

I. SCHOOL INFORMATION AND COVER PAGE

Created Thursday, August 01, 2013

Page 1

1. SCHOOL NAME

(Select School name from dropdown menu; BEDS # appears first)

331600860971 BEDFORD STUY NEW BEGINNINGS CS

2. CHARTER AUTHORIZER

NYCDOE-Authorized Charter School

3. DISTRICT / CSD OF LOCATION

NYC CSD 16

4. SCHOOL INFORMATION

PRIMARY ADDRESS	PHONE NUMBER	FAX NUMBER	EMAIL ADDRESS
82 Lewis Avenue Brooklyn, NY 11206	718-453-1001	718-452-2090	jmorales@bsnbcs.org

4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES

4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES Contact Name	Joshua Morales
4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES Title	Executive Director
4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES Emergency Phone Number (###-###-####)	

5. SCHOOL WEB ADDRESS (URL)

www.bsnbcs.org

6. DATE OF INITIAL CHARTER

2010-01-01 00:00:00

7. DATE FIRST OPENED FOR INSTRUCTION

2013-08-01 00:00:00

8. TOTAL NUMBER OF STUDENTS ENROLLED IN 2012-13 (as reported on BEDS Day)

(as reported on BEDS Day)

9. GRADES SERVED IN SCHOOL YEAR 2012-13

Check all that apply

 K

 1

 2

 3

 4

 5**10. DOES THE SCHOOL CONTRACT WITH A CHARTER OR EDUCATIONAL MANAGEMENT ORGANIZATION?**

Yes/No	Name of CMO/EMO
No	

11. FACILITIES

Will the School maintain or operate multiple sites?

No, just one site.

12. SCHOOL SITES

Please list the sites where the school will operate in 2013-14.

	Physical Address	Phone Number	District/CSD	Grades Served at Site	School at Full Capacity at Site	Facilities Agreement
Site 1 (same as primary site)	82 Lewis Ave	718-453-1001	CSD 16	k-5	No	Rent/Lease
Site 2						
Site 3						

12a. Please provide the contact information for Site 1 (same as the primary site).

	Name	Work Phone	Alternate Phone	Email Address
School Leader	Josh Morales / Karen Jones	[REDACTED]		[REDACTED]
Operational Leader	Kashani Stokley	[REDACTED]		[REDACTED]
Compliance Contact	Vicky Danjou Pomeleau	[REDACTED]		[REDACTED]
Complaint Contact	Valerie Moniz	[REDACTED]		[REDACTED]

13. Are the School sites co-located?

No

14. Were there any revisions to the school's charter during the 2012-2013 school year? (Please include both those that required authorizer approval and those that did not require authorizer approval).

