

**MERRICK ACADEMY—QUEENS PUBLIC  
CHARTER SCHOOL, INC.**

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**Financial Statements and Supplemental Information  
For the Years Ended June 30, 2009 and 2008  
With Report of Independent Auditors**

**MERRICK ACADEMY—QUEENS PUBLIC  
CHARTER SCHOOL**  
June 30, 2009 and 2008

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## REPORT OF INDEPENDENT AUDITORS

Board of Trustees  
Merrick Academy—Queens Public Charter School, Inc.

We have audited the accompanying statements of financial position of Merrick Academy—Queens Public Charter School, Inc. (the “School”) as of June 30, 2009 and 2008, 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.

We conducted our audits in accordance with auditing standards generally accepted in the United States 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. We were not engaged to perform an audit of the School’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. 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 position of the Merrick Academy—Queens Public Charter School, Inc., at June 30, 2009 and 2008, and the change in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2009, on our consideration of the School’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. .

Our audits were performed for the purpose of forming an opinion on the financial statements of the School taken as a whole. The accompanying 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 audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



October 30, 2009

**MERRICK ACADEMY—QUEENS PUBLIC  
CHARTER SCHOOL, INC.**  
Statements of Financial Position  
As of June 30, 2009 and 2008

	<b>2009</b>	<b>2008</b>
<b>ASSETS</b>		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 65,783	\$ 13,283
Restricted cash (Note 4)	74,989	-
Due from government agencies (Note 5)	117,367	164,776
Grants receivable	133,002	-
Prepaid expenses	82,747	60,826
 Total current assets	 473,888	 238,885
Security deposits	49,750	49,750
Property and equipment, net (Note 6)	936,710	966,263
 Total assets	 \$ 1,460,348	 \$ 1,254,898
<b>LIABILITIES AND NET ASSETS</b>		
<i>Current Liabilities:</i>		
Accounts payable and accrued expenses	\$ 703,717	\$ 437,367
Unearned income	6,371	89,636
Due to management company (Note 10)	98,598	251,284
Obligations under capital lease (Note 13)	29,170	-
Amount outstanding under line of credit	-	2,915
Loan payable—current portion (Note 9)	117,714	106,756
 Total current liabilities	 955,570	 887,958
Loan payable—non-current portion (Note 9)	-	117,759
 Total liabilities	 955,570	 1,005,717
<i>Net Assets:</i>		
Unrestricted	504,778	249,181
 <b>Total liabilities and net assets</b>	 \$ 1,460,348	 \$ 1,254,898

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

**MERRICK ACADEMY—QUEENS PUBLIC  
CHARTER SCHOOL, INC.**

Statements of Activities  
For the Years Ended June 30, 2009 and 2008

	<b>2009</b>	<b>2008</b>
<b>REVENUE AND SUPPORT</b>		
Resident student enrollment	\$ 6,196,564	\$ 5,466,581
Students with disabilities	30,583	34,745
Food service	163,112	155,702
Federal funding	332,883	182,785
State funding	40,604	37,260
Government grants	-	11,080
Interest and other income	10,862	15,032
Total revenue and support	6,774,608	5,903,185
<b>EXPENSES</b>		
<i>Program Expenses:</i>		
Regular education	4,579,668	4,141,363
Special education	549,852	277,416
Total program expenses	5,129,520	4,418,779
<i>Supporting Services:</i>		
Management and general	1,389,491	1,300,011
Total expenses	6,519,011	5,718,790
Change in net assets	255,597	184,395
Unrestricted net assets, beginning of year	249,181	64,786
<b>Unrestricted net assets, end of year</b>	<b>\$ 504,778</b>	<b>\$ 249,181</b>

