

**UNCOMMON NEW YORK CITY
CHARTER SCHOOLS**

BROOKLYN, NEW YORK

AUDITED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2016



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

CONTENTS

<u>AUDITED FINANCIAL STATEMENTS</u>	<u>PAGE</u>
Independent Auditor's Report	3
Statement of Financial Position	5
Statement of Activities and Changes in Net Assets	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9
<u>OTHER FINANCIAL INFORMATION</u>	
Independent Auditor's Report on Other Financial Information	17
Combining Schedule of Activities	18

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Uncommon New York City Charter Schools

Report on the Financial Statements

We have audited the accompanying financial statements of Uncommon New York City Charter Schools which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, 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 Uncommon New York City Charter Schools as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 18, 2016

UNCOMMON NEW YORK CITY CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016

ASSETS

CURRENT ASSETS

Cash	\$ 20,045,644
Certificates of deposit	1,488,033
Grants and other receivables	3,251,506
Accounts receivable	1,478,683
Prepaid expenses and other current assets	<u>626,187</u>
TOTAL CURRENT ASSETS	26,890,053

PROPERTY AND EQUIPMENT, net 7,594,963

CASH IN ESCROW 375,433

TOTAL ASSETS \$ 34,860,449

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 3,846,060
Deferred revenue	<u>1,500</u>
TOTAL CURRENT LIABILITIES	3,847,560

NET ASSETS

Unrestricted:	
Undesignated	25,238,889
Designated for stability fund	<u>5,774,000</u>
	<u>31,012,889</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 34,860,449</u>

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

UNCOMMON NEW YORK CITY CHARTER SCHOOLS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2016

Revenue, gains and other support:		
Public school district:		
Resident student enrollment	\$ 88,039,670	
Students with disabilities	5,125,283	
Grants and contracts:		
Federal - Title and IDEA	3,085,785	
Federal - Other	<u>1,114,784</u>	
	TOTAL REVENUE, GAINS AND OTHER SUPPORT	97,365,522
Expenses:		
Program services		
Regular education	78,279,531	
Special education	<u>4,996,563</u>	
	TOTAL PROGRAM SERVICES EXPENSES	83,276,094
General and administrative	<u>9,824,398</u>	
	TOTAL OPERATING EXPENSES	<u>93,100,492</u>
	SURPLUS FROM SCHOOL OPERATIONS	4,265,030
Support and other revenue:		
Contributions:		
Foundations	1,958,620	
Corporate	1,342	
Miscellaneous income	<u>439,247</u>	
	TOTAL SUPPORT AND OTHER REVENUE	<u>2,399,209</u>
	CHANGE IN NET ASSETS	6,664,239
Net assets at beginning of year		<u>24,348,650</u>
	NET ASSETS AT END OF YEAR	<u>\$ 31,012,889</u>

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

UNCOMMON NEW YORK CITY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

	No. of positions	Program Services			Support Services	
		Regular education	Special education	Total	Management and General	Total
Personnel services costs:						
Administrative staff personnel	178	\$ 11,233,133	\$ 717,008	\$ 11,950,141	\$ 3,673,865	\$ 15,624,006
Instructional personnel	454	35,539,092	2,268,453	37,807,545	-	37,807,545
Non-instructional personnel	9	240,386	15,344	255,730	179,592	435,322
Total salaries and staff	641	47,012,611	3,000,805	50,013,416	3,853,457	53,866,873
Fringe benefits and payroll taxes		6,681,222	426,461	7,107,683	593,167	7,700,850
Retirement		1,060,626	67,700	1,128,326	-	1,128,326
Management fees		6,609,800	421,902	7,031,702	1,240,891	8,272,593
Legal services		-	-	-	76,858	76,858
Accounting and audit services		-	-	-	180,827	180,827
Other professional and consulting services		2,160,423	137,899	2,298,322	161,487	2,459,809
Building rent		6,001	383	6,384	-	6,384
Repairs and maintenance		962,767	61,453	1,024,220	-	1,024,220
Insurance		-	-	-	808,596	808,596
Utilities		342,959	21,891	364,850	235,024	599,874
Supplies and materials		2,101,377	134,130	2,235,507	-	2,235,507
Equipment/Furnishings		335,288	21,401	356,689	226,118	582,807
Professional development		2,613,706	166,832	2,780,538	-	2,780,538
Marketing and recruitment		459,398	29,323	488,721	-	488,721
Technology		1,843,399	117,664	1,961,063	637,499	2,598,562
Food service		392,769	25,070	417,839	-	417,839
Student services		2,931,695	187,129	3,118,824	-	3,118,824
Office expense		624,372	39,853	664,225	1,601,848	2,266,073
Depreciation and amortization		2,135,860	136,331	2,272,191	22,221	2,294,412
Other		5,258	336	5,594	186,405	191,999
		<u>\$ 78,279,531</u>	<u>\$ 4,996,563</u>	<u>\$ 83,276,094</u>	<u>\$ 9,824,398</u>	<u>\$ 93,100,492</u>