Yes

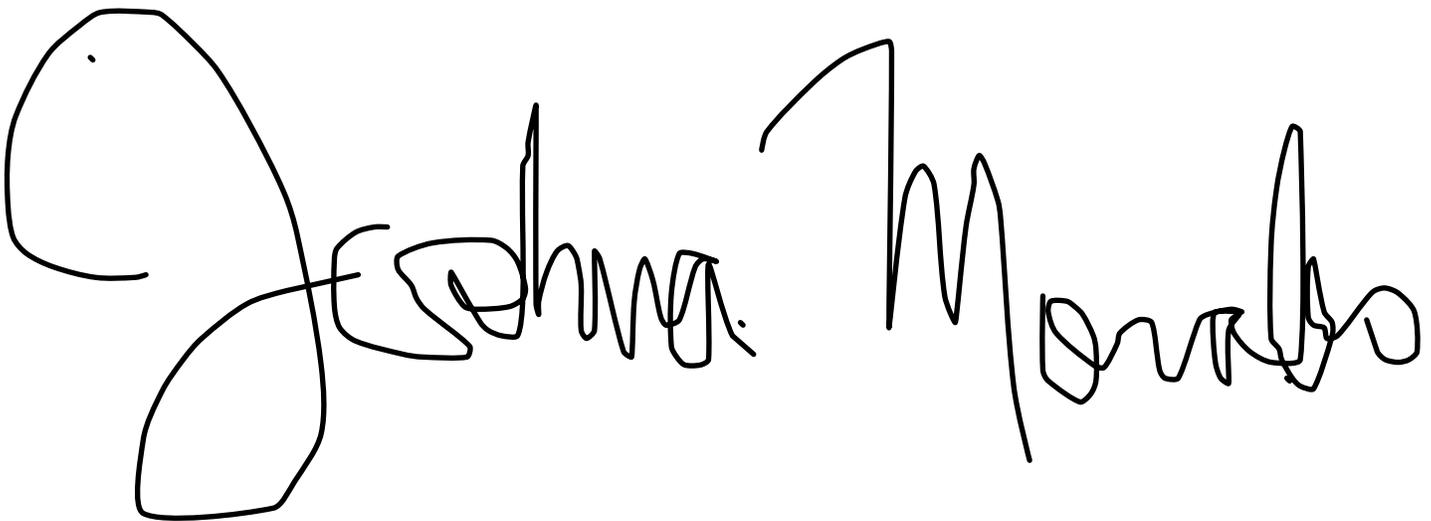
15. Summary of Charter Revisions

	Category (Select Best Description)	Specific Revision (150 word limit)	Date Approved by BOT (if applicable)	Date Approved by Authorizer (if applicable)
1	Change in Grade Level Configuration	To increase enrollment from 298 in 2012-13 to 581 in 2017-18. Grades added as follows: 6 in 2013-14, 7 in 2014-15 and 8 in 2015-16.	2/25/2013	2/23/2013
2				
3				
4				
5				

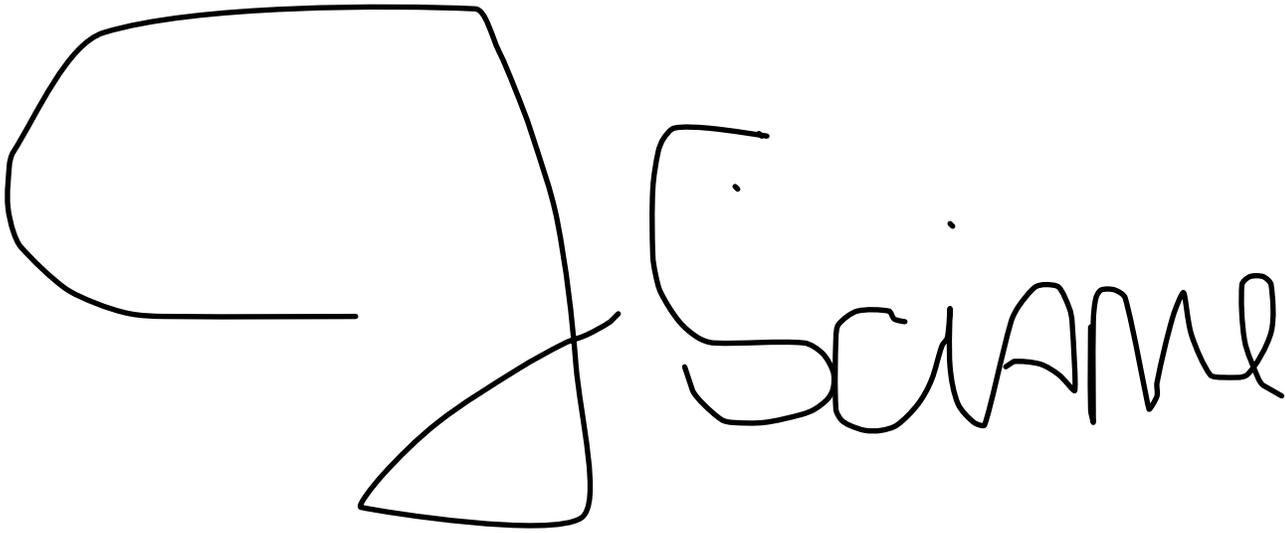
16. Our signatures below attest that all of the information contained herein is truthful and accurate and that this charter school is in compliance with all aspects of its charter, and with all pertinent Federal, State, and local laws, regulations, and rules. We understand that if any information in any part of this report is found to have been deliberately misrepresented, that will constitute grounds for the revocation of our charter. Check **YES** if you agree and use the mouse on your PC or the stylus on your mobile device to sign your name).

