

Middle Village Preparatory Charter School

Financial Statements

June 30, 2015 and 2014

Independent Auditors' Report

**Board of Trustees
Middle Village Preparatory Charter School**

Report on the Financial Statements

We have audited the accompanying financial statements of Middle Village Preparatory Charter School, which comprise the statements of financial position as of June 30, 2015, and 2014, and the related statements of activities and cash flows for the year ended June 30, 2015 and for the period January 1, 2013 (commencement of operations) through June 30, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 auditors' 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 Middle Village Preparatory Charter School as of June 30, 2015 and 2014 and the changes in its net assets and its cash flows for the year ended June 30, 2015 and for the period January 1, 2013 (commencement of operations) through June 30, 2014 in accordance with accounting principles generally accepted in the United States of America.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 11 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 15, 2015 on our consideration of Middle Village Preparatory Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Middle Village Preparatory Charter School's internal control over financial reporting and compliance.

O'Connor Davies, LLP

October 15, 2015

Middle Village Preparatory Charter School

Statements of Financial Position

	June 30,	
	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 430,210	\$ 170,362
Grants and accounts receivable	102,920	113,034
Prepaid expenses and other assets	33,958	11,599
Restricted cash	50,001	25,000
Property and equipment, net	<u>894,081</u>	<u>742,096</u>
	<u>\$ 1,511,170</u>	<u>\$ 1,062,091</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 267,394	\$ 266,090
Line of credit	-	50,000
Loan payable	447,026	409,913
Deferred revenue	<u>2,067</u>	<u>30,774</u>
Total Liabilities	<u>716,487</u>	<u>756,777</u>
Net Assets, Unrestricted	<u>794,683</u>	<u>305,314</u>
	<u>\$ 1,511,170</u>	<u>\$ 1,062,091</u>

See notes to financial statements

Middle Village Preparatory Charter School

Statements of Activities

	Year ended June 30, 2015	Period January 1, 2013 (commencement of operations) through June 30, 2014
REVENUE AND SUPPORT		
Public School District -		
State and local per pupil operating revenue	\$ 3,564,279	\$ 1,700,264
Government grants and contracts	190,096	775,390
Other income	164,231	44,209
Total Revenue	3,918,606	2,519,863
EXPENSES		
Program services	2,978,196	1,782,089
Management and general	451,041	432,460
Total Expenses	3,429,237	2,214,549
Change in Net Assets	489,369	305,314
NET ASSETS, UNRESTRICTED		
Beginning of period	305,314	-
End of period	\$ 794,683	\$ 305,314

See notes to financial statements

Middle Village Preparatory Charter School

Statements of Cash Flows

	Year ended June 30, 2015	Period January 1, 2013 (commencement of operations) through June 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from per pupil operating revenue and government grants and contracts	\$ 3,735,782	\$ 2,393,394
Other income	<u>164,231</u>	<u>44,209</u>
Total Cash Received	<u>3,900,013</u>	<u>2,437,603</u>
Cash paid for payroll and benefits	1,527,078	862,912
Cash paid for interest	1,075	
Cash paid to vendors	<u>1,663,964</u>	<u>923,404</u>
Total Cash Paid	<u>3,192,117</u>	<u>1,786,316</u>
Net Cash from Operating Activities	<u>707,896</u>	<u>651,287</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(410,160)	(915,838)
Increase to restricted cash	<u>(25,001)</u>	<u>(25,000)</u>
Net Cash from Investing Activities	<u>(435,161)</u>	<u>(940,838)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from line of credit	-	100,000
Payments on line of credit	(50,000)	(50,000)
Borrowings on loan payable	127,114	409,913
Payments on loan payable	<u>(90,001)</u>	<u>-</u>
Net Cash from Financing Activities	<u>(12,887)</u>	<u>459,913</u>
Net Change in Cash	259,848	170,362
CASH		
Beginning of period	<u>170,362</u>	<u>-</u>
End of period	<u>\$ 430,210</u>	<u>\$ 170,362</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in net assets	\$ 489,369	\$ 305,314
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	258,175	173,742
Change in operating assets and liabilities		
Grants and accounts receivable	10,114	(113,034)
Prepaid expenses and other assets	(22,359)	(11,599)
Accounts payable and accrued expenses	1,304	266,090
Deferred revenue	<u>(28,707)</u>	<u>30,774</u>
Net Cash from Operating Activities	<u>\$ 707,896</u>	<u>\$ 651,287</u>