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

UNCOMMON NEW YORK CITY CHARTER SCHOOLS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2016

CASH FLOWS - OPERATING ACTIVITIES

Change in net assets	\$ 6,664,239
Adjustments to reconcile change in net assets to net cash provided from operating activities:	
Bad debt expense	5,594
Depreciation and amortization	2,294,412
Changes in certain assets and liabilities affecting operations:	
Grants and contracts receivable	(2,051,285)
Accounts receivable	(1,247,479)
Prepaid expenses and other current assets	206,021
Accounts payable and accrued expenses	726,954
Deferred revenue	<u>1,500</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	6,599,956

CASH FLOWS - INVESTING ACTIVITIES

Purchases of property and equipment	(4,700,692)
Sales of certificates of deposit	230,287
Cash in escrow	<u>(375,433)</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(4,845,838)</u>

NET INCREASE IN CASH 1,754,118

Cash at beginning of year	<u>18,291,526</u>
CASH AT END OF YEAR	<u><u>\$ 20,045,644</u></u>

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

UNCOMMON NEW YORK CITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

Uncommon New York City Charter Schools (the “Charter School”), is an educational corporation operating as a group of charter schools in the borough of Brooklyn, New York City. The Charter School’s mission is to ensure academic success for children in grades K through 12. The Charter School prepares students to excel in demanding high schools and colleges and to contribute to their communities as leaders. Through educational success, students earn opportunities in life for themselves and their communities.

In December 2014, the Board of Trustees of Leadership Preparatory Bedford Stuyvesant Charter School approved a merger of the school, as the successor Charter School, under the name Uncommon New York City Charter Schools in conjunction with Excellence Charter Schools, Bedford Stuyvesant Collegiate Charter School, Brownsville Collegiate Charter School, Kings Collegiate Charter School, Brooklyn East Collegiate Charter School, Leadership Preparatory Brownsville Charter School, Leadership Preparatory Canarsie Charter School, Leadership Preparatory Ocean Hill Charter School, and Ocean Hill Collegiate Charter School. The merger was approved on March 6, 2015 by the SUNY Board of Trustees and on June 30, 2015 by the Board of Regents. The merger was effective July 1, 2015. In conjunction with this merger, the individual charter schools named above were dissolved.

Financial Statement presentation

The financial statements of the Charter School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Charter School reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

These classes of net assets are defined as follows:

Permanently restricted – Net assets resulting from contributions and other inflows of assets whose use by the Charter School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Charter School. The Charter School had no permanently restricted net assets at June 30, 2016.

Temporarily restricted – Net assets resulting from contributions and other inflows of assets whose use by the Charter School is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Charter School pursuant to those stipulations. The Charter School had no temporarily restricted net assets at June 30, 2016.

Unrestricted – The net assets over which the Governing Board has discretionary control to use in carrying on the Charter School’s operations in accordance with the guidelines established by the Charter School. The Board may designate portions of the current unrestricted net assets for specific purposes, projects or investment.

UNCOMMON NEW YORK CITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2016

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,

Cont'd

Revenue and support recognition

Revenue from state and local governments resulting from the Charter School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement.

Revenue from federal, state and local government grants and contracts are recorded by the Charter School when qualifying expenditures are incurred and billable.

Contributions

Contributions received are recorded as unrestricted, temporarily or permanently restricted support depending on the existence of any donor restrictions. A contribution that is received and expended in the same year for a specific purpose is classified as unrestricted revenue.

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, 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.

Cash

Cash balances are maintained at financial institutions located in New York and are insured by the Federal Deposits Insurance Corporation up to \$250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

Certificates of deposit

Certificates of deposit represent certificates of deposit with maturities of twelve months or less. The School has certificates of deposit which mature in 2016. The fair value of the certificates of deposit was determined based on the original cost basis. In the normal course of business, the account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in certificates of deposit.

Grants and other receivables and accounts receivable

Grants and other receivables and accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2016.

Property and equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to ten years.

UNCOMMON NEW YORK CITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2016

NOTE A: THE CHARTER SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,

Cont'd

Cash in escrow

Cash is held by the Charter School as an escrow account in accordance with the terms of their charter agreement. The amount in escrow as of June 30, 2016 was \$375,433. The escrow account is restricted to fund legal and other costs should the Charter School cease operations and dissolve.

Tax exempt status

The Charter School is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income.

Contributed services

The Charter School receives contributed services from volunteers to develop its academic program and to serve on the board of trustees. These services are not valued in the financial statements because they do not require "specialized skills" and would typically not be purchased if they were not contributed.