• Yes

Signature, Head of Charter School



Signature, President of the Board of Trustees

A handwritten signature in black ink. The first letter is a large, stylized 'S' that loops back and crosses itself. To its right, the name 'Sciame' is written in a cursive, lowercase style. The 'S' in 'Sciame' has a dot above it, and the 'i' also has a dot above it.

Thank you.

Appendix E: Disclosure of Financial Interest Form

Created Thursday, August 15, 2013

Page 1

331600860971 BEDFORD STUY NEW BEGINNINGS CS

An Appendix E: Disclosure of Financial Interest Form must be completed for each active Trustee who served on the charter school's Board of Trustees during the 2012-13 school year. Trustees are at times difficult to track down in the summer months. Trustees may complete and submit at their leisure (but before the deadline) their individual form at: <http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/>.

Trustees who are technologically advanced may complete the survey using their smartphones or other mobile devices by downloading the this bar code link to the survey <http://fluidsurveys.com/account/surveys/210748/publish/qrcode/>. (Make sure you have the bar code application reader on your phone).

If a Trustee is unable to complete the form by the deadline (i.e, out of the country), the school is responsible for submitting the information required on the form for that individual trustee.

Just send the links via email today to your Trustees requesting that they each complete their form as soon as possible.

Thank you.

Yes, each member of the school's Board of Trustees has received a link to the Disclosure of Financial Interest Form.

Yes

Thank you.

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Thursday, August 01, 2013

Updated Friday, February 28, 2014

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/022d487bf384ccb447239520740ed0>

Page 1

Please open the link to this form using **Google Chrome** as your browser. Doing so will allow you to input your signature on page 2 of the form. Thank you.

1. Trustee Name:

Angel L Charriez

2. Charter School Name:

Bedford Stuyvesant New Beginnings Charter School

3. Charter Authorizer:

NYC Department of Education

4. *Your Home Address:

4. *Your Home Address: | Street Address

4. *Your Home Address: | City/State

4. *Your Home Address: | Zip

5. *Your Business Address

5. *Your Business Address | Street Address

5. *Your Business Address | City/State

5. *Your Business Address | Zip

6. *Daytime Phone Number:

7. *E-mail Address:

8. Select all positions you held on Board:

(check all that apply)

- Treasurer

9. Are you a trustee and also an employee of the school?

No

10. Are you a trustee and an employee or agent of the management company or institutional partner of the charter school?

No

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13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

No

14. Are you a member, director, officer or employee of an organization formally partnered with school that is doing business with the charter school and in which such entity, during your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or relationship?

No

Signature of Trustee

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Thursday, August 01, 2013

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/e360466e1e350aff46a39e5371dfd01>

Page 1

Please open the link to this form using **Google Chrome** as your browser. Doing so will allow you to input your signature on page 2 of the form. Thank you.

1. Trustee Name:

Marlena Salvant-Mondesir

2. Charter School Name:

Bedford Stuyvesant New Beginnings Charter School

3. Charter Authorizer:

NYC Department of Education

4. *Your Home Address:

4. *Your Home Address: | Street Address

4. *Your Home Address: | City/State

4. *Your Home Address: | Zip

5. *Your Business Address

5. *Your Business Address | Street Address

5. *Your Business Address | City/State

6. *Daytime Phone Number:

7. *E-mail Address:

8. Select all positions you held on Board:

(check all that apply)

- Parent Representative

9. Are you a trustee and also an employee of the school?

No

10. Are you a trustee and an employee or agent of the management company or institutional partner of the charter school?

No

13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

(No response)

13a. 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 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) of Transactions	Nature of Financial Interest/Transaction	Steps Taken to Avoid Conflict of Interest (e.g., did not vote, did not participate in discussion)	Name of Person Holding Interest and Relationship to You
1				
2				
3				
4				
5				

14. Are you a member, director, officer or employee of an organization formally partnered with school that is doing business with the charter school and in which such entity, during your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or relationship?

