

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

FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

ROSS GLOBAL ACADEMY CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES OF  
ROSS GLOBAL ACADEMY CHARTER SCHOOL

We have audited the accompanying statements of financial position of Ross Global Academy Charter School (a not-for-profit corporation) as of June 30, 2010 and 2009, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior-year summarized comparative information has been derived from the School's 2009 financial statements and, in our report dated October 16, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of the School as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2010 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

New York, New York  
September 6, 2010

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

	2010	2009
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,210,824	\$ 533,492
Grants and contracts receivable	40,540	77,249
Other receivable	5,639	-
Due from related party	62,646	-
Prepaid expenses and other assets	24,988	39,243
 Total current assets	 1,344,637	 649,984
 Property and equipment, net of accumulated depreciation and amortization of \$927,912 and \$234,037, respectively	 3,382,930	 534,007
Restricted cash	70,344	70,168
 TOTAL ASSETS	 \$ 4,797,911	 \$ 1,254,159
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 373,737	\$ 78,377
Accrued payroll and payroll taxes	327,193	199,151
Refundable advances	63,123	-
Due to related party	-	82,201
 Total current liabilities	 764,053	 359,729
 Net assets		
Unrestricted	1,115,931	894,430
Temporarily restricted	2,917,927	-
 Total net assets	 4,033,858	 894,430
 TOTAL LIABILITIES AND NET ASSETS	 \$ 4,797,911	 \$ 1,254,159

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

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

	2010			2009
	Unrestricted	Temporarily Restricted	Total All Funds	Total All Funds
Revenue and support:				
State and local per pupil operating revenue	\$ 5,240,220	\$ -	\$ 5,240,220	\$ 4,094,928
Federal grants	191,146	-	191,146	94,966
State and city grants	43,405	-	43,405	85,892
Contributions and grants	62,998	-	62,998	420,145
In-kind donations	303,765	3,435,993	3,739,758	320,499
Donated services	207,957	-	207,957	167,438
Interest and other income	176	-	176	168
Net assets released from restrictions - satisfaction of purpose restrictions	518,066	(518,066)	-	-
Total revenue and support	<u>6,567,733</u>	<u>2,917,927</u>	<u>9,485,660</u>	<u>5,184,036</u>
Expenses:				
Program services				
Regular education	3,944,868	-	3,944,868	3,066,659
Special education	1,197,265	-	1,197,265	309,587
Total program services	<u>5,142,133</u>	<u>-</u>	<u>5,142,133</u>	<u>3,376,246</u>
Supporting services				
Management and general	1,204,099	-	1,204,099	995,895
Total expenses	<u>6,346,232</u>	<u>-</u>	<u>6,346,232</u>	<u>4,372,141</u>
Changes in net assets	221,501	2,917,927	3,139,428	811,895
Net assets - beginning of year	<u>894,430</u>	<u>-</u>	<u>894,430</u>	<u>82,535</u>
Net assets - end of year	<u>\$ 1,115,931</u>	<u>\$ 2,917,927</u>	<u>\$ 4,033,858</u>	<u>\$ 894,430</u>

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

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

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 3,139,428	\$ 811,895
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	693,875	140,017
Donated property and equipment	(3,435,993)	(320,499)
Changes in operating assets and liabilities:		
Decrease (Increase) in grants, contracts, and other receivables	31,070	(18,183)
Decrease in prepaid expenses and other assets	14,255	9,452
Increase in accounts payable and accrued expenses	295,360	27,091
Increase in accrued payroll and payroll taxes	128,042	14,718
Increase in refundable advances	63,123	-
(Decrease) Increase in due from/to related party	(144,847)	82,201
	784,313	746,692
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(106,805)	(185,396)
(Increase) in restricted cash	(176)	(45,168)
	(106,981)	(230,564)
NET CASH (USED IN) INVESTING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	677,332	516,128
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	533,492	17,364
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,210,824	\$ 533,492

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES:

During the years ended June 30, 2010 and 2009, the School recorded donated Leasehold Improvements and Furniture from Ross Institute (a related party) with a fair value at \$3,435,993 and \$320,499, respectively

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

ROSS GLOBAL ACADEMY CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009

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

Nature of Organization

Ross Global Academy Charter School (the “School”) is an educational corporation that operates in the borough of Manhattan, New York. On January 10, 2006, the Board of Regents of the University of the State of New York granted the School a provisional charter valid for a term of five years and renewable upon expiration.

