

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2016

(with comparative financial information for June 30, 2015)



FRUCHTER ROSEN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES OF  
LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL

***Report on the Financial Statements***

We have audited the accompanying financial statements of Launch Expeditionary Learning Charter School (the "School") (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2016, 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.

***Auditors' 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 School'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 School'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, 2016, 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 2015 financial statements, and our report dated September 8, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of June 30, 2015 and for the year then ended, 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 September 22, 2016, 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  
September 22, 2016

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2016  
(with comparative financial information for June 30, 2015)

	2016	2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,650,316	\$ 2,096,325
Grants and contracts receivable	137,934	39,521
Prepaid expenses and other current assets	48,686	75,478
Total current assets	1,836,936	2,211,324
Property and equipment, net of accumulated depreciation and amortization of \$566,960 and \$315,213, respectively	760,013	547,492
Restricted cash	75,226	75,178
<b>TOTAL ASSETS</b>	<b>\$ 2,672,175</b>	<b>\$ 2,833,994</b>
 <b>LIABILITIES AND UNRESTRICTED NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 74,547	\$ 116,071
Accrued payroll and payroll taxes	247,728	223,843
Refundable advances	26,438	103,950
Total current liabilities	348,713	443,864
Unrestricted net assets	2,323,462	2,390,130
<b>TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS</b>	<b>\$ 2,672,175</b>	<b>\$ 2,833,994</b>

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

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016  
(with summarized comparative financial information for the year ended June 30, 2015)

	2016	2015
Revenue and support:		
State and local per pupil operating revenue	\$ 5,264,890	\$ 5,337,821
Federal grants	248,287	250,119
State and city grants	25,394	25,670
Contributions and grants	19,643	20,272
Donated goods and services	6,666	103,083
Interest and other income	1,077	1,720
Total revenue and support	5,565,957	5,738,685
Expenses:		
Program services		
Regular education	3,073,718	3,084,779
Special education	2,267,714	1,804,444
Total program services	5,341,432	4,889,223
Supporting services		
Management and general	277,793	248,787
Fundraising	13,400	21,392
Total supporting services	291,193	270,179
Total expenses	5,632,625	5,159,402
Change in unrestricted net assets	(66,668)	579,283
Unrestricted net assets - beginning of year	2,390,130	1,810,847
Unrestricted net assets - end of year	\$ 2,323,462	\$ 2,390,130

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

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2016  
(with summarized comparative financial information for the year ended June 30, 2015)

	No. of Positions	2016							2015
		Program Services			Support Services				
		Regular Education	Special Education	Total	Management and General	Fundraising	Total	Total	
Personnel service costs									
Administrative staff personnel	13	\$ 606,208	\$ 473,352	\$ 1,079,560	\$ 54,198	\$ 3,171	\$ 57,369	\$ 1,136,929	\$ 809,466
Instructional personnel	35	1,145,742	893,000	2,038,742	102,078	5,971	108,049	2,146,791	1,977,958
Non-instructional personnel	6	179,814	140,406	320,220	16,076	940	17,016	337,236	427,698
Total salaries and staff	54	1,931,764	1,506,758	3,438,522	172,352	10,082	182,434	3,620,956	3,215,122
Fringe benefits and payroll taxes		390,540	306,179	696,719	34,901	2,023	36,924	733,643	615,408
Retirement		7,193	5,616	12,809	643	38	681	13,490	14,563
Audit services		-	-	-	22,250	-	22,250	22,250	20,250
Other purchased / professional / consulting services		171,991	96,392	268,383	19,387	236	19,623	288,006	357,964
Repairs and maintenance		-	-	-	3,014	-	3,014	3,014	2,955
Insurance		20,183	15,446	35,629	1,426	63	1,489	37,118	32,718
Supplies / materials		148,714	60,479	209,193	936	39	975	210,168	237,492
Equipment / furnishings		2,249	886	3,135	9	-	9	3,144	7,885
Staff development		28,096	17,184	45,280	1,176	49	1,225	46,505	106,133
Marketing and recruiting		54,385	24,573	78,958	768	32	800	79,758	88,041
Technology		38,914	34,203	73,117	3,433	143	3,576	76,693	55,078
Student services		90,144	33,391	123,535	-	-	-	123,535	137,955
Office expense		34,322	30,168	64,490	3,801	126	3,927	68,417	85,497
Depreciation and amortization		143,879	126,466	270,345	12,695	529	13,224	283,569	174,839
Loss on disposal of assets		10,982	9,653	20,635	969	40	1,009	21,644	7,332
Other		362	320	682	33	-	33	715	170
Total		<u>\$ 3,073,718</u>	<u>\$ 2,267,714</u>	<u>\$ 5,341,432</u>	<u>\$ 277,793</u>	<u>\$ 13,400</u>	<u>\$ 291,193</u>	<u>\$ 5,632,625</u>	<u>\$ 5,159,402</u>