In-kind Contributions

Gifts and donations other than cash are recorded at fair value at the date of contribution. The Charter School received in-kind contributions of textbooks in the year ended June 30, 2016 totaling \$419,439. Such in-kind contributions are included in miscellaneous income on the accompanying statement of activities and changes in net assets for the year ended June 30, 2016.

Use of estimates in the preparation of financial statements

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. Actual results could differ from those estimates.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 18, 2016 which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

UNCOMMON NEW YORK CITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2016

NOTE B: COMMITMENTS AND RELATED PARTY TRANSACTIONS

Uncommon Schools, Inc. (“USI”), a not-for-profit organization dedicated to helping start and run charter schools, provides management and other administrative support services to the Charter School. The Charter School entered into a five year agreement with USI, dated July 1, 2015, under which the Charter School pays USI a service fee of a set percentage of the average number of students enrolled at the Charter School during the school year multiplied by the approved per pupil operating expenses for the school year, and a percentage of all other public entitlement funding receivable during the fiscal year, excluding in-kind contributions and funds from competitive public grants. This percentage is based on the number of years a given school within the Charter School is in operation, and ranges from 8% to 10%. The fee incurred for the year ended June 30, 2016 was approximately \$8,272,600. Included in accounts payable and accrued expenses at June 30, 2016 was approximately \$1,895,500 related to this fee due to USI.

The Charter School is related to Williamsburg Collegiate Charter School (“Williamsburg”) through common Board representation. As neither of the schools have an economic interest in the net assets of the other school, the facts do not require consolidation of this school with the Charter School in accordance with GAAP. See Note I regarding merger.

At June 30, 2016, there were certain related party receivables of approximately \$19,000, due from Williamsburg to the Charter School.

In November 2013, a wholly-owned subsidiary of USI was created, Uncommon Crown Heights, LLC (“Crown Heights”), to manage a high school facility shared between an unrelated charter school and Williamsburg Collegiate Charter School and the Charter School. All schools located in the shared high school entered into an administrative costs management agreement and advanced Crown Heights funds to operate the location. The Schools will be charged an annual service fee of 0.5% of the combined facility budget by Crown Heights. There was no fee charged for the year ended June 30, 2016. Actual expenses are tracked and allocated to each party based on metrics developed by management. Depending on the actual expenses incurred, a prepaid balance or payable could exist at any given time. At June 30, 2016 approximately \$70,000 was included in accounts payable and accrued expenses related to Crown Heights.

NOTE C: SCHOOL FACILITIES

The Charter School is located in various New York City Department of Education facilities. During the year ended June 30, 2016 the Charter School paid a fee to the New York City Department of Education for additional after-school and weekend usage amounting to approximately \$6,400. At June 30, 2016, the Board of Trustees has designated \$5,774,000 as a stability fund to meet future needs of the Charter School.

The Charter School’s high school occupies space with a related charter school per a verbal agreement with a third party at no charge. At June 30, 2016, the Charter School paid certain utility and maintenance services on a square footage basis amounting to approximately \$596,000.

UNCOMMON NEW YORK CITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2016

NOTE D: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Furniture and fixtures	\$ 1,233,723
Computer software	8,858,624
Leasehold improvements	<u>8,109,918</u>
	18,202,265
Less accumulated depreciation and amortization	<u>10,607,302</u>
	<u>\$ 7,594,963</u>

NOTE E: OPERATING LEASES

The Charter School leases office equipment under certain non-cancelable lease agreements expiring through June 2019. The future minimum payments on these agreements are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2017	\$ 417,837
2018	244,349
2019	<u>19,040</u>
	<u>\$ 681,226</u>

NOTE F: RETIREMENT PLAN

The Charter School sponsors a defined contribution 403(b) plan covering most employees. The Charter School matches employees' contributions up to the lesser of 3% of gross payroll or \$3,500. The Charter School's total contribution to the Plan for the year ended June 30, 2016 approximated \$1,128,300.

NOTE G: CONTINGENCY

Certain grants and contracts may be subject to audit by funding sources. Such audits might result in disallowance of costs submitted for reimbursement by the Charter School. Management is of the opinion that such 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.

UNCOMMON NEW YORK CITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2016

NOTE H: CONCENTRATIONS

At June 30, 2016 approximately 74% of grants and other receivables are due from New York State. At June 30, 2016 approximately 24% of grants and other receivables are due from a grantor.

During the year ended June 30, 2016, 96% of total revenue, gains and other support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School is located.

NOTE I: MERGER

In December 2014, the Board of Trustees of Williamsburg approved a merger of Williamsburg and in February 2016, the Board of Regents of the University of the State of New York approved the merger into the Charter School. The merger is effective July 1, 2016.

