutiny of these funds has increased significantly. Not-for-profit organizations that receive direct ARRA, or pass-through funds from their State and City grants containing ARRA, will most likely need to have compliance with federal regulations, laws and the grant agreements tested as part of their audit in accordance with OMB Circular A-133. Because the compliance requirements may be extensive, we urge all of our clients to contact their funders to determine the extent of these funds so they can understand their obligations better and can implement processes to ensure compliance.

Independence Issues

Schall & Ashenfarb, CPA's, LLC is not aware of any relationships that our firm, or any employees thereof, has with the 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 Board of Directors, and management of DREAM Charter School and is not intended to be and should not be used by anyone other than these specified parties.



Schall & Ashenfarb
Certified Public Accountants, LLC

October 17, 2011

EXHIBIT 1



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

May 19, 2011

Mr. Rich Berlin
Harlem RBI Dream Charter School
333 East 100th Street
New York, NY 10029

Dear Mr. Berlin:

We are pleased to confirm our understanding of the services we are to provide for Harlem RBI Dream Charter School for the year ended June 30, 2011.

We will audit the statement of financial position of Harlem RBI Dream Charter School as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended.

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. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion is other than unqualified, we will discuss the reasons with you 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.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include 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 request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

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. Also, we will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or 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.

350 Fifth Avenue, Suite 5610
New York, New York 10118
Tel: (212) 268-2800 Fax: (212) 268-2805
www.schallandashenfARB.com

EXHIBIT 1

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, errors, fraud, or other illegal acts 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. However, we will inform you of any material errors and any fraudulent 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. 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 audit will include obtaining an understanding of the Organization 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. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

You are 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. You are also 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 nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

You are responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Your 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 affecting the organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. You are responsible for informing us of your knowledge of any allegations or 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 the Organization complies with applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud, illegal acts, or violations of contracts or grant agreements that we may report.

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.

EXHIBIT 1

As part of our engagement, we will also prepare the federal and state information returns (Form 990 and CHAR 500). 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 \$16,000. At the completion of the audit, we will provide electronic versions of the audited financial statements, management letter (if applicable) and SAS #114 communications with those charged with governance. Upon request, we will also provide up to 10 copies of the final report without charge. Any additional copies will cost \$5 per report. If applicable, we will charge you other out of pocket costs such as postage for confirmations, fees incurred for certain electronic bank 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 \$3,500. 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.

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
Certified Public Accountants, LLC

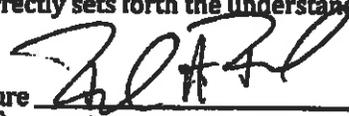
RESPONSE:

This letter correctly sets forth the understanding of Harlem RBI Dream Charter School.

Officer signature _____

Title _____

Date _____



EX. DIR

8/23/11

EXHIBIT 2



DREAM CHARTER SCHOOL

232 East 103rd Street, New York, NY 10029
TEL 212 722 0232 FAX 212 348 5979
info@dreamschoolnyc.org
WWW.DREAMSCHOOLNYC.ORG

October 17, 2011

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 DREAM Charter School as of June 30, 2011 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 DREAM 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 Directors, 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. DREAM 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.
14. There are no:

EXHIBIT 2

- 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.

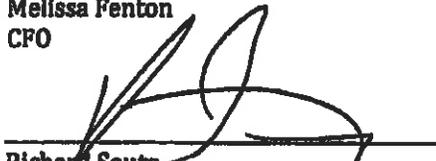
No events have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.



Rich Berlin
Executive Director



Melissa Fenton
CFO



Richard Souto
Chief Operating Officer