

Where Every Client Is A Valued Client

July 27, 2006

To the Boards of Trustees of
Benjamin Franklin Classical Charter Public School and Affiliate:

We have audited the combined financial statements of Benjamin Franklin Classical Charter Public School and The Benjamin Franklin Educational Foundation (collectively, the School) for the year ended June 30, 2006, and have issued our report thereon dated July 27, 2006. Professional standards require that we provide you with the following information related to our audit.

1. Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated July 24, 2006, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the combined financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the School. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the combined financial statements are free of material misstatement, we performed tests of the School's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

2. Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the School are described in Note 1 to the combined financial statements. In accordance with GASB Nos. 34 and 39, the Foundation is shown as a component unit of the School. Previously, the Foundation was not presented with the School. No new accounting policies were adopted and the application of existing policies was not changed during 2006. We noted no transactions entered into by the School during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

3. Accounting Estimates

Accounting estimates are an integral part of the combined financial statements prepared by management and are based upon management's current judgments. In general, certain accounting estimates are particularly sensitive because of their significance to the combined financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive estimates affecting the combined financial statements are the estimated useful lives of fixed assets and collectibility of accounts receivable.

3. Accounting Estimates (Continued)

We evaluated the key factors and assumptions used to develop these estimates in determining that these balances are reasonable in relation to the combined financial statements taken as a whole.

4. Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the combined financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the School that could potentially cause future combined financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current combined financial statements. We proposed and the School adjusted the combined financial statements for the attached audit adjustments.

5. Other Information in Documents Containing Audited Financial Statements

If the audited combined financial statements are included in annual reports or other documents, we will ascertain that disclosures in these documents are substantially consistent with the audited combined financial statements.

6. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the combined financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

7. Consultation with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's combined financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

8. Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

9. Difficulties Encountered in Performing the Audit

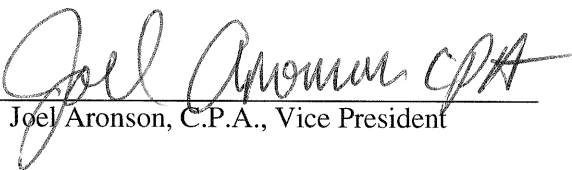
We encountered no difficulties in dealing with management in performing our audits. We appreciate the courtesy and cooperation extended to us during the audit.

Boards of Trustees of
Benjamin Franklin Classical Charter Public School
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This information is intended solely for the use of the Finance Committee, Boards of Trustees and management of the School and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

ALEXANDER, ARONSON, FINNING & CO., P.C.
Certified Public Accountants

By: 
Joel Aronson, C.P.A., Vice President

Adjusting Journal Entries JE # 1		A-06	Unadjusted change in net assets		198,976
To adjust fiscal agent balances to proper					
2010	2010 · A/P Fiscal Agent		2,330.00		
1010	1010 · Cash-PCO			2,330.00	
Total			<u><u>2,330.00</u></u>	<u><u>2,330.00</u></u>	-
Adjusting Journal Entries JE # 2					
To adjust DOE grant revenue to proper and reduce A/R and book MTRS expense					
4150	4150 · DOE Grants - Federal		4,701.00		
6190	MTRS Expense		1,562.00		
1120	1120 · Grants receivable - Federal			4,701.00	
4150	4150 · DOE Grants - Federal			1,562.00	
Total			<u><u>6,263.00</u></u>	<u><u>6,263.00</u></u>	(4,701)
Adjusting Journal Entries JE # 3					
To adjust fixed asset cost to proper and book depreciation expense for FY 06					
1300	1300 · Leasehold improvements - bldg		6,927.00		
7000	Depreciation Expense		92,661.00		
1330	1330 · Furniture & Fixtures-Instrument			362.00	
1600	1600 · Fixed Assets - Accum. deprec			92,661.00	
5609	5609 · Facility Expense			6,565.00	
Total			<u><u>99,588.00</u></u>	<u><u>99,588.00</u></u>	(86,096)
Adjusting Journal Entries JE # 4					
To reverse prior year prepaid expenses					
5597	5597 · Ins Long-term Disability		1,009.00		
5673	5673 · Ins Dental		3,316.00		
5675	5675 · Ins Health		23,554.00		
1400	1400 · prepaid expenses			27,879.00	
Total			<u><u>27,879.00</u></u>	<u><u>27,879.00</u></u>	(27,879)
Adjusting Journal Entries JE # 5					
To adjust Accounts Payable to proper					
2000	2000 · Accounts Payable		47,312.00		
5302	5302 · Legal Fees			6,000.00	
5303	5303 · Audit			6,200.00	
5423	5423 · Books			158.00	
5431	5423 · Books:5415 · 52 Books			93.00	
5431	5423 · Books:5415 · 52 Books			235.00	
5432	5423 · Books:5416 · 61 Books			86.00	
5606	5606 · Core Knowledge			152.00	
5609	5609 · Facility Expense			19.00	
5609	5609 · Facility Expense			150.00	
5609	5609 · Facility Expense			162.00	
5637	5637 · General Maintenance			2,706.00	
5675	5675 · Ins Health			25,594.00	
5676	5676 · Ins Liability			685.00	
5678	5678 · Ins Workers Comp			1,182.00	
5679	5679 · Latin			46.00	
5699	5699 · Memberships/Subscriptions			310.00	
5765	5432 · Supplies - Instructional:5765 · SPED Supplies			503.00	
5775	5432 · Supplies - Instructional:5775 · 52 Supplies			131.00	
5777	5432 · Supplies - Instructional:5777 · 62 Supplies			31.00	
5781	5432 · Supplies - Instructional:5781 · 82 Supplies			150.00	
5781	5432 · Supplies - Instructional:5781 · 82 Supplies			282.00	
5820	5820 · Util Electric			1,488.00	
5821	5821 · Util Gas			149.00	
6000	6000 · 99Technology			150.00	
6000	6000 · 99Technology			650.00	
Total			<u><u>47,312.00</u></u>	<u><u>47,312.00</u></u>	47,312
Adjusting Journal Entries JE # 7					
To record In Kind Transportation					
9002	In Kind Transportation expense		67,424.00		
9001	In Kind Transportation revenue			67,424.00	
Total			<u><u>67,424.00</u></u>	<u><u>67,424.00</u></u>	-
Adjusting Journal Entries JE # 8					

To adjust accrued payroll to proper

2130	2130 · Accrued expenses - payroll	9,138.00	9,138.00	
5000	5000 · Payroll expense			
Total		<u><u>9,138.00</u></u>	<u><u>9,138.00</u></u>	9,138

Adjusting Journal Entries JE # 9

To properly remove Sunshine Club funds

4515	4510 · Pass-through Revenue:4020 · Sunshine Club	1,390.00		
2150	Accrued expenses		364.00	
5027	Pass through Expenses:5027 · Sunshine Club		1,026.00	
Total		<u><u>1,390.00</u></u>	<u><u>1,390.00</u></u>	(364)

Adjusting Journal Entries JE # 10

To adjust A/P and book expenses to proper

5795	5795 · Physical Education	2,495.00		
2000	2000 · Accounts Payable		2,495.00	
Total		<u><u>2,495.00</u></u>	<u><u>2,495.00</u></u>	(2,495)

Net effect of AJE's (65,085)

Adjusted change in net assets 133,891