UNCOMMON NEW YORK CITY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2016

NOTE J: PRIOR YEAR INFORMATION

As stated in Note A above, in December 2014, the Board of Trustees of Leadership Preparatory Bedford Stuyvesant Charter School approved a merger of the school, as the successor Charter School, under the name Uncommon New York City Charter Schools. Below is a summary of the opening balances, as of July 1, 2015, of the charter schools approved under this merger:

	<u>Brooklyn East Collegiate Charter School</u>	<u>Bedford Stuyvesant Collegiate Charter School</u>	<u>Brownsville Collegiate Charter School</u>	<u>Excellence Charter Schools</u>	<u>Ocean Hill Collegiate Charter School</u>	<u>Kings Collegiate Charter School</u>	<u>Leadership Preparatory Bedford Stuyvesant Charter School</u>	<u>Leadership Preparatory Brownsville Charter School</u>	<u>Leadership Preparatory Ocean Hill Charter School</u>	<u>Leadership Preparatory Canarsie Charter School</u>	<u>Total</u>
<u>ASSETS</u>											
<u>CURRENT ASSETS</u>											
Cash	\$ 810,338	\$ 1,514,238	\$ 1,308,123	\$ 5,126,509	\$ 423,058	\$ 2,091,688	\$ 2,598,952	\$ 2,029,932	\$ 2,340,627	\$ 48,061	\$ 18,291,526
Certificates of deposit	-	-	-	202,831	-	264,189	1,251,300	-	-	-	1,718,320
Grants and other receivables	87,113	94,666	100,214	339,573	106,308	95,226	88,881	122,279	72,925	329,774	1,436,959
Prepaid expenses and other current assets	<u>24,504</u>	<u>25,518</u>	<u>107,290</u>	<u>37,865</u>	<u>26,454</u>	<u>150,925</u>	<u>142,818</u>	<u>7,923</u>	<u>91,901</u>	<u>217,070</u>	<u>832,268</u>
TOTAL CURRENT ASSETS	921,955	1,634,422	1,515,627	5,706,778	555,820	2,602,028	4,081,951	2,160,134	2,505,453	594,905	22,279,073
PROPERTY AND EQUIPMENT, net	<u>352,506</u>	<u>727,804</u>	<u>550,733</u>	<u>812,576</u>	<u>294,042</u>	<u>353,938</u>	<u>411,612</u>	<u>702,701</u>	<u>558,709</u>	<u>424,062</u>	<u>5,188,683</u>
TOTAL ASSETS	<u>\$ 1,274,461</u>	<u>\$ 2,362,226</u>	<u>\$ 2,066,360</u>	<u>\$ 6,519,354</u>	<u>\$ 849,862</u>	<u>\$ 2,955,966</u>	<u>\$ 4,493,563</u>	<u>\$ 2,862,835</u>	<u>\$ 3,064,162</u>	<u>\$ 1,018,967</u>	<u>\$ 27,467,756</u>
<u>LIABILITIES AND NET ASSETS</u>											
<u>CURRENT LIABILITIES</u>											
Accounts payable and accrued expenses	<u>200,496</u>	<u>282,174</u>	<u>301,725</u>	<u>652,094</u>	<u>304,140</u>	<u>227,533</u>	<u>410,393</u>	<u>241,686</u>	<u>314,263</u>	<u>184,602</u>	<u>3,119,106</u>
TOTAL CURRENT LIABILITIES	200,496	282,174	301,725	652,094	304,140	227,533	410,393	241,686	314,263	184,602	3,119,106
<u>NET ASSETS</u>											
Unrestricted:											
Undesignated	813,965	1,215,052	1,029,635	5,867,260	305,722	1,459,433	2,952,912	2,071,149	2,139,899	719,365	18,574,392
Designated for stability fund	260,000	865,000	735,000	-	240,000	1,269,000	1,130,000	550,000	610,000	115,000	5,774,000
Temporarily restricted	-	-	-	-	-	-	258	-	-	-	258
	<u>1,073,965</u>	<u>2,080,052</u>	<u>1,764,635</u>	<u>5,867,260</u>	<u>545,722</u>	<u>2,728,433</u>	<u>4,083,170</u>	<u>2,621,149</u>	<u>2,749,899</u>	<u>834,365</u>	<u>24,348,650</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,274,461</u>	<u>\$ 2,362,226</u>	<u>\$ 2,066,360</u>	<u>\$ 6,519,354</u>	<u>\$ 849,862</u>	<u>\$ 2,955,966</u>	<u>\$ 4,493,563</u>	<u>\$ 2,862,835</u>	<u>\$ 3,064,162</u>	<u>\$ 1,018,967</u>	<u>\$ 27,467,756</u>

