

**STOREFRONT ACADEMY CHARTER SCHOOL
D/B/A STOREFRONT ACADEMY CHARTER
SCHOOL SOUTH BRONX**

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORTS**

**FROM DECEMBER 2, 2014 (INCEPTION)
THROUGH JUNE 30, 2016**

**STOREFRONT ACADEMY CHARTER SCHOOL
D/B/A STOREFRONT ACADEMY CHARTER
SCHOOL SOUTH BRONX**

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**STOREFRONT ACADEMY CHARTER SCHOOL
D/B/A STOREFRONT ACADEMY CHARTER
SCHOOL SOUTH BRONX**

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**Independent Auditor's Report on Financial Statements
and Supplementary Information**

**Board of Trustees
Storefront Academy Charter School
d/b/a Storefront Academy Charter School South Bronx**

Report on the Financial Statements

We have audited the accompanying financial statements of Storefront Academy Charter School d/b/a Storefront Academy Charter School South Bronx, which comprise the balance sheet as of June 30, 2016, and the related statements of activities and cash flows for the period of December 2, 2014 (inception) through June 30, 2016, 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 audits. We conducted our audits 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 Storefront Academy Charter School d/b/a Storefront Academy Charter School South Bronx as of June 30, 2016, and the changes in its net assets and its cash flows for the period of December 2, 2014 (inception) through June 30, 2016 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

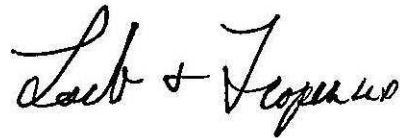
As discussed in Note 1 to the financial statements, Storefront Academy Charter School was granted its charter in December 2014 and began operations in September 2015. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information included in Schedules 1 and 2 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2016 on our consideration of Storefront Academy Charter School d/b/a Storefront Academy Charter School South Bronx's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Storefront Academy Charter School d/b/a Storefront Academy Charter School South Bronx's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Loeb & Troper". The signature is written in a cursive, flowing style.

October 13, 2016

**STOREFRONT ACADEMY CHARTER SCHOOL
D/B/A STOREFRONT ACADEMY CHARTER
SCHOOL SOUTH BRONX**

BALANCE SHEET

JUNE 30, 2016

ASSETS

Current assets	
Cash	\$ 35,425
Contributions and government grants receivable	496,348
Other receivables	<u>2,400</u>
Total current assets	534,173
Fixed assets - net (Note 3)	<u>114,545</u>
Total assets	<u><u>\$ 648,718</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 54,850
Accrued salaries and related liabilities	77,748
Refundable advance	31,272
Due to management company (Note 4)	<u>174,739</u>
Total current liabilities - Current	338,609
Net assets - unrestricted (Exhibit B)	<u>310,109</u>
Total liabilities and net assets	<u><u>\$ 648,718</u></u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**STOREFRONT ACADEMY CHARTER SCHOOL
D/B/A STOREFRONT ACADEMY CHARTER
SCHOOL SOUTH BRONX**

STATEMENT OF ACTIVITIES

**FROM DECEMBER 2, 2014 (INCEPTION)
THROUGH JUNE 30, 2016**

Operating revenues and other support	
State and local per-pupil operating revenues	\$ 1,713,502
Government grants and contracts	999,159
Contributions	278,165
Other revenues	90
	<hr/>
Total operating revenues and other support	2,990,916
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Expenses (Schedule 1)	
Program services	
Education	1,851,525
Special education	240,304
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Total program services	2,091,829
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Supporting services	
Management and general	588,978
	<hr/>
Total expenses	2,680,807
	<hr/>
Change in unrestricted net assets (Exhibit C)	310,109
Net assets - unrestricted - December 2, 2014 (inception)	<hr/> -
Net assets - unrestricted - June 30, 2016 (Exhibit A)	<hr/> <hr/> \$ 310,109

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**STOREFRONT ACADEMY CHARTER SCHOOL
D/B/A STOREFRONT ACADEMY CHARTER
SCHOOL SOUTH BRONX**

STATEMENT OF CASH FLOWS

**FROM DECEMBER 2, 2014 (INCEPTION)
THROUGH JUNE 30, 2016**

Cash flows from operating activities	
Change in net assets (Exhibit B) (Schedule 2)	\$ 310,109
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	29,656
Increase in assets	
Contributions and government grants receivable	(496,348)
Other receivables	(2,400)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	54,850
Accrued salaries and related liabilities	77,748
Refundable advances	31,272
Due to management company	174,739
	<u>179,626</u>
Net cash provided by operating activities	<u>179,626</u>
Cash flows from investing activities	
Fixed asset acquisitions	<u>(144,201)</u>
Cash flows from financing activities	
Proceeds from loans	123,758
Principal payments on loans	<u>(123,758)</u>
Net cash provided by financing activities	<u>-</u>
Net change in cash	35,425
Cash - December 2, 2014 (inception)	<u>-</u>
Cash - June 30, 2016	<u>\$ 35,425</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**STOREFRONT ACADEMY CHARTER SCHOOL
D/B/A STOREFRONT ACADEMY CHARTER
SCHOOL SOUTH BRONX**