(No response)

14a. 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 with Interest	Steps Taken to Avoid Conflict of Interest
1					
2					
3					
4					
5					

Signature of Trustee

BEDFORD STUYVESANT
NEW BEGINNINGS CHARTER SCHOOL
(A Not-For-Profit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

BEDFORD STUYVESANT NEW BEGINNINGS CHARTER SCHOOL
(A Not-For-Profit Corporation)
FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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FRUCHTER ROSEN & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
156 WEST 56TH STREET
NEW YORK, NEW YORK 10019

TEL: (212) 957-3600
FAX: (212) 957-3696

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES OF
BEDFORD STUYVESANT NEW BEGINNINGS CHARTER SCHOOL

Report on the Financial Statements

We have audited the accompanying financial statements of Bedford Stuyvesant New Beginnings Charter School (the "School") (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the School's 2012 financial statements, and our report dated October 2, 2012 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.


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

New York, New York
August 26, 2013

BEDFORD STUYVESANT NEW BEGINNINGS CHARTER SCHOOL
(A Not-For-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION
JUNE 30,

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 62,891	\$ 95,275
Grants and contracts receivable	45,825	108,711
Prepaid expenses and other current assets	37,040	41,112
Total current assets	145,756	245,098
Other assets:		
Property and equipment, net of accumulated depreciation and amortization of \$381,383 and \$149,253, respectively	1,820,926	1,387,262
Security deposit	75,000	75,000
Restricted cash	2,529	30,122
Total other assets	1,898,455	1,492,384
TOTAL ASSETS	\$ 2,044,211	\$ 1,737,482
 LIABILITIES AND UNRESTRICTED NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 656,050	\$ 514,650
Accrued payroll and payroll taxes	346,358	302,304
Line of credit	50,000	-
Refundable advances	24,430	3,301
Due to related party	150,007	89,479
Total current liabilities	1,226,845	909,734
Deferred rent	2,019,293	1,441,307
Total liabilities	3,246,138	2,351,041
Unrestricted net assets	(1,201,927)	(613,559)
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$ 2,044,211	\$ 1,737,482

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

BEDFORD STUYVESANT NEW BEGINNINGS CHARTER SCHOOL
(A Not-For-Profit Corporation)
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2013	2012
Revenue and support:		
State and local per pupil operating revenue	\$ 4,766,005	\$ 3,870,332
Federal grants	237,697	337,902
Federal E-rate	1,194	172,845
State and city grants	121,839	19,630
Contributions and private grants	4,945	7,365
After school program	42,390	22,526
Interest income	152	1,460
Total revenue and support	5,174,222	4,432,060
Expenses:		
Program services:		
Regular education	3,893,709	3,385,289
Special education	880,162	660,365
Supplementary education	46,396	24,327
Total program services	4,820,267	4,069,981
Supporting services:		
Management and general	932,524	545,235
Fundraising	9,799	3,405
Total expenses	5,762,590	4,618,621
Changes in unrestricted net assets	(588,368)	(186,561)
Unrestricted net assets - beginning of year	(613,559)	(426,998)
Unrestricted net assets - end of year	\$ (1,201,927)	\$ (613,559)