UNCOMMON NEW YORK CITY CHARTER SCHOOLS

OTHER FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
Uncommon New York City Charter Schools

We have audited the financial statements of Uncommon New York City Charter Schools as of and for the year ended June 30, 2016, and we have issued our report thereon dated October 18, 2016, which expressed an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2016 financial information hereinafter is presented for 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 for the year ended June 30, 2016, as a whole.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 18, 2016

UNCOMMON NEW YORK CITY CHARTER SCHOOLS

COMBINING SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

	Bedford Stuyvesant	Brooklyn East	Brownsville	Ocean Hill	King's Collegiate			Excellence Boys		
	Collegiate	Collegiate	Collegiate	Collegiate	Elementary	Middle	Total	Elementary	Middle	Total
	Middle School	Middle School	Middle School	Middle School	School	School		School	School	
Revenue, gains and other support:										
Public school district:										
Resident student enrollment	\$ 4,527,007	\$ 4,439,966	\$ 4,559,466	\$ 4,412,502	\$ -	\$ 4,614,543	\$ 4,614,543	\$ 6,177,619	\$ 4,026,447	\$ 10,204,066
Students with disabilities	494,699	344,169	588,853	465,472	-	433,003	433,003	215,530	374,300	589,830
Grants and contracts:										
Federal - Title and IDEA	197,512	142,867	196,308	134,238	-	215,469	215,469	311,658	143,988	455,646
Federal - Other	67,845	48,425	75,786	77,843	-	75,106	75,106	110,207	4,347	114,554
TOTAL REVENUE, GAINS AND OTHER SUPPORT	5,287,063	4,975,427	5,420,413	5,090,055	-	5,338,121	5,338,121	6,815,014	4,549,082	11,364,096
Personnel services costs:										
Administrative staff personnel	857,159	845,620	877,169	679,431	2,556	943,290	945,846	902,851	740,141	1,642,992
Instructional personnel	2,127,945	1,842,389	1,836,576	2,284,110	-	1,841,283	1,841,283	2,539,879	1,836,541	4,376,420
Non-instructional personnel	-	-	128,808	-	-	-	-	217,582	88,932	306,514
TOTAL STAFF AND SALARIES	2,985,104	2,688,009	2,842,553	2,963,541	2,556	2,784,573	2,787,129	3,660,312	2,665,614	6,325,926
Fringe benefits and payroll taxes	446,578	390,862	412,044	458,713	233	390,949	391,182	551,252	374,271	925,523
Retirement	63,518	69,699	61,876	72,956	-	61,930	61,930	72,015	39,940	111,955
Management fees	417,537	418,795	427,570	426,038	-	421,041	421,041	536,385	363,579	899,964
Legal services	542	7,246	9,813	5,269	-	3,498	3,498	9,840	10,370	20,210
Accounting and audit services	14,382	12,442	17,142	8,182	-	14,527	14,527	20,804	12,754	33,558
Other professional and consulting services	127,828	120,616	120,714	110,679	115	179,261	179,376	223,647	131,629	355,276
Building rent	247	247	247	247	-	427	427	-	247	247
Repairs and maintenance	21,849	10,188	8,237	2,655	-	25,816	25,816	353,166	169,375	522,541
Insurance	37,656	22,566	37,073	39,217	-	38,587	38,587	102,104	63,342	165,446
Utilities	9,555	16,123	16,566	13,693	-	16,556	16,556	117,471	81,316	198,787
Supplies and materials	96,809	121,176	76,973	130,529	-	62,636	62,636	271,571	112,036	383,607
Equipment/Furnishings	14,923	8,479	14,402	7,833	-	3,528	3,528	39,366	46,603	85,969
Professional development	137,516	115,358	113,898	125,812	1,492	122,028	123,520	290,205	151,912	442,117
Marketing and recruitment	24,620	29,686	29,326	18,139	925	22,734	23,659	37,060	24,340	61,400
Technology	146,413	127,832	137,709	136,119	-	138,271	138,271	151,721	89,383	241,104
Food service	23,755	15,478	(5,808)	10,117	-	2,665	2,665	70,599	9,669	80,268
Student services	232,511	363,766	214,829	251,317	-	293,112	293,112	81,449	151,837	233,286
Office expense	144,772	135,181	136,593	158,635	-	105,324	105,324	139,480	100,836	240,316
Depreciation and amortization	124,376	74,660	116,046	93,387	-	109,213	109,213	162,480	55,951	218,431
Other	26,226	6,050	9,809	10,869	-	8,840	8,840	26,452	2,412	28,864
TOTAL EXPENSES	5,096,717	4,754,459	4,797,612	5,043,947	5,321	4,805,516	4,810,837	6,917,379	4,657,416	11,574,795
SURPLUS / (DEFICIT) FROM SCHOOL OPERATIONS	190,346	220,968	622,801	46,108	(5,321)	532,605	527,284	(102,365)	(108,334)	(210,699)
Support and other revenue:										
Contributions:										
Foundations	-	-	-	-	-	-	-	-	-	-
Corporate	-	-	-	-	-	-	-	78	-	78
Miscellaneous income	20,267	23,172	14,566	51,173	-	23,521	23,521	28,957	18,871	47,828
TOTAL SUPPORT AND OTHER REVENUE	20,267	23,172	14,566	51,173	-	23,521	23,521	29,035	18,871	47,906
CHANGE IN NET ASSETS	\$ 210,613	\$ 244,140	\$ 637,367	\$ 97,281	\$ (5,321)	\$ 556,126	\$ 550,805	\$ (73,330)	\$ (89,463)	\$ (162,793)