NOTES TO FINANCIAL STATEMENTS

**FROM DECEMBER 2, 2014 (INCEPTION)
THROUGH JUNE 30, 2016**

NOTE 1 - NATURE OF ORGANIZATION

Storefront Academy Charter School (the “School”) is an educational corporation that operates as a charter school in the Borough of Bronx, New York. On December 2, 2014, the Board of Regents and the Board of Trustees of the State University of New York, on behalf of the State Education Department (NYSED), granted the School a charter valid for a term of 5 years (expiring June 30, 2020) and renewable upon expiration. The School was granted a charter for grades K - 5.

The School was organized to provide children of varied academic strengths quality educational opportunities, preparing them academically, socially and emotionally to become critical thinkers, high-achieving students and well-rounded individuals. Working in partnership with families and community members, Storefront Academy instills a powerful sense of self, and gives its students the tools to own the future and create meaningful adult lives. The School served 99 students for the school year ended June 30, 2016.

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The School is supported primarily by state and local per-pupil operating revenues.

The School has obtained a d/b/a effective September 22, 2015 under the name Storefront Academy Charter School South Bronx.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Government grants receivable - Accounts receivable from expense-based grants are recognized when earned. Interest is not accrued or recorded on outstanding receivables.

**STOREFRONT ACADEMY CHARTER SCHOOL
D/B/A STOREFRONT ACADEMY CHARTER
SCHOOL SOUTH BRONX**

NOTES TO FINANCIAL STATEMENTS

**FROM DECEMBER 2, 2014 (INCEPTION)
THROUGH JUNE 30, 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges receivable - Unconditional promises to give are recorded as receivables and revenues and are recognized when the promises are made at their net realizable value. Unconditional promises to give that are expected to be collected within one year are recorded at fair value (net of allowance for uncollectible contributions). Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates. Conditional promises to give are not included as support until the conditions are substantially met.

Allowance for doubtful accounts - The School determines whether an allowance for uncollectibles should be provided for pledges, government grants and contracts receivable. Such estimates are based on management's assessment of the aged basis of its contributions and other sources, current economic conditions and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of June 30, 2016, management has determined that no allowance was necessary.

Fixed assets - Fixed assets are recorded at cost. Items with a cost of \$3,000 or more and an estimated useful life of more than one year are capitalized. For purchases with federal award the capitalization cost is \$5,000 per unit or more and useful life greater than one year. Depreciation is provided on the straight-line basis over the estimated following useful lives of assets.

Refundable advances - Refundable advances are monies owed to New York City Department of Education when payments received exceed the per-pupil revenue.

Operating leases - Operating lease payments are charged to rental expense. Operating lease expense has been recorded on the straight-line basis over the life of the lease. Deferred rent, when material, is recorded for the difference between the fixed payment and the rent expense.

Unrestricted net assets - Unrestricted net assets include funds having no restrictions as to use or purpose imposed by donors.

State and local per-pupil operating revenues - Revenues from the state and local governments resulting from the School's charter status and based on the number of students enrolled are recorded when services are performed in accordance with the charter agreement. These grants are recorded as revenue by the School when services are rendered.

Government grants - Revenues from government grants are recorded when related expenditures are incurred by the School. Receivables are recorded when revenues are earned.

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**STOREFRONT ACADEMY CHARTER SCHOOL
D/B/A STOREFRONT ACADEMY CHARTER
SCHOOL SOUTH BRONX**

NOTES TO FINANCIAL STATEMENTS

**FROM DECEMBER 2, 2014 (INCEPTION)
THROUGH JUNE 30, 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donors. The gifts are reported as temporarily or permanently 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 time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional allocation of expenses - The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Uncertainty in income taxes - The School has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2013 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through October 13, 2016, which is the date the financial statements were available to be issued.