The School’s mission is to transform the way education prepares students for the future. Through systematic interdisciplinary instruction, built upon deep knowledge of the disciplines and commitment to fundamental skills, immersion in worldwide cultural history and current world events, intercultural dialogue, and fluency in new technologies, the School endeavors to prepare students for the global challenges of the 21<sup>st</sup> century. The School provided education to approximately 402 students in kindergarten through 8<sup>th</sup> grades in the 2009-2010 academic year.

The School shares space with a New York City public school. The School is not responsible for rent, utilities, custodial services, maintenance and school safety services other than security related to the School’s programs that take place outside the district’s school day.

Food and Transportation Services

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

Tax Status

The School is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and a similar provision under New York State income tax laws. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in section 170(b)(1)(A)(ii).

Basis of Presentation

Financial statement presentation follows the requirements of Financial Accounting Standards Board (“FASB”), in its Accounting Standards Board Codification (“ASC”) No. 958-205 which provides guidance for the classification of net assets. The amounts for each of the three classes of net assets are based on the existence or absence of donor-imposed restrictions described as follows:

ROSS GLOBAL ACADEMY CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009

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

Basis of Presentation (Continued)

Unrestricted

Unrestricted net assets of the School are assets whose use has not been restricted by an outside donor or by law. The unrestricted net assets represent the portion of expendable funds that are available for the support of the operations of the School.

Temporarily Restricted

Temporarily restricted net assets are used to differentiate resources, the use of which is restricted by donors or grantors to a specific time or period or for a specific purpose. Temporarily restricted gifts are recorded as additions to temporarily restricted net assets in the period received. When restricted net assets are expended for their stipulated purpose, temporarily restricted net assets become unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.

Permanently Restricted

Permanently restricted net assets are those contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled or otherwise removed by actions of the School. The income derived from these permanently restricted funds is usually classified as unrestricted and can be used for the general purpose of the School.

The School has no permanently restricted net assets at June 30, 2010 and 2009, respectively.

Revenue and Support

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

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

ROSS GLOBAL ACADEMY CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Restricted Cash

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

Cash and Cash Equivalents

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

Concentration of Credit Risk

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

Property and Equipment

Purchased property and equipment are recorded at cost. Property and equipment acquired with certain government funding are recorded as expenses pursuant to the terms of the contract, in which ownership of such property and equipment is retained by the funding source. The School records donated property and equipment as temporarily restricted support and adopted an accounting policy to imply a time restriction on donated property and equipment that expires over the useful life of the asset. Net assets are reclassified from temporarily restricted to unrestricted as depreciation and amortization expense is recognized over time. Maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Furniture and fixtures	5 years
Equipment and software	4 years
Leasehold improvements	5 years

Refundable Advances

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

ROSS GLOBAL ACADEMY CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009

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

Reclassifications

Certain 2009 accounts have been reclassified to conform to the 2010 financial statement presentation. The reclassifications have no effect on 2009 total assets, liabilities, net assets and changes in net assets.

Comparative Financial Information

The accompanying statements of activities and functional expenses are presented with summarized comparative information. Such prior year information is not presented by net asset class in the statement of activities or by functional category in the statement of functional expenses. Accordingly, such information should be read in conjunction with the School's 2009 financial statements from which the summarized information was derived.

Recent Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the School has updated references to GAAP in its financial statements issued for the year ending June 30, 2010. The adoption of FASB ASC 105 did not impact the School's financial position or results of operations.