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

BEDFORD STUYVESANT NEW BEGINNINGS CHARTER SCHOOL
(A Not-For-Profit Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in unrestricted net assets	\$ (588,368)	\$ (186,561)
Adjustments to reconcile changes in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	232,130	100,115
Loss on disposal of fixed assets	-	600
Changes in assets and liabilities:		
Decrease in grants and contracts receivable	62,886	57,976
Decrease (Increase) in prepaid expenses and other current assets	4,072	(21,401)
Decrease (Increase) in restricted cash	27,593	(20,095)
Increase in accounts payable and accrued expenses	141,400	336,725
Increase in accrued payroll and payroll taxes	44,054	127,049
Increase (Decrease) in refundable advances	21,129	(72,036)
Increase (Decrease) in due to related party	60,528	(150,215)
Increase in deferred rent	577,986	717,985
NET CASH PROVIDED BY OPERATING ACTIVITIES	583,410	890,142
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property and equipment	(665,794)	(900,095)
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from line of credit	50,000	-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(32,384)	(9,953)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	95,275	105,228
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 62,891	\$ 95,275
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 3,242	\$ -

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

BEDFORD STUYVESANT NEW BEGINNINGS CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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

Nature of School

Bedford Stuyvesant New Beginnings Charter School (the "School") is a New York State, not-for-profit educational corporation that was incorporated to operate a Charter School pursuant to Article 56 of the Education Law of the State of New York. The School was granted a provisional charter on January 12, 2010 valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. The School provides an all-inclusive environment that promotes diverse learning for all students and promotes academic and civic achievements, ranging from the fundamentals of fine art, music, theatre, physical education, and technology. Classes commenced in Brooklyn, New York in September 2010 and the School provided education to approximately 328 students in kindergarten through fifth grade in the 2012-2013 academic year.

Food and Transportation Services

The New York City Department of Education provides free lunches and transportation directly to a majority of the School's students. Such costs are not included in these financial statements. The School covers the cost of lunches for children not entitled to the free lunches.

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). The School is subject to income taxes only on net unrelated business income. The School did not have any unrelated business income for the years ended June 30, 2013 and 2012.

The School's accounting policy provides that a tax expense or benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. The School has no uncertain tax position resulting in an accrual of tax expense or benefit.

IRS forms 990 filed by the School are subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. All forms 990 filed by the School are subject to examination.

BEDFORD STUYVESANT NEW BEGINNINGS CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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

Basis of Presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board ("FASB") in its Accounting Standards 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:

Unrestricted

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

Temporarily Restricted

Net assets of the School whose use has been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the School. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets, as net assets released from restrictions.

Permanently Restricted

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

The School had no temporarily or permanently restricted net assets at June 30, 2013 and 2012.

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 charter agreement. Federal and other state and local funds are recorded when expenditures are incurred and billable to the government agencies.

BEDFORD STUYVESANT NEW BEGINNINGS CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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.

Cash and Cash Equivalents

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

Concentration of Credit Risk

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

Property and Equipment

Purchased property and equipment are recorded at cost. Property and equipment acquired with certain government funding are recorded as expenses pursuant to the terms of the contract, in which ownership of such property and equipment is retained by the funding source. Maintenance and repairs are expensed as incurred. No depreciation is recorded on construction-in-progress until property and equipment is placed into service. Depreciation and amortization is provided on the straight line method over the estimated useful lives as follows:

Computers and equipment	3 and 5 years
Furniture and fixtures	7 years
Leasehold improvements	Useful life or related lease
Software	3 years

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.

Refundable Advances

The School records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue.

BEDFORD STUYVESANT NEW BEGINNINGS CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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

Deferred Rent

The School records its rent in accordance with FASB ASC 840-20 whereby all rental payments, including fixed rent increases, are recognized on a straight-line basis as an offset to rent expense. The difference between the straight-line rent expense and the required lease payments, as well as any unamortized lease incentives, is reflected in deferred rent in the accompanying statement of financial position.

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 schedule of functional expenses. Accordingly, such information should be read in conjunction with the School's 2012 financial statements from which the summarized information was derived.