UNCOMMON NEW YORK CITY CHARTER SCHOOLS

COMBINING SCHEDULE OF ACTIVITIES, Cont'd

YEAR ENDED JUNE 30, 2016

	Excellence Girls			Leadership Preparatory Bedford Stuyvesant			Leadership Preparatory Brownsville		
	Elementary School	Middle School	Total	Elementary School	Middle School	Total	Elementary School	Middle School	Total
Revenue, gains and other support:									
Public school district:									
Resident student enrollment	\$ 6,264,664	\$ 3,493,341	\$ 9,758,005	\$ 6,183,431	\$ 4,211,979	\$ 10,395,410	\$ 5,835,022	\$ 3,506,044	\$ 9,341,066
Students with disabilities	150,260	125,210	275,470	74,808	218,969	293,777	157,408	301,570	458,978
Grants and contracts:									
Federal - Title and IDEA	367,597	10,188	377,785	394,310	17,582	411,892	282,013	40,090	322,103
Federal - Other	62,789	57,193	119,982	52,367	34,646	87,013	55,815	44,160	99,975
TOTAL REVENUE, GAINS AND OTHER SUPPORT	6,845,310	3,685,932	10,531,242	6,704,916	4,483,176	11,188,092	6,330,258	3,891,864	10,222,122
Personnel services costs:									
Administrative staff personnel	723,056	666,043	1,389,099	784,962	853,782	1,638,744	994,627	655,648	1,650,275
Instructional personnel	2,579,710	1,447,576	4,027,286	2,301,718	1,737,342	4,039,060	2,443,429	1,594,880	4,038,309
Non-instructional personnel	-	-	-	-	-	-	-	-	-
TOTAL STAFF AND SALARIES	3,302,766	2,113,619	5,416,385	3,086,680	2,591,124	5,677,804	3,438,056	2,250,528	5,688,584
Fringe benefits and payroll taxes	480,036	286,835	766,871	571,643	186,674	758,317	484,624	307,729	792,353
Retirement	56,428	51,415	107,843	52,720	63,761	116,481	57,316	36,802	94,118
Management fees	542,602	362,874	905,476	532,204	378,125	910,329	500,916	384,770	885,686
Legal services	1,313	2,924	4,237	3,108	2,659	5,767	2,141	1,003	3,144
Accounting and audit services	549	5,729	6,278	7,527	9,293	16,820	(3,204)	7,023	3,819
Other professional and consulting services	116,659	90,384	207,043	126,552	106,601	233,153	119,957	105,789	225,746
Building rent	-	247	247	-	247	247	-	247	247
Repairs and maintenance	770	15,199	15,969	32,338	14,999	47,337	19,285	4,657	23,942
Insurance	50,373	29,145	79,518	53,385	38,698	92,083	43,288	29,144	72,432
Utilities	1,309	10,778	12,087	10,592	9,937	20,529	11,174	9,576	20,750
Supplies and materials	162,969	50,603	213,572	161,761	98,966	260,727	130,205	78,964	209,169
Equipment/Furnishings	11,932	62,844	74,776	40,632	24,350	64,982	20,101	39,944	60,045
Professional development	175,923	93,654	269,577	191,122	129,317	320,439	205,789	106,698	312,487
Marketing and recruitment	28,414	22,752	51,166	36,576	33,350	69,926	23,292	28,156	51,448
Technology	119,284	163,002	282,286	111,024	103,318	214,342	143,832	160,505	304,337
Food service	69,016	13,643	82,659	48,724	13,360	62,084	37,037	10,664	47,701
Student services	86,404	170,477	256,881	77,664	318,319	395,983	69,041	130,192	199,233
Office expense	139,720	107,827	247,547	87,977	108,357	196,334	109,105	114,979	224,084
Depreciation and amortization	119,825	129,319	249,144	136,035	99,048	235,083	154,445	105,485	259,930
Other	10,016	10,311	20,327	30,373	1,659	32,032	6,760	7,651	14,411
TOTAL EXPENSES	5,476,308	3,793,581	9,269,889	5,398,637	4,332,162	9,730,799	5,573,160	3,920,506	9,493,666
SURPLUS / (DEFICIT) FROM SCHOOL OPERATIONS	1,369,002	(107,649)	1,261,353	1,306,279	151,014	1,457,293	757,098	(28,642)	728,456
Support and other revenue:									
Contributions:									
Foundations	-	7,500	7,500	-	-	-	-	-	-
Corporate	864	-	864	400	-	400	-	-	-
Miscellaneous income	29,002	15,717	44,719	32,765	19,478	52,243	27,197	16,307	43,504
TOTAL SUPPORT AND OTHER REVENUE	29,866	23,217	53,083	33,165	19,478	52,643	27,197	16,307	43,504
CHANGE IN NET ASSETS	\$ 1,398,868	\$ (84,432)	\$ 1,314,436	\$ 1,339,444	\$ 170,492	\$ 1,509,936	\$ 784,295	\$ (12,335)	\$ 771,960