NOTE 3 - FIXED ASSETS

		<u>Estimated Useful lives</u>
Furniture and fixtures	\$ 120,903	7 years
Computers	<u>23,298</u>	3 years
	144,201	
Accumulated depreciation and amortization	<u>(29,656)</u>	
	<u>\$ 114,545</u>	

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**STOREFRONT ACADEMY CHARTER SCHOOL
D/B/A STOREFRONT ACADEMY CHARTER
SCHOOL SOUTH BRONX**

NOTES TO FINANCIAL STATEMENTS

**FROM DECEMBER 2, 2014 (INCEPTION)
THROUGH JUNE 30, 2016**

NOTE 4 - ACADEMIC AND SERVICES AGREEMENT

The School entered into an Academic and Business Service Agreement with Storefront Academy Harlem (SAH), an unrelated not-for-profit organization. The agreement provides academic, management and other administrative support services to the School. Pursuant to the terms of the agreement, the School shall pay SAH a service fee equivalent to 15% of the approved basic per-pupil operating revenues for the current year. In addition to the service fee, the School will reimburse SAH for a portion of the salaries and associated benefits of SAH personnel utilized by the School. The total charged to the School for the period ended June 30, 2016 was \$202,222 for academic, management and other administrative support services, and \$185,452 for shared personnel. The School reimbursed SAH \$32,450 for administrative support services in connection with the startup of the School. In addition, SAH paid for certain operating expenses on behalf of the School.

SAH provided the School with a pre-operating loan of \$123,758. The loan was non-interest-bearing, due on demand and repaid in July 2015.

In May 2015, the School began leasing space located on Willis Avenue in Bronx, NY, from SAH under a one-year operating lease which terminated on July 31, 2016. Rent expense for the period ending June 30, 2016, including charges for utilities and maintenance was \$312,188.

In May 2016, the School began leasing space located on 138th Street in Bronx, NY, from SAH under another one-year operating lease. The lease commenced on July 1, 2016 and terminates on June 30, 2017.

Minimum amounts due to SAH under the terms of the leases are as follows:

2017	\$ 452,335
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The amount due to SAH at June 30, 2016 was \$174,739.

NOTE 5 - PENSION

The School participates in the Storefront Academy Harlem 403(b) Thrift Plan, administered by SAH. Discretionary contributions are determined by the Board of Trustees. The School did not make a discretionary contribution to the plan for the period ended June 30, 2016.

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**STOREFRONT ACADEMY CHARTER SCHOOL
D/B/A STOREFRONT ACADEMY CHARTER
SCHOOL SOUTH BRONX**

NOTES TO FINANCIAL STATEMENTS

**FROM DECEMBER 2, 2014 (INCEPTION)
THROUGH JUNE 30, 2016**

NOTE 6 - CONTINGENCIES

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE 7 - CONCENTRATIONS

The School obtained approximately 57% of its operating revenues through its charter from New York State for the period ending June 30, 2016.

**STOREFRONT ACADEMY CHARTER
D/B/A STOREFRONT ACADEMY
SCHOOL SOUTH BRONX**

SCHEDULE 1

SCHEDULE OF FUNCTIONAL EXPENSES

**FROM DECEMBER 2, 2014 (INCEPTION)
THROUGH JUNE 30, 2016**

	No. of Positions	Program Services			Supporting Services	Total
		Education	Special Education	Total	Management and General	
Administrative staff	8	\$ 378,365	\$ 23,563	\$ 401,928	\$ 103,279	\$ 505,207
Instructional personnel	9	401,268	120,284	521,552		521,552
Noninstructional personnel	5	65,840	4,100	69,940		69,940
Total salaries	22	845,473	147,947	993,420	103,279	1,096,699
Payroll taxes and employee benefits		180,327	31,488	211,815	22,407	234,222
Board and staff development		27,142	1,690	28,832	7,637	36,469
Classroom supplies and textbooks		77,212	14,254	91,466		91,466
Contracted services		242,916	15,128	258,044	419,158	677,202
Depreciation and amortization		27,917	1,739	29,656		29,656
Food services		1,765	110	1,875		1,875
Insurance		41,916	2,610	44,526		44,526
Miscellaneous expenses		1,456	91	1,547		1,547
Occupancy (Note 4)		293,886	18,302	312,188		312,188
Professional fees					26,870	26,870
Repairs and maintenance		22,622	1,409	24,031		24,031
Student and staff recruitment		10,825	674	11,499	6,645	18,144
Student field trips		2,862	178	3,040		3,040
Supplies and equipment		73,168	4,557	77,725		77,725
Travel		2,038	127	2,165		2,165
Bank fees					2,982	2,982
Total expenses (Exhibit B) (Schedule 2)		\$ 1,851,525	\$ 240,304	\$ 2,091,829	\$ 588,978	\$ 2,680,807

See independent auditor's report.