See notes to financial statements

Middle Village Preparatory Charter School

Notes to Financial Statements
June 30, 2015 and 2014

1. Organization and Tax Status

Middle Village Preparatory Charter School (the "School") is a public charter school that prepares students with the academic skills, strength of character and social and emotional well-being to excel in high school and college, to lead in their communities and to realize their best possible selves.

The School operates in Middle Village, New York. On January 1, 2013, the Board of Regents of the University of the State of New York granted the School a provisional charter valid for a term of five years and renewable upon expiration. The school opened with its first academic year in the fall of 2013 with sixth grade, and will add a grade each year until it serves sixth through eighth grade.

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The School's primary sources of income are from per pupil tuition and other government funding.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies, if any, at the date of the financial statements, and the reported amounts of support and revenue and expenses during the period then ended. Actual results could differ from those estimates.

Restricted Cash

Included in restricted cash is an escrow fund of \$50,001 as of June 30, 2015 and \$25,000 as of June 30, 2014 to cover debts in the event of the School's dissolution. According to Section 2851(2)(t) of the Charter School Law, the School will maintain no less than \$75,000 in an escrow account. The escrow account will be no less than \$25,000 by April 1 of year 1 (June 30, 2014) of the School's operation. By April 1 of year 2 (June 30, 2015), the balance will be no less than \$50,000, and by April 1, of year 3 (June 30, 2016) it will be no less than \$75,000.

Property and Equipment

Property and equipment is recorded at cost. Additions and improvements or betterments in excess of \$1,000 with an estimated useful life of more than one year are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or term of the related lease.

Middle Village Preparatory Charter School

Notes to Financial Statements
June 30, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

The School reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the School recognizes an impairment loss. No impairment losses were recognized at June 30, 2015 and 2014.

Presentation of Net Assets

The net assets of the School and changes therein are classified as unrestricted, temporarily restricted and permanently restricted based on the existence or absence of donor-imposed restrictions. Unrestricted net assets are those that are not subject to donor-imposed stipulations. Temporarily restricted net assets represent contributions with donor-imposed restrictions that have not yet been satisfied or are time restricted. 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 restriction. Permanently restricted net assets are those which are established by donor gifts to provide a permanent endowment. There were no temporarily or permanently restricted net assets at June 30, 2015 and 2014.

Revenue Recognition

Revenue from state and local governments under the charter agreement is based on the number of students enrolled and recorded when services are performed in accordance with the charter agreement.

Revenue from federal, state and local government grants and contracts is recognized by the School when qualifying expenditures are incurred. Funds received in advance for which qualifying expenditures have not been incurred are reflected as deferred revenue in the accompanying statement of financial position.

The School follows U.S. GAAP guidance on accounting for contributions received and contributions made. Accordingly, contributed assets are recorded at fair value at date of donation. Services are recognized as revenue and assets or expenses at fair value if those services (a) create or enhance nonfinancial assets, (b) would typically need to be purchased by the School if they had not been provided by contribution or (c) require specialized skills and are provided by individuals with those skills.

A number of volunteers have made a contribution of their time to the School to develop its programs and to serve on the School's board of trustees. The value of such contributed time is not reflected in these financial statements because it does not meet the criteria for recognition.

Middle Village Preparatory Charter School

Notes to Financial Statements
June 30, 2015 and 2014

3. Summary of Significant Accounting Policies (*continued*)

Functional Expenses

Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications based upon benefits received.