NOTE 2 - GRANTS AND CONTRACTS RECEIVABLE

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

NOTE 3 - PROPERTY AND EQUIPMENT

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

	2013	2012
Computers and equipment	\$ 393,359	\$ 263,693
Furniture and fixtures	224,586	135,555
Leasehold improvements	1,571,501	1,114,993
Software	12,863	22,274
	2,202,309	1,536,515
Less: Accumulated depreciation and amortization	381,383	149,253
	\$ 1,820,926	\$ 1,387,262

The School disposed of assets resulting in a loss of \$600 for the year ended June 30, 2012.

Depreciation and amortization expense was \$232,130 and \$100,115 for the years ended June 30, 2013 and 2012, respectively.

BEDFORD STUYVESANT NEW BEGINNINGS CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 4 - COMMITMENTS

Operating Lease

On September 1, 2010, the School entered into a non-cancelable operating lease for office and classroom space expiring on June 30, 2030, with a renewal option for an additional ten years. The lease provides for rent escalations and the School is responsible for utilities, real estate taxes and other operating expenses. The School is receiving a partial rent credit for the first 10 years of the lease. The School outlined a detailed 10 year capital improvement plan of approximately \$4,900,000 for renovation projects to both the interior and exterior of the building.

Future minimum lease payments are as follows:

Year ending June 30,	2014	\$ 880,000
	2015	1,022,400
	2016	1,133,640
	2017	1,133,640
	2018	1,133,640
	Thereafter	<u>19,121,733</u>
		<u>\$ 24,425,053</u>

The School recognizes rent expense on a straight-line basis over the term of the lease. Rent expense in excess of payments is recorded as deferred rent in the accompanying statement of financial position. Rent expense for the years ended June 30, 2013 and 2012 was \$1,317,997 and \$1,316,910, respectively.

NOTE 5 - CONTINGENCY

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursements. Management is of the opinion that such cost 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 6 - 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.

BEDFORD STUYVESANT NEW BEGINNINGS CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 7 - FUNCTIONAL ALLOCATION OF EXPENSE

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expense includes those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the School.

NOTE 8 - RELATED PARTY TRANSACTIONS

On July 1, 2009 the School entered into an agreement with Antares Venture Solutions (“Antares”) to act as the School and Organizational Project Manager and perform certain professional services during the application and start-up phase of the School’s chartering process. Antares’ owner is the Executive Director of the School. The agreement will be reviewed annually by the School’ Board of Trustees and may be renewed each year by the Board of Trustees. The School incurred \$150,000 and \$135,000 in professional fees payable to Antares Venture Solutions for the years ended June 30, 2013 and 2012, respectively. The balance due to Antares Venture Solutions at June 30, 2013 and 2012 amounted to \$150,007 and \$86,000, respectively.

In addition, the School had a liability of \$-0- and \$3,479 at June 30, 2013 and 2012, respectively, for various expense reimbursements to the Executive Director.

NOTE 9 - RETIREMENT PLAN

The School maintains a retirement plan qualified under Internal Revenue Code 401(k), for the benefit of its eligible employees. Under the plan, the School will match employee contributions up to 5% of annual compensation. The amount charged for matching contributions to this plan was \$57,673 and \$46,890 for the years ended June 30, 2013 and 2012, respectively. In addition, the amount charged to operations for administrative fees under the plan amounted to \$2,592 and \$905 for the years ended June 30, 2013 and 2012, respectively.

NOTE 10 - LINE OF CREDIT

On April 23, 2012, the School entered into an unsecured \$50,000 line of credit agreement with Capital One Bank to provide working capital. The line bears interest at the Wall Street Journal Prime Rate plus 5.75% and interest is payable on a monthly basis. At June 30, 2013 and 2012, borrowings under this line of credit were \$50,000 and \$-0-, respectively. Interest expense was \$3,242 and \$-0- for the years ended June 30, 2013 and 2012, respectively.

BEDFORD STUYVESANT NEW BEGINNINGS CHARTER SCHOOL
(A Not-For-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 11 - SUBSEQUENT EVENTS

The School has evaluated its subsequent events through August 26, 2013, the date that the accompanying financial statements were issued. The School has no material events requiring disclosure.