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

**MERRICK ACADEMY—QUEENS PUBLIC  
CHARTER SCHOOL, INC.**

Statements of Cash Flows  
For the Years Ended June 30, 2009 and 2008

	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 255,597	\$ 184,395
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	160,074	158,503
(Increase) in restricted cash	(74,989)	-
(Increase) decrease in due from government agencies	47,409	(94,667)
(Increase) decrease in grants receivable	(133,002)	4,630
Increase in prepaid expenses	(21,921)	(8,079)
Increase in accounts payable and accrued expenses	266,350	122,925
(Decrease) increase in unearned income	(83,265)	86,245
Decrease in due to management company	(152,686)	(422,073)
Net cash provided by operating activities	263,567	31,879
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(95,518)	(40,789)
Net cash used in investing activities	(95,518)	(40,789)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments made under capital lease obligation	(5,833)	(14,683)
Amount outstanding under line of credit	(2,915)	-
Loan repayments	(106,801)	(93,866)
Net cash used in financing activities	(115,549)	(108,549)
Net increase (decrease) in cash and cash equivalents	52,500	(117,459)
Cash and cash equivalents at beginning of year	13,283	130,742
<b>Cash and cash equivalents at end of year</b>	<b>\$ 65,783</b>	<b>\$ 13,283</b>
<b>SUPPLEMENTAL DISCLOSURE</b>		
Assets acquired via capital lease obligation	\$ 35,003	\$ -
Cash paid for interest	\$ 17,381	\$ 31,684

The accompanying notes are an integral part of these financial statements

**MERRICK ACADEMY—QUEENS PUBLIC  
CHARTER SCHOOL, INC.**  
Notes to Financial Statements  
June 30, 2009 and 2008

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**NOTE 1 ORGANIZATION SUMMARY**

Merrick Academy—Queens Public Charter School, Inc. (the “School”) is a public charter school for children located in Queens Village, New York. During the 2008–2009 school year, the School operated kindergarten and grades one through six. It educates children on a completely nondiscriminatory and secular basis. The founders and supporters of the School believe that access to a public education of high quality for all children is the foremost issue. The School was chartered during July 2000 and the first classes were offered during the 2000–2001 school year.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States for not-for-profit organizations. Accordingly, the School is required to report its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

The School’s net assets consist of the following:

*Unrestricted*—Net assets of the School which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of the School.

Cash and Cash Equivalents

The School has defined cash equivalents as short-term, interest-bearing securities with original maturities of three months or less.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Normal replacement and maintenance costs are charged to expense as incurred, and major renewals and improvements are capitalized. Upon disposal, the cost and related accumulated depreciation is removed from the accounts and the resulting gain or loss for the year is recognized. The School capitalizes assets with a cost of \$500 and over.

**MERRICK ACADEMY—QUEENS PUBLIC  
CHARTER SCHOOL, INC.**  
Notes to Financial Statements  
June 30, 2009 and 2008

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**NOTE 2      SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Depreciation is calculated based on the useful lives of the assets as follows:

	<b>Useful Life (Years)</b>
Furniture and fixtures	7
Office equipment	3
Computer equipment	3
Leasehold improvements	5

Contributions

The School records contributions of cash and other assets as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of donor restrictions. The School records contributions as temporarily restricted support if they are received with donor stipulations that limit their use through purpose or time restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All contributions received in fiscal years 2009 and 2008 were unrestricted.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited. Salaries, wages, and fringe benefits were allocated as direct costs to programs; supporting activity and other costs were allocated as direct costs based on actual costs associated with the activity.

Student Enrollment

Enrollment of available class slots is open to all potential student candidates, with those residing in the immediate area given first preference. A lottery is held to award these available slots.

Government Grant Income

The School applies for various government grants each year which are based on several factors such as total students enrolled in the School. Reimbursement under per-pupil grants is the result of the calculation of full-time equivalent (“FTE”) students attending the School multiplied by a rate determined each year by New York State.



**MERRICK ACADEMY—QUEENS PUBLIC  
CHARTER SCHOOL, INC.**  
Notes to Financial Statements  
June 30, 2009 and 2008

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**NOTE 2      SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, there is no provision for income tax.

**NOTE 3      CASH AND CASH EQUIVALENTS**

The School maintains all of its cash in banks. The accounts are guaranteed by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000, which is the maximum allowed by law. The School’s management monitors the balances in excess of the FDIC coverage to limit exposure to loss.