Expenses are classified according to the functional categories for which they are incurred, as follows:

General Education Program Services – represents expenses directly associated with general education.

Special Education Program Services – represents expenses directly associated with special education for certain students requiring additional attention and guidance.

Management and General – represents expenses related to the overall administration and operation of the School that are not associated with any education services or fundraising.

Marketing and Recruitment

Marketing and recruitment costs are expensed as incurred for staff and student recruitment. Marketing and recruitment costs for the year ended June 30, 2015 and for the eighteen month period ended June 30, 2014 was \$16,029 and \$18,742.

Operating Leases

Operating leases are classified in accordance with the terms of the underlying agreements. Operating lease payments are charged to rental expense. Rent expense is recorded on a straight-line basis. Deferred rent is recorded when there are material differences between the fixed payment and the rent expense.

Accounting For Uncertainty in Income Taxes

The School recognizes the effect of income tax positions only when they are more likely than not to be sustained. Management has determined that the School had no uncertain tax positions that would require financial statement recognition or disclosure. The School is subject to examination by applicable taxing authorities since inception in 2013.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through October 15, 2015, which is the date that the financial statement was available to be issued.

Middle Village Preparatory Charter School

Notes to Financial Statements
June 30, 2015 and 2014

3. Concentration of Credit Risk and Revenue

The School maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

The School receives a majority of its revenues from the New York State Education Department through the Charter Schools Institute of the State of New York. The Charter Schools Institute of the State of New York provides general operating support to the School based upon the location and the number of students enrolled. Per pupil general education and special education support provided to the School totaled \$3,564,279 and \$1,700,264 for the year ended June 30, 2015 and for the eighteen month period ended June 30, 2014. The School is dependent upon this level of funding in order to continue its operations.

The School entered into contractual arrangements with certain governmental funding sources. The governmental agencies may request return of funds as a result of noncompliance by the School, as well as additional funds for the use of facilities. The accompanying financial statements make no provision for the possible disallowance or refund, because management does not believe that there are any liabilities to be recorded.

4. Grants and Accounts Receivable

Grants and accounts receivable are deemed to be fully collectible by management and consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
State	<u>\$ 102,920</u>	<u>\$ 113,034</u>

5. Property and Equipment, Net

Property and equipment consist of the following at June 30:

	<u>2015</u>	<u>2014</u>	<u>Estimated Useful Lives</u>
Computers and other equipment	\$ 381,653	\$ 225,778	3
Furniture and fixtures	250,875	179,577	7
Leasehold improvements	<u>693,470</u>	<u>510,483</u>	5
	1,325,998	915,838	
Accumulated depreciation and amortization	<u>(431,917)</u>	<u>(173,742)</u>	
	<u>\$ 894,081</u>	<u>\$ 742,096</u>	

Middle Village Preparatory Charter School

Notes to Financial Statements
June 30, 2015 and 2014

6. Line of Credit

The School entered into a line of credit with Victory Education Partners (“VEP”) in the amount of \$150,000 with interest at the rate of 3% per annum, compounded monthly, payable within the first or second year of operation. The line of credit had an outstanding balance of \$50,000 at June 30, 2014 and was fully repaid as of June 30, 2015. Interest expense for the year ended June 30, 2015 and for the eighteen month period ended June 30, 2014 was \$3,298 and \$1,075.

7. Loan Payable

The School has a loan payable of \$447,026 and \$409,913 at June 30, 2015 and 2014 to the lessor for renovations made pursuant to the lease agreement discussed in Note 8. The loan is unsecured and non-interest bearing and is to be paid in full by 2018.

8. Operating leases

On February 1, 2013, the School entered into a lease agreement for a period of five years and five months terminating on June 30, 2018. The lease may be renewed for an additional five years with the same terms. The rate of rent stays flat without increase during the term of the lease, but, as the space utilization increases, the rent is proportionately increased. The rent for additional space is calculated and charged in proportion to the increase in floor space. The initial base rent per year is \$240,000 rising to \$720,000 during the last period of the lease. Rent expense for the year ended June 30, 2015 and for the period January 1, 2013 to June 30, 2014 was \$480,000 and \$266,667.