FRUCHTER ROSEN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

TO THE BOARD OF TRUSTEES OF
BEDFORD STUYVESANT NEW BEGINNINGS CHARTER SCHOOL

We have audited the financial statements of Bedford Stuyvesant New Beginnings Charter School as of and for the year ended June 30, 2013, and have issued our report thereon dated August 26, 2013, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


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

New York, New York
August 26, 2013

BEDFORD STUYVESANT NEW BEGINNINGS CHARTER SCHOOL
(A Not-For-Profit Corporation)
SCHEDULE OF FUNCTIONAL EXPENSES

2013

	Program Services			Management and General		Total	Fundraising	2012
	Regular Education	Special Education	Supplementary Education	Total	General			
Salaries and wages	\$ 1,770,327	\$ 401,414	\$ 18,942	\$ 2,190,683	\$ 330,008	\$ 2,522,041	\$ 1,350	\$ 1,983,490
Employee benefits and payroll taxes	384,403	87,162	4,113	475,678	71,658	547,629	293	445,036
Audit and accounting fees	7,778	1,653	-	9,431	20,250	20,250	-	20,250
Advertising and recruiting	-	-	-	-	1,154	10,585	-	3,066
Financial management services	25,549	5,793	273	31,615	128,830	128,830	-	93,628
Contractual services	117,197	43,530	12,278	173,005	4,782	36,397	-	41,232
Consulting	2,162	485	-	2,647	103,069	283,574	7,500	168,449
Leased equipment	1,716	385	-	2,101	401	3,048	-	6,000
Student food service	5,374	1,206	-	6,580	318	2,419	-	-
Staff lunches	21,460	4,814	-	26,274	994	7,574	-	9,060
Insurance	75,885	17,207	812	93,904	3,975	30,249	-	24,983
Utilities	925,159	209,775	9,899	1,144,833	14,204	108,108	-	77,276
Rent	2,226	499	-	2,725	173,164	1,317,997	-	1,316,910
Postage and shipping	46,149	7,705	-	53,854	412	3,137	-	2,043
Classroom supplies	162,174	26,757	-	188,931	284	54,138	-	37,744
Instructional materials	78,410	13,080	-	91,490	-	188,931	-	116,413
Professional development	18,898	4,257	79	23,234	3,347	94,837	-	37,302
Repairs and maintenance	249	56	-	305	3,514	26,748	-	41,094
Office expense	16,935	3,799	-	20,734	30,483	31,407	619	14,568
Telephone and internet services	31,850	7,145	-	38,995	3,123	23,870	13	20,413
Information technology	23,342	3,852	-	27,194	5,875	44,894	24	27,372
Student transportation	8,189	1,837	-	10,026	-	27,194	-	23,191
Dues and subscriptions	3,010	675	-	3,685	1,517	11,543	-	7,263
Interest	164,685	36,946	-	201,631	557	4,242	-	-
Depreciation and amortization	-	-	-	-	30,499	232,130	-	100,115
Loss on disposal of fixed assets	582	130	-	712	-	818	-	600
Miscellaneous	\$ 3,893,709	\$ 880,162	\$ 46,396	\$ 4,820,267	\$ 932,524	\$ 5,762,590	\$ 9,799	\$ 4,618,621
Total								

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INDEPENDENT AUDITORS' 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
BEDFORD STUYVESANT NEW BEGINNINGS CHARTER SCHOOL

We have audited, in accordance with the 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, the financial statements of Bedford Stuyvesant New Beginnings Charter School (the "School"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 26, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 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. 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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

TO THE BOARD OF TRUSTEES OF
BEDFORD STUYVESANT NEW BEGINNINGS CHARTER SCHOOL

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from 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 matter that was reported to the management of the School in a separate letter dated August 26, 2013.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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

New York, New York
August 26, 2013