The School adopted the provisions of ASC 740, Income Taxes, as of July 1, 2009. This standard clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements and prescribes a recognition threshold and measurement standard for the financial statement recognition and measurement of income tax position taken or expected to be taken in a tax return. The School has reviewed its tax positions for open tax years and has concluded that the adoption of this standard did not have an impact on the financial statements of the School.

NOTE 2 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consisted of federal entitlements. The School expects to collect these receivables within one year.

ROSS GLOBAL ACADEMY CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009

NOTE 3 - PROPERTY AND EQUIPMENT

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

	2010	2009
Furniture and fixtures	\$ 772,719	\$ 507,661
Equipment and software	365,934	260,383
Leasehold improvements	3,172,189	-
	4,310,842	768,044
Less: Accumulated depreciation and amortization	927,912	234,037
	\$ 3,382,930	\$ 534,007

Depreciation and amortization expense was \$693,875 and \$140,017 for the years ended June 30, 2010 and 2009, respectively.

NOTE 4 - LINE OF CREDIT

In August 2006, the School obtained a line of credit with a financial institution providing for borrowings, up to \$175,000. This line of credit was increase to \$575,000 on October 25, 2007. The line of credit bears interest at a floating rate equal to .75% above the three-month London interbank offered rate. The line of credit was not utilized during the fiscal years ended June 30, 2010 and 2009 and was terminated on November 29, 2009.

NOTE 5 - RELATED PARTY TRANSACTIONS

Ross Institute

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

As the School’s institutional partner, Ross Institute provides assistance to the School in terms of curriculum design and development, training of teachers, coordination of fundraising and development efforts, and access to educational research. Ross Institute also provided direct financial support to the School by providing loans, payable with interest at 4.99% per annum, to cover start-up expenses. Ross Institute entered into a \$160,000 service agreement with the School on July 1, 2008 to provide assistance during the fiscal year 2009.

ROSS GLOBAL ACADEMY CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009

NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

In addition, Ross Institute provided professional development services of \$82,201 for the year ended June 30, 2009. The \$82,201 balance due to Ross Institute at June 30, 2009 was repaid in full during fiscal year ended June 30, 2010.

During the years ended June 30, 2010 and 2009, Ross Institute provided the School with donations of in-kind services in the amount of \$145,311 and \$167,438, respectively (see Note 9). In addition, Ross Institute donated leasehold improvements, furniture and associated costs with a fair value of \$3,435,993 and \$320,499 during the years ended June 30, 2010 and 2009.

During the year ended June 30, 2010, Ross Institute provided legal services in the amount of \$62,646 paid by the School which were returned by Ross Institute prior to issuance of this report. In addition, Ross Institute provided the School with moving costs and associated costs with a fair value of \$303,765.

During the years ended June 30, 2009, Ross Institute provided the School with cash contributions of \$100,000.

Others

During the years ended June 30, 2009, the School received unrestricted contributions of \$200,000 from the School's founder. The School also received contributions of \$5,100 and \$111,250 from various members of the School's Board of Trustees during the fiscal year 2010 and 2009, respectively.

NOTE 6 - CONTINGENCY

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

NOTE 7 - REVENUE CONCENTRATION

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

NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSE

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

ROSS GLOBAL ACADEMY CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009

NOTE 9 - IN-KIND DONATIONS AND DONATED SERVICES

Donated services are recognized as contributions in accordance with FASB ASC 605, "Accounts for Contributions Received and Contributions Made," if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School.

During the year ended June 30, 2010, Ross Institute provided the School with donated services in the amount of \$207,957 which included \$145,311 for educational services and \$62,646 legal fees. During the year ended June 30, 2009, Ross Institute provided the School with educational services in the amount of \$167,438. These donated services are included in both revenue and expenses in the accompanying statements of activities.

During the year ended June 30, 2010 and 2009, Ross Institute donated leasehold improvements and furniture to the School with a fair market value of \$3,435,993 and \$320,499. In addition, Ross Institute donated \$303,765 in moving and other expenses associated with new School location.