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

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2016  
(with summarized comparative financial information for the year ended June 30, 2015)

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in unrestricted net assets	\$ (66,668)	\$ 579,283
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	283,569	174,839
Loss on disposal of property and equipment	21,644	7,332
(Increase) Decrease in certain assets:		
Grants and contracts receivable	(98,413)	7,539
Prepaid expenses and other current assets	26,792	8,856
Restricted cash	(48)	(75)
Increase (Decrease) in certain liabilities:		
Accounts payable and accrued expenses	(41,524)	58,070
Accrued payroll and payroll taxes	23,885	121,642
Refundable advances	(77,512)	103,950
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>71,725</b>	<b>1,061,436</b>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Purchase of property and equipment	(517,734)	(311,641)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(446,009)	749,795
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>2,096,325</b>	<b>1,346,530</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 1,650,316</b>	<b>\$ 2,096,325</b>

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

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016  
(with comparative financial information for June 30, 2015)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Launch Expeditionary Learning 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 December 14, 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 provisional charter commenced on August 22, 2010 and expires on August 22, 2017. The School was created to offer a world-class education to students and families living in Bedford-Stuyvesant, Crown Heights and the surrounding communities in Brooklyn. The School is part of the Expeditionary Learning network of over 160 member schools nationwide. Its mission is to prepare students in under-resourced communities to thrive in college and careers by providing a public education rooted in active learning experiences and powerful character development. During the 2015-2016 academic year, the School provided education to approximately 286 students in the sixth through eighth grades.

The School has an agreement with the New York City Department of Education (“NYCDOE”) to share public school space at no annual cost. The School occupies approximately 14,000 square feet on one floor of a public school building. The School also shares the gymnasium, auditorium and cafeteria with the public school which approximate 6,136 square feet. The School is not responsible for rent, utilities, custodial services, and school safety services other than those required for days and times the School operates outside of the traditional NYCDOE schedule. The School was unable to determine a value for the contributed space and related services and did not record any value for use of donated facilities.

Food 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 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, 2016 and 2015.

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016  
(with comparative financial information for June 30, 2015)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Tax Status (Continued)

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 positions resulting in an accrual of tax expense or benefit.

IRS Form 990 filed by the School are subject to examination by the Internal Revenue Service for up to three years from the extended due date of each return. Forms 990 filed by the School are no longer subject to examination for the fiscal year ended June 30, 2012 and prior.

Basis of Presentation

The School's financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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

Unrestricted net assets are 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

Temporarily restricted net assets are 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 as net assets released from restrictions.

Permanently Restricted

Permanently restricted net assets are 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 and permanently restricted net assets at June 30, 2016 and 2015.

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016  
(with comparative financial information for June 30, 2015)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

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.

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

The School considers all highly liquid financial 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. At June 30, 2016 account balances exceeded insured levels by approximately \$1,476,000. 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.