**NOTE 4      RESTRICTED CASH**

Pursuant to an addendum to the Charter Agreement dated August 4, 2008, from the New York City Department of Education (“NYCDOE”), the NYCDOE requires the School to set up an escrow of at least \$70,000. In the event of termination of the Charter, whether prematurely or otherwise, the School shall establish and follow procedures consistent with those required by Section 2851(2)(t) of the New York State Education Law in its use of the escrow.

**NOTE 5      PUPIL ENROLLMENT AND OTHER REVENUES FROM GOVERNMENT AGENCIES**

Under the School’s Charter School Agreement and the Charter Schools Act, the School is entitled to receive funding from both state and federal sources that are available to public schools. These funds include state pupil enrollment funds, federal food subsidies, and Titles I, II, IIA, and IV funds. The calculation of the amounts to be paid to the School under these programs is determined by the state and is based on complex laws and regulations, enrollment levels, and economic information related to the home school districts of the children enrolled in the School. If these regulations, some of which are relatively new in the State of New York, were to change, or other factors included in the calculations were to change, the level of funding that the School receives could vary significantly.

**MERRICK ACADEMY—QUEENS PUBLIC  
CHARTER SCHOOL, INC.**  
Notes to Financial Statements  
June 30, 2009 and 2008

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**NOTE 5 PUPIL ENROLLMENT AND OTHER REVENUES FROM GOVERNMENT AGENCIES** *(continued)*

The amount due from government agencies and included as revenue in the statement of activities consists of the following as of June 30:

	2009	2008
Federal Government	\$ <u>250,369</u>	\$ <u>164,776</u>

The amounts are based upon actual amounts received as well as estimates by the management of the School. Management believes these estimates are based upon the best information available at this time. However, actual amounts received, as determined by the state, could vary based on changes in the factors used to calculate the amounts owed.

**NOTE 6 PROPERTY AND EQUIPMENT**

Property and equipment are summarized by major classifications as follows:

	2009	2008
Leasehold improvements	\$ 1,512,634	\$ 1,462,871
Furniture and fixtures	204,711	203,689
Computer equipment	204,034	159,301
Office equipment	102,279	40,600
Equipment under capital lease	-	26,674
	2,023,658	1,893,135
Less: accumulated depreciation	(1,086,948)	(926,872)
Property and equipment, net	\$ 936,710	\$ 966,263

Depreciation expense for the years ended June 30, 2009 and 2008, was \$160,074 and \$158,503, respectively.

**MERRICK ACADEMY—QUEENS PUBLIC  
CHARTER SCHOOL, INC.**  
Notes to Financial Statements  
June 30, 2009 and 2008

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**NOTE 7      DEFINED CONTRIBUTION PLAN**

The School offers a 401(k) plan (the “Plan”) to substantially all of its employees.

Employees are eligible for the Plan immediately upon employment, and participation in the Plan is voluntary. Employees can make pretax contributions up to 100% of compensation, subject to Internal Revenue Service guidelines. The School matches the employee contribution 100% up to 4% of the employee’s annual compensation. The employer contributions recognized in the statement of activities were \$38,334 and \$47,373 for 2009 and 2008, respectively. The Plan assets are held in a separate trust and are not included in the accompanying financial statements. All plan assets are held for the exclusive benefit of the Plan’s participants and beneficiaries.

**NOTE 8      COMMITMENTS**

The School is a lessee, under a non-cancelable operating lease, for space to be used for classroom instruction and administration activities. The term of the lease commenced January 1, 2004, and presently expires July 31, 2010, with options to renew for two additional five-year periods.

The future minimum annual rent payments are as follows:

2010	<u>\$ 124,898</u>
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**NOTE 9      LOAN PAYABLE**

Loan payable outstanding consists of the following:

	2009	2008
payable to Victory Schools Inc. (“Victory”). The unpaid principal amount is payable in monthly installments of \$10,345 and bears interest at 9.85% per annum. The final payment is due on June 1, 2010.	\$ 117,714	\$ 224,515
Less: Current maturity included in current liabilities	(117,714)	(106,756)
Non-current portion	\$ -	\$ 117,759

Interest charged on the loan totaled \$17,381 and \$31,684 for the years ended June 30, 2009 and 2008, respectively.