NOTE 10 - RETIREMENT PLAN

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

Employee match for the years ended June 30, 2010 and 2009, amounted to \$26,375 and \$26,901, respectively.

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$2,917,927 consists of donated property and equipment less depreciation and amortization. Net Assets released from restrictions represents current year depreciation and amortization on donated property and equipment.

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INDEPENDENT AUDITORS' REPORT  
ON ADDITIONAL INFORMATION

TO THE BOARD OF TRUSTEES  
ROSS GLOBAL ACADEMY CHARTER SCHOOL

Our report on our audits of the basic financial statements of Ross Global Academy Charter School (a not-for-profit corporation) as of June 30, 2010 and 2009, appears on Page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

New York, New York  
September 6, 2010

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

	2010				2009	
	Regular Education	Special Education	Total Program Services	Management and General	Total	All Funds
Salaries and wages	\$ 1,814,811	\$ 555,699	\$ 2,370,510	\$ 757,794	\$ 3,128,304	\$ 2,416,143
Employee benefits and payroll taxes	354,515	110,022	464,537	146,696	611,233	460,834
Accounting and audit fees	-	-	-	18,140	18,140	18,000
Advertising and recruiting	138,691	41,427	180,118	-	180,118	36,689
Consulting - Professional	10,115	3,076	13,191	93,467	106,658	261,682
Consulting - Education	234,452	70,031	304,483	-	304,483	335,742
Legal	67,583	20,187	87,770	37,616	125,386	-
Textbooks and curriculum	225,915	67,481	293,396	-	293,396	208,332
Donated services	111,889	33,421	145,310	-	145,310	167,438
Equipment rental	9,368	2,907	12,275	3,876	16,151	5,557
Food	30,605	9,141	39,746	5,591	45,337	27,898
Insurance	19,242	5,972	25,214	7,962	33,176	30,589
Moving expense	233,844	69,849	303,693	33,744	337,437	2,944
Postage and shipping	2,908	903	3,811	1,203	5,014	3,598
Printing	8,637	2,680	11,317	3,574	14,891	12,816
Supplies and materials	18,792	5,832	24,624	7,776	32,400	18,393
Professional development	144,339	43,114	187,453	-	187,453	182,824
Miscellaneous	7,482	2,325	9,807	3,095	12,902	6,874
Telephone and communications	30,825	9,566	40,391	12,755	53,146	33,667
Travel	-	-	-	1,422	1,422	2,104
Depreciation and amortization	480,855	143,632	624,487	69,388	693,875	140,017
Total	<u>\$ 3,944,868</u>	<u>\$ 1,197,265</u>	<u>\$ 5,142,133</u>	<u>\$ 1,204,099</u>	<u>\$ 6,346,232</u>	<u>\$ 4,372,141</u>

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO THE BOARD OF TRUSTEES  
ROSS GLOBAL ACADEMY CHARTER SCHOOL

We have audited the financial statements of Ross Global Academy Charter School (“the School”) as of and for the year ended June 30, 2010, and have issued our report thereon dated September 6, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the School’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and 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 over financial reporting that we consider to be material weaknesses, as defined above.

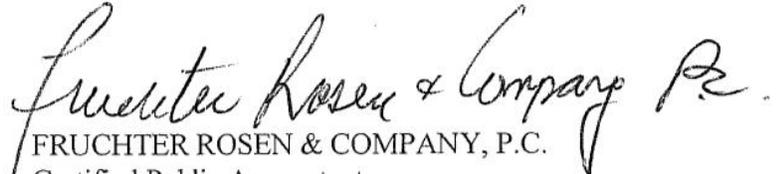
TO THE BOARD OF TRUSTEES  
ROSS GLOBAL ACADEMY CHARTER SCHOOL

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 the management of the School in a separate letter dated July 30, 2010.

This report is intended solely for the information and use of management, Board of Trustees, federal, state and local awarding agencies, The Department of Education of the City of New York, The State Education Department of the State University of New York, and others within the School and is not intended to be and should not be used by anyone other than these specified parties.

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

New York, New York  
September 6, 2010