Future minimum rental expense for the years ending June 30, based on anticipated square footage space, is as follows:

2016	\$ 720,000
2017	720,000
2018	<u>720,000</u>
	<u>\$ 2,160,000</u>

9. Employee Benefit Plan

The School maintains a deferred compensation plan for all qualified employees. The School elects to make contributions to the plan on a discretionary basis. For the year ended June 30, 2015 and the eighteen month period ended June 30, 2014, the School contributed \$37,082 and \$21,026 to the plan.

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Middle Village Preparatory Charter School

Supplemental Information

June 30, 2015

Middle Village Preparatory Charter School

Schedule of Functional Expenses

For the year ended June 30, 2015

(with summarized totals for the period January 1, 2013 (commencement of operations) through June 30, 2014)

	No. of Positions	2015					2014	
		Program services			Management and General	Total	Total	Total
		Regular Education	Special Education	Total				
	229.425	199.425	30.000					
Personnel Services Costs								
Administrative Staff Personnel	5	\$ 176,326	\$ 45,381	\$ 221,707	\$ 125,343	\$ 125,343	\$ 347,050	\$ 356,686
Instructional Personnel	8	856,936	128,911	985,847	-	-	985,847	444,000
Non-instructional Personnel	-	-	-	-	3,040	3,040	3,040	60,000
Total Salaries and Staff	13	1,033,262	174,292	1,207,554	128,383	128,383	1,335,937	860,686
Fringe benefits and payroll taxes		154,777	26,108	180,885	19,231	19,231	200,116	118,731
Retirement		28,681	4,838	33,519	3,564	3,564	37,083	21,026
Legal service		-	-	-	11,836	11,836	11,836	11,428
Accounting/audit services		-	-	-	68,465	68,465	68,465	68,882
Building and land rent / lease		371,249	62,623	433,872	46,128	46,128	480,000	266,667
Repairs and maintenance		201,957	34,066	236,023	25,093	25,093	261,116	128,617
Insurance		4,781	806	5,587	54,704	54,704	60,291	42,439
Utilities		116,015	19,570	135,585	14,415	14,415	150,000	72,000
Supplies/materials		134,327	22,658	156,985	16,690	16,690	173,675	124,286
Equipment/furnishings		11,415	1,926	13,341	1,418	1,418	14,759	11,853
Staff development		4,671	788	5,459	580	580	6,039	13,793
Marketing/recruitment		12,397	2,091	14,488	1,540	1,540	16,028	18,742
Technology		4,023	679	4,702	500	500	5,202	4,312
Food service		89,033	15,018	104,051	11,062	11,062	115,113	72,861
Student services		114,778	19,361	134,139	14,261	14,261	148,400	98,553
Office expense		17,521	2,955	20,476	2,177	2,177	22,653	35,325
Depreciation and amortization		199,682	33,683	233,365	24,811	24,811	258,176	173,742
Other		49,770	8,395	58,165	6,183	6,183	64,348	70,606
Total Expenses		<u>\$ 2,548,339</u>	<u>\$ 429,857</u>	<u>\$ 2,978,196</u>	<u>\$ 451,041</u>	<u>\$ 451,041</u>	<u>\$ 3,429,237</u>	<u>\$ 2,214,549</u>

**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 Auditors' Report

**Board of Trustees
Middle Village Preparatory Charter School**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Middle Village Preparatory Charter School (the "School"), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 15, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Additional matters were communicated to management in a separate letter.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

O'Connor Davies, LLP

October 15, 2015

Middle Village Preparatory Charter School

Report on Applying Agreed-Upon Procedures
Statement of Compliance with Charter School Program (“CSP”) Grant
For the year ended June 30, 2015

**Board of Trustees
Middle Village Preparatory Charter School****Independent Accountants' Report on Applying Agreed Upon Procedures**