**MERRICK ACADEMY—QUEENS PUBLIC  
CHARTER SCHOOL, INC.**  
Notes to Financial Statements  
June 30, 2009 and 2008

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**NOTE 9**      **LOAN PAYABLE** *(continued)*

The School has an overdraft line of credit with a bank, allowing it to cover shortages in its cash account. No amount was outstanding under this line as of June 30, 2009. As of June 30, 2009, the interest rate on the line of credit is 15%.

**NOTE 10**      **MANAGEMENT COMPANY**

Victory Schools (“Victory”) manages the operations of the School under a management agreement entered into by the School and Victory. The agreement was executed on August 5, 2004. Per the terms of the Agreements, Victory assumes responsibility for all tasks and functions associated with the educational services to be provided to the children enrolled as students at the School in accordance with the terms of the charter and the Charter Schools Act, subject to the appropriate oversight from the School’s Board of Trustees. Victory is responsible for designing the curriculum, acquiring educational materials, hiring all staff, and providing all financial and accounting functions.

The Agreement calls for Victory to be paid a fee (the “Per Pupil Fee”) of \$2,000 per enrolled pupil. The Per Pupil Fee shall be increased or decreased each year by the percentage increase or decrease in the Final Adjusted Expense Per Pupil for charter schools in the New York City school district as calculated by the New York State Education Department annually.

Victory is entitled to receive the management fees on a bi-monthly basis. Under the Agreement, fees not paid within 30 days of its due date shall bear interest at an annualized rate of 7.5%, provided that such amounts are not the result of the state’s failure to remit the Adjusted Expense Per Pupil to the School.

The management and central services fee expenses for the year ended June 30, 2009 and 2008, amounted to \$1,364,127 and \$1,203,426, respectively. No interest was charged to the School by Victory during the year.

**NOTE 11**      **CONCENTRATION OF RISK**

Victory is responsible for all operations of the School. Additionally, Victory has allowed the School to repay some management fees for the current and prior years on a long-term basis. Victory will accept payment of these deferred management fees when the School is able to pay. If this relationship were to change or cease, such change could have a substantial effect on the School’s ability to continue operations.

**MERRICK ACADEMY—QUEENS PUBLIC  
CHARTER SCHOOL, INC.**  
Notes to Financial Statements  
June 30, 2009 and 2008

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**NOTE 11      CONCENTRATION OF RISK** *(continued)*

The School is dependent on various government agencies for funding and is responsible for meeting the requirements of such agencies. If the School were to lose students or the related government funding, there could be a substantial effect on its ability to continue operations.

**NOTE 12      RELATED-PARTY TRANSACTIONS**

The School has an outstanding loan balance of \$117,714 and \$224,515 as of June 30, 2009 and 2008, respectively, payable to Victory Schools for funds used to renovate a school building. The School is current on its loan payments on the Secured Term Loan.

The amounts due to the management company for the year ended June 30, 2009 and 2008, of \$98,598 and \$251,284, respectively, relate to management and central services fees, as well as expenses paid by Victory on behalf of the School.

**NOTE 13      CAPITAL LEASE**

In March 2009, the School obtained equipment, pursuant to a capital lease agreement. The lease terminates in 2012 and requires monthly lease payments of \$972, with no interest.

Future lease payments for the years ending June 30 for the aforementioned lease are as follows:

<u>Year</u>	
2010	\$ 11,668
2011	11,668
2012	<u>5,834</u>
Obligation under capital lease	<u>\$ 29,170</u>

**MERRICK ACADEMY—QUEENS PUBLIC  
CHARTER SCHOOL, INC.**  
Notes to Financial Statements  
June 30, 2009 and 2008

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**NOTE 14      CONTINGENCIES**

The School participates in a number of federal and state programs. These programs require that the School comply with certain requirements of laws, regulations, contracts, and agreements applicable to the programs in which it participates. All funds expended in connection with government grants and contracts are subject to audit by government agencies. The ultimate liability, if any, from such audits of government contracts by government agencies is presently not determinable, and it should not, in the opinion of the management, have a material effect on the financial position or change in net assets of the School. Accordingly, no provision for any such liability that may result has been made in the accompanying financial statements.