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016  
(with comparative financial information for June 30, 2015)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Property and Equipment (Continued)

Depreciation is provided on the straight line method over the estimated useful lives as follows:

Computers	4 years
Equipment	5 years
Furniture and fixtures	5 years
Software	3 years
Leasehold improvements	useful life or related lease

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 certain government grants and contracts as refundable advances until the related services are performed, at which time it is recognized as revenue.

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 statements of activities or by functional category in the statement of functional expenses. Accordingly, such information should be read in conjunction with the School's 2015 financial statements from which the summarized information was derived.

Reclassifications

Certain 2015 accounts have been reclassified to the 2016 financial statements presentation. The reclassification has no effect on 2015 total assets, liabilities, net assets, and change in net assets.

NOTE 2 - GRANTS AND CONTRACTS RECEIVABLE

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

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016  
(with comparative financial information for June 30, 2015)

NOTE 3 - PROPERTY AND EQUIPMENT

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

	2016	2015
Computers	\$ 336,567	\$ 292,576
Equipment	108,498	99,460
Furniture and fixtures	235,497	120,172
Software	7,397	7,397
Leasehold improvements	639,014	343,100
	1,326,973	862,705
Less: accumulated depreciation and amortization	(566,960)	(315,213)
	\$ 760,013	\$ 547,492

Depreciation and amortization expense was \$283,569 and \$174,839 for the years ended June 30, 2016 and 2015, respectively. Loss on disposal of assets was \$21,644 and \$7,332 for the years ended June 30, 2016 and 2015, respectively.

NOTE 4 - 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 5 - DONATED GOODS AND SERVICES

Donated Goods

The School received software licenses and associated installation and support services at no charge. The service provider agreed to waive fees for the first five years through June 30, 2017. The value of these goods and associated services meets the criteria for recognition in the financial statements and are recorded at fair value.

Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958-605, "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, and (c) are measurable. The value of these services meets the criteria for recognition in the financial statements and is recorded at fair value.

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016  
(with comparative financial information for June 30, 2015)

NOTE 5 - DONATED GOODS AND SERVICES (Continued)

As part of the national Expeditionary Learning network of schools, the School received in-kind services including professional development and school design services through its institutional partner, NYC Outward Bound, to achieve the objectives of the Expeditionary Learning model.

For the year ended June 30, 2016 and 2015, the value of various donated goods and services are as follows:

	2016	2015
Software license and support services	\$ 6,666	\$ 6,266
Professional development and school design	-	96,817
	\$ 6,666	\$ 103,083

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.

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, General and Fundraising expenses include 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 - EMPLOYMENT CONTRACT

The School entered into a co-employment arrangement with TriNet Group, Inc. (“TriNet”), a professional employment organization, effective May 1, 2013. Under the co-employment arrangement, TriNet assumes certain employment responsibilities, including the payment and reporting employees’ wages and payroll taxes.

LAUNCH EXPEDITIONARY LEARNING CHARTER SCHOOL  
(A Not-For-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016  
(with comparative financial information for June 30, 2015)

NOTE 9 - RETIREMENT PLAN

For the benefit of its employees, the School participates in a multiple employer defined contribution 401(k) plan, through its professional employment organization partner, TriNet Group, Inc. (see Note 8). Under the 401(k) plan, all employees of the School can elect to make semi-monthly contributions to a personal retirement account. The School will make matching contributions to any employee contributions, dollar for dollar, up to \$500 per employee per calendar year. For the year ended June 30, 2016, all employees were eligible to participate in the 401(k) plan and all employees were eligible for the employer match. Employer match for the years ended June 30, 2016 and 2015 were \$13,490 and \$14,563, respectively.

NOTE 10 - SUBSEQUENT EVENTS

The School has evaluated its subsequent events through September 22, 2016, the date that the accompanying financial statements were available to be 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 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  
LAUNCH EXPEDITIONARY LEARNING 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 Launch Expeditionary Learning Charter School (the "School"), which comprise the statement of financial position as of June 30, 2016, 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 September 22, 2016.

***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  
LAUNCH EXPEDITIONARY LEARNING 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*.

***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  
September 22, 2016