We have performed the procedures identified below, which were agreed to by the management of Middle Village Preparatory Charter School (the "Charter School") and the New York State Education Department solely to assist the specified parties in evaluating the School's assertion to the New York State Education Department ("NYSED") (the Specified Parties) that it has maintained compliance with the requirements of the Charter School Program ("CSP"), CSP grant and Federal and NYSED guidelines in managing the CSP grant for the year ended June 30, 2015.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specific users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the related results are as follows:

Procedure #1: We obtained the detail of expenditures incurred for the period under review relating to the CSP grant from the Charter School's accounting software and reconciled it to the grant revenue recorded by the Charter School.

Result: We obtained a copy of the Charter School's detail of expenditures and noted that it reconciled to the CSP grant revenue recorded by the Charter School. No differences were noted.

Procedure #2: We obtained the NYSED approved CSP grant award information, including the budget and any amendments. We compared the revenues and expenditures with the budget and looked for variances that exceeded 10% or \$1,000, whichever is greater (the threshold which would require a budget modification according to the FS-10A instructions).

Result: We obtained and read the NYSED approved CSP grant agreement and budgets. We compared the revenues and expenditures with the budget and noted that there are no variances that required budget modification.

Procedure #3: We selected a sample of expenditures from the detail obtained in Procedure #1 as follows.

- a. Payroll - We selected 10 items or 10% of the total number of payroll items charged to the grant, whichever is less.
- b. Other expenses - We selected 10 items or 10% of the total number of other than payroll items charged to the grant, whichever is less.

Board of Trustees
Middle Village Preparatory Charter School
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- c. Using the above selected items, we:
- I. Determined if the expenditure was in accordance with the purpose of the grant and that pre-opening expenditures charged to pre-opening periods. (See non-regulatory guidance on the CSP grant at <http://www.p12.nysed.gov/psc/grants.html>)
 - II. Determined if the expenditure fell into an approved budget category
 - III. Determined if the expenditure was charged to the appropriate fiscal period

Result: We selected expenditure items from the detail of expenditures incurred for the year under review relating to the CSP grant. We selected 1 payroll item charged to the CSP grant because there was only 1 payroll item recorded. We selected 2 other than payroll items charged to CSP grant because there were only 14 items recorded.

For the expenditures selected, we determined that the expenditures appear to be in accordance with the purpose of the grant. We also determined that the expenditures fall into approved budget categories and are charged to the appropriate fiscal period.

Procedure #4: We obtained FS-25 form(s) submitted to NYSED during the period under review and performed the following:

- a. Trace expenditures selected in Procedure #3 to requests for reimbursement. Determined that items requested for reimbursement had previously been expended or were expended within a month following the request for reimbursement. If items have not yet been requested for reimbursement, inquired of responsible charter school officials as to the plan for requesting reimbursement, and determine if a receivable is recorded, if appropriate.
- b. If FS-25 forms included amounts on Line 4 (Cash Expenditures Anticipated During Next Month), we selected one FS-25 and determined if funds were expended within 1 month following the date of the request.

Result: We obtained the FS-25 forms submitted to NYSED for the year ended June 30, 2015 and determined that items requested for reimbursement had previously been expended by tracing expenditures selected in procedure 3 to the request for reimbursement. We inquired about items that have not yet been requested for reimbursements and determined that the Charter School has no pending request for reimbursements and that a receivable is not necessary to be recorded. We scanned the FS-25 forms submitted to NYSED and determined that there were no funds listed as cash expenditures anticipated during next month.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on Middle Village Preparatory Charter School's compliance with the requirements of the CSP grant. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Board of Trustees
Middle Village Preparatory Charter School
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This report is intended solely for the information and use of the Board of Trustees and management of Middle Village Preparatory Charter School and the New York State Education Department, and it is not intended to be and should not be used by anyone other than the specified parties.

O'Connor Davies, LLP

October 15, 2015