UNCOMMON NEW YORK CITY CHARTER SCHOOLS

COMBINING SCHEDULE OF ACTIVITIES, Cont'd

YEAR ENDED JUNE 30, 2016

	Leadership Preparatory Ocean Hill			Leadership Preparatory Canarsie			Uncommon Charter High School	Uncommon Collegiate Charter High School	Uncommon Preparatory Charter High School	Total
	Elementary School	Middle School	Total	Elementary School	Middle School	Total				
Revenue, gains and other support:										
Public school district:										
Resident student enrollment	\$ 6,236,271	\$ 3,505,578	\$ 9,741,849	\$ 3,233,076	\$ 3,562,055	\$ 6,795,131	\$ 3,482,768	\$ 3,676,250	\$ 2,091,641	\$ 88,039,670
Students with disabilities	150,769	235,770	386,539	37,830	299,700	337,530	185,524	158,188	113,251	5,125,283
Grants and contracts:										
Federal - Title and IDEA	308,295	83,724	392,019	3,063	206,774	209,837	14,529	11,932	3,648	3,085,785
Federal - Other	40,154	37,073	77,227	67,810	58,873	126,683	39,344	59,045	45,956	1,114,784
TOTAL REVENUE, GAINS AND OTHER SUPPORT	6,735,489	3,862,145	10,597,634	3,341,779	4,127,402	7,469,181	3,722,165	3,905,415	2,254,496	97,365,522
Personnel services costs:										
Administrative staff personnel	771,936	670,403	1,442,339	614,620	724,350	1,338,970	607,443	1,108,465	600,454	15,624,006
Instructional personnel	2,431,098	1,455,939	3,887,037	1,493,129	1,432,068	2,925,197	1,639,346	1,948,603	993,984	37,807,545
Non-instructional personnel	-	-	-	-	-	-	-	-	-	435,322
TOTAL STAFF AND SALARIES	3,203,034	2,126,342	5,329,376	2,107,749	2,156,418	4,264,167	2,246,789	3,057,068	1,594,438	53,866,873
Fringe benefits and payroll taxes	461,397	269,678	731,075	290,187	303,980	594,167	359,670	455,153	218,342	7,700,850
Retirement	53,878	50,749	104,627	43,664	54,796	98,460	57,767	69,933	37,163	1,128,326
Management fees	569,103	382,507	951,610	327,397	406,853	734,250	288,038	365,405	220,854	8,272,593
Legal services	773	992	1,765	1,779	5,929	7,708	3,022	2,031	2,606	76,858
Accounting and audit services	9,015	11,305	20,320	10,340	9,979	20,319	3,764	2,437	6,837	180,827
Other professional and consulting services	102,285	90,220	192,505	91,209	97,855	189,064	147,990	124,606	125,213	2,459,809
Building rent	-	247	247	3,372	362	3,734	-	-	-	6,384
Repairs and maintenance	4,243	9,826	14,069	4,169	14,210	18,379	270,257	456	42,525	1,024,220
Insurance	44,688	26,645	71,333	24,944	16,133	41,077	55,482	36,451	19,675	808,596
Utilities	10,549	1,785	12,334	15,998	16,537	32,535	200,228	10,757	19,374	599,874
Supplies and materials	136,111	57,579	193,690	122,532	46,150	168,682	93,658	126,267	98,012	2,235,507
Equipment/Furnishings	5,778	30,984	36,762	66,557	38,515	105,072	7,696	53,887	44,453	582,807
Professional development	167,113	115,243	282,356	96,178	102,347	198,525	87,987	172,196	78,750	2,780,538
Marketing and recruitment	26,693	24,027	50,720	21,734	20,954	42,688	10,781	14,613	10,549	488,721
Technology	91,668	100,371	192,039	114,075	117,892	231,967	107,353	225,509	113,281	2,598,562
Food service	36,990	18,070	55,060	24,697	12,563	37,260	3,517	-	3,083	417,839
Student services	65,955	223,679	289,634	16,588	143,138	159,726	76,284	100,140	52,122	3,118,824
Office expense	144,576	93,716	238,292	66,581	92,528	159,109	76,915	127,688	75,283	2,266,073
Depreciation and amortization	104,696	104,114	208,810	164,064	113,711	277,775	49,894	166,710	110,953	2,294,412
Other	3,105	16,925	20,030	2,458	3,387	5,845	2,278	3,253	3,165	191,999
TOTAL EXPENSES	5,241,650	3,755,004	8,996,654	3,616,272	3,774,237	7,390,509	4,149,370	5,114,560	2,876,678	93,100,492
SURPLUS / (DEFICIT) FROM SCHOOL OPERATIONS	1,493,839	107,141	1,600,980	(274,493)	353,165	78,672	(427,205)	(1,209,145)	(622,182)	4,265,030
Support and other revenue:										
Contributions:										
Foundations	-	-	-	-	3,000	3,000	493,120	915,000	540,000	1,958,620
Corporate	-	-	-	-	-	-	-	-	-	1,342
Miscellaneous income	28,163	15,799	43,962	6,787	7,409	14,196	26,554	14,113	19,429	439,247
TOTAL SUPPORT AND OTHER REVENUE	28,163	15,799	43,962	6,787	10,409	17,196	519,674	929,113	559,429	2,399,209
CHANGE IN NET ASSETS	\$ 1,522,002	\$ 122,940	\$ 1,644,942	\$ (267,706)	\$ 363,574	\$ 95,868	\$ 92,469	\$ (280,032)	\$ (62,753)	\$ 6,664,239