SCHEDULE 2

**STOREFRONT ACADEMY CHARTER SCHOOL
D/B/A STOREFRONT ACADEMY CHARTER
SCHOOL SOUTH BRONX**

SCHEDULE OF REVENUES AND EXPENSES

**FROM DECEMBER 2, 2014 (INCEPTION)
THROUGH JUNE 30, 2016**

	December 2, 2014 through June 30, 2015	Year Ended June 30, 2016	Total
Operating revenues and other support			
State and local per-pupil operating revenues		\$ 1,713,502	\$ 1,713,502
Government grants and contracts	\$ 373,433	625,726	999,159
Contributions	2,816	275,349	278,165
Other revenues		90	90
	<u>376,249</u>	<u>2,614,667</u>	<u>2,990,916</u>
Total operating revenues and other support			
Expenses (Schedule 1)			
Program services			
Education		1,851,525	1,851,525
Special education		240,304	240,304
		<u>2,091,829</u>	<u>2,091,829</u>
Total program services			
Supporting services			
Management and general	341,801	247,177	588,978
	<u>341,801</u>	<u>2,339,006</u>	<u>2,680,807</u>
Total expenses			
Change in unrestricted net assets (Exhibit C)	\$ 34,448	\$ 275,661	\$ 310,109

See independent auditor's report.



**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**

Independent Auditor's Report

**Board of Trustees
Storefront Academy Charter School
d/b/a Storefront Academy Charter School South Bronx**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Storefront Academy Charter School d/b/a Storefront Academy Charter School South Bronx, which comprise the balance sheet as of June 30, 2016, and the related statements of activities and cash flows for the period of December 2, 2014 through June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Storefront Academy Charter School d/b/a Storefront Academy Charter School South Bronx's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Storefront Academy Charter School d/b/a Storefront Academy Charter School South Bronx's internal control. Accordingly, we do not express an opinion on the effectiveness of Storefront Academy Charter School d/b/a Storefront Academy Charter School South Bronx's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as items 2016-001 through 2016-002.

Compliance and Other Matters

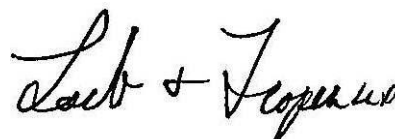
As part of obtaining reasonable assurance about whether Storefront Academy Charter School d/b/a Storefront Academy Charter School South Bronx's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2016-001.

Storefront Academy Charter School d/b/a Storefront Academy Charter School South Bronx's Response to Findings

Storefront Academy Charter School d/b/a Storefront Academy Charter School South Bronx's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Storefront Academy Charter School d/b/a Storefront Academy Charter School South Bronx's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.



October 13, 2016

**STOREFRONT ACADEMY CHARTER SCHOOL
D/B/A STOREFRONT ACADEMY CHARTER
SCHOOL SOUTH BRONX**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**FROM DECEMBER 2, 2014 (INCEPTION)
THROUGH JUNE 30, 2016**

Financial Statement Findings

2016-001 Charter Escrow Account

Criteria

The School is required to maintain an escrow account in the amount of at least \$75,000 (\$25,000 a year for the first three years of operations) to pay for legal and audit expenses that would be associated with a dissolution should it occur.

Condition/Context

At June 30, 2016, and as of the date of this report, the School has not established a separate escrow account.

Effect

The School was not in compliance with a requirement of the New York State Education Department.

Cause

The School was unaware that a separate account was required.

Recommendation

We recommend that the School establish its escrow account, and fund it to the required amount.

View of Responsible Officials and Planned Corrective Actions

See corrective action plan.

**STOREFRONT ACADEMY CHARTER SCHOOL
D/B/A STOREFRONT ACADEMY CHARTER
SCHOOL SOUTH BRONX**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**FROM DECEMBER 2, 2014 (INCEPTION)
THROUGH JUNE 30, 2016**

Financial Statement Findings (continued)

2016-002 Fiscal Oversight

Criteria

Account analysis is a required internal control to determine if the School's general ledger is accurate.

Condition/Context

For the fiscal year ended June 30, 2016, Account analysis was not performed on a regular basis.

Effect

Significant adjustments to the unaudited trial balance were required which delayed the audit process.

Cause

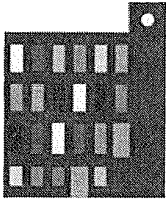
Account analysis was not performed on a regular basis.

Recommendation

We recommend that formalized account analysis be prepared periodically (at least quarterly) for each major account. Corrections should be made as part of the analysis process. The analyses should be signed and dated by both the preparer and the reviewer. The analysis should then be retained so as to allow for future reference by management.

View of Responsible Officials and Planned Corrective Actions

See corrective action plan.



**STOREFRONT
ACADEMY**
SOUTH BRONX

Expand the Possible. Own the Future.

Corrective Action Plan

2016-001 Charter Escrow Account

In October 2016, Storefront Academy Charter School South Bronx opened a separate interest bearing account and deposited the required 25,000 into the account.

2016-002 Fiscal Oversight

Storefront Academy Charter School South Bronx is currently actively looking to expand our fiscal department. The fiscal department will prepare quarterly analysis of all significant accounts.