Litigation

Legal proceedings and claims are pending against the School. In the opinion of management and its counsel, the ultimate liability, if any, with respect to such matters cannot be ascertained as of June 30, 2009.

**NOTE 15      SUBSEQUENT EVENTS**

There were no significant subsequent events noted. Subsequent events were reviewed through October 30, 2009, the date at which the financial statements were available for issuance.

**MERRICK ACADEMY—QUEENS PUBLIC CHARTER SCHOOL, INC.**

Schedule of Functional Expenses  
For the Year Ended June 30, 2009  
(With Comparative Totals for 2008)

<b>EXPENSES</b>	<b>Regular Education</b>	<b>Special Education</b>	<b>Total</b>	<b>Management and General</b>	<b>Total 2009</b>	<b>Total 2008</b>
<i>Personnel Expenses:</i>						
Salaries and wages	\$ 2,301,888	\$ 276,373	\$ 2,578,261	\$ -	\$ 2,578,261	\$ 2,376,778
Fringe benefits	448,920	53,899	502,819	-	502,819	460,176
Total personnel expense	<u>2,750,808</u>	<u>330,272</u>	<u>3,081,080</u>	<u>-</u>	<u>3,081,080</u>	<u>2,836,954</u>
<i>Operating Expenses:</i>						
Consultants—other	142,004	17,050	159,054	-	159,054	27,844
Contracted services—management company	-	-	-	1,364,127	1,364,127	1,203,426
Food	167,794	20,146	187,940	-	187,940	198,075
Insurance	33,333	4,002	37,335	-	37,335	54,647
Supplies and materials	55,833	6,703	62,536	-	62,536	62,111
Textbooks	139,963	16,804	156,767	-	156,767	91,633
Telephone	31,866	3,826	35,692	-	35,692	16,003
Occupancy	795,673	95,532	891,205	-	891,205	796,976
Printing	13,836	1,661	15,497	-	15,497	10,675
Staff development	29,964	3,598	33,562	-	33,562	28,606
Equipment rental/lease	26,021	3,124	29,145	-	29,145	11,794
Legal	104,625	12,562	117,187	-	117,187	20,480
Accounting/auditing fees	-	-	-	23,595	23,595	19,430
Maintenance and repairs	68,297	8,200	76,497	-	76,497	40,442
Transportation (Student)	-	-	-	-	-	516
Travel	9,035	1,085	10,120	-	10,120	5,665
Board expenses	-	-	-	1,769	1,769	2,028
Depreciation	142,915	17,159	160,074	-	160,074	158,503
Interest	15,517	1,863	17,380	-	17,380	31,684
Other	52,184	6,265	58,449	-	58,449	101,298
Total operating expense	<u>1,828,860</u>	<u>219,580</u>	<u>2,048,440</u>	<u>1,389,491</u>	<u>3,437,931</u>	<u>2,881,836</u>
Total expense	<u>\$ 4,579,668</u>	<u>\$ 549,852</u>	<u>\$ 5,129,520</u>	<u>\$ 1,389,491</u>	<u>\$ 6,519,011</u>	<u>\$ 5,718,790</u>

**REPORT OF INDEPENDENT AUDITORS 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***

Board of Trustees  
Merrick Academy—Queens Public Charter School, Inc.  
New York, New York

We have audited the financial statements of Merrick Academy—Queens Charter School, Inc. (the “School”) as of and for the year ended June 30, 2009, and have issued our report thereon dated October 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 that we consider to be material weaknesses, as defined above.

**Compliance and other matters**

As part of obtaining reasonable assurance about whether the School’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mitchell & Titus, LLP*

October 30, 2009