UNCOMMON NEW YORK CITY CHARTER SCHOOLS

BROOKLYN, NEW YORK

**SCHEDULES REQUIRED BY GOVERNMENT
AUDITING STANDARDS AND THE UNIFORM
GUIDANCE**

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2016



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

CONTENTS

<u>SCHEDULES REQUIRED BY GOVERNMENT AUDITING STANDARDS AND THE UNIFORM GUIDANCE</u>	<u>PAGE</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards in Accordance with the Uniform Guidance	5
Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

INDEPENDENT AUDITOR'S 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

Board of Trustees
Uncommon New York City Charter Schools

We have audited, 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, the financial statements of Uncommon New York City Charter Schools, which comprise the statement of financial position as of June 30, 2016 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 18, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Uncommon New York City Charter Schools' 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 Uncommon New York City Charter Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Uncommon New York City Charter Schools' 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.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of Uncommon New York City Charter Schools in a separate letter dated October 18, 2016.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 18, 2016



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Trustees
Uncommon New York City Charter Schools

Report on Compliance for Each Major Federal Program

We have audited Uncommon New York City Charter Schools' compliance with the compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Uncommon New York City Charter Schools' major federal programs for the year ended June 30, 2016. Uncommon New York City Charter Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Uncommon New York City Charter Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Uncommon New York City Charter Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Uncommon New York City Charter Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Uncommon New York City Charter Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of Uncommon New York City Charter Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Uncommon New York City Charter Schools' internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Uncommon New York City Charter Schools' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Uncommon New York City Charter Schools as of and for the year ended June 30, 2016, and have issued our report thereon dated October 18, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 18, 2016

UNCOMMON NEW YORK CITY CHARTER SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

	Federal CFDA Number	Pass-through Grantor's Number	Total Federal Expenditures
U.S. Department of Education:			
<u>Passed through NYS Department of Education</u>			
Title I - Grants to Local Educational Agencies	84.010	0021	\$ 2,605,601
Title IIA - Improving Teacher Quality	84.367	0147	96,115
TOTAL DEPARTMENT OF EDUCATION			2,701,716
TOTAL ALL PROGRAMS			\$ 2,701,716

NOTE A: BASIS OF PRESENTATION

The above schedule of expenditures of federal awards includes the federal grant activity of Uncommon New York City Charter Schools and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

UNCOMMON NEW YORK CITY CHARTER SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of major program:

CFDA Number:

84.010
84.367

Name of Federal Program or Cluster:

Title I - Grants to Local Education Agencies
Title IIA - Improving Teacher Quality

Dollar threshold used to distinguish between type A and type B programs:

 \$750,000

Auditee qualified as low-risk auditee? _____ yes x no

UNCOMMON NEW YORK CITY CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Cont'd
YEAR ENDED JUNE 30, 2016

FINDINGS – FINANCIAL STATEMENT AUDIT

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None.