

**Audited Financial Statements In Accordance  
With Government Auditing Standards**

**June 30, 2016**

# JOHN V. LINDSAY WILDCAT CHARTER SCHOOL

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## **Independent Auditors' Report**

To the Board of Trustees of  
John V. Lindsay Wildcat Charter School

### **Report on the Financial Statements**

We have audited the accompanying financial statements of John V. Lindsay Wildcat Charter School (the "School"), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, 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.

### **Auditors' 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 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 organization'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 organization'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**

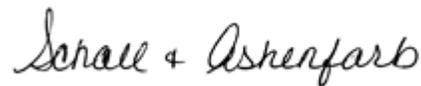
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of John V. Lindsay Wildcat Charter School as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the School's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 8, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2016 on our consideration of the 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 the School's internal control over financial reporting and compliance.



Schall & Ashenfarb  
Certified Public Accountants, LLC

October 6, 2016

**JOHN V. LINDSAY WILDCAT CHARTER SCHOOL**  
**STATEMENT OF FINANCIAL POSITION**  
**AT JUNE 30, 2016**  
(With comparative totals at June 30, 2015)

**Assets**

	6/30/16	6/30/15*
Current assets:		
Cash and cash equivalents	\$1,591,216	\$2,037,999
Restricted cash	70,273	70,229
Investments (Note 3)	2,136,297	2,056,141
Grants receivable - New York City (Note 5)	19,698	0
Grants receivable	160,448	54,133
Other receivables	72,026	13,437
Prepaid expenses	51,232	20,049
Total current assets	4,101,190	4,251,988
Non-current assets:		
Fixed assets (Note 4)	263,130	325,406
Security deposit	500,000	490,000
Total non-current assets	763,130	815,406
Total assets	\$4,864,320	\$5,067,394

**Liabilities and Net Assets**

Liabilities:		
Accounts payable	\$83,398	\$60,317
Accrued expenses	1,790,440	1,201,115
Grant advance - New York City (Note 5)	0	34,730
Deferred rent (Note 8)	944,007	1,041,305
Total liabilities	2,817,845	2,337,467
Net assets:		
Unrestricted	2,037,632	2,720,698
Temporarily restricted (Note 6)	8,843	9,229
Total net assets	2,046,475	2,729,927
Total liabilities and net assets	\$4,864,320	\$5,067,394

\* Reclassified for comparative purposes.

*The attached notes and auditors' report are an integral part of these financial statements.*

**JOHN V. LINDSAY WILDCAT CHARTER SCHOOL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
(With comparative totals for the year ended June 30, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 6/30/16</u>	<u>Total 6/30/15</u>
Public support and revenue:				
Public school district (Note 5):				
Revenue - resident student enrollment	\$6,792,792		\$6,792,792	\$6,606,884
Revenue - students with special education services	922,112		922,112	1,135,897
Total public school district revenue	<u>7,714,904</u>	<u>0</u>	<u>7,714,904</u>	<u>7,742,781</u>
Other government grants	842,927		842,927	524,344
Private grants	29,890	50,000	79,890	83,437
In-kind contributions	6,080		6,080	7,232
Investment income (Note 3)	103,506		103,506	37,530
Other	80,633		80,633	83,840
Net assets released from restriction	50,386	(50,386)	0	0
Total public support and revenue	<u>8,828,326</u>	<u>(386)</u>	<u>8,827,940</u>	<u>8,479,164</u>
Expenses:				
Program services:				
Regular education	5,859,100		5,859,100	5,151,558
Special education	2,538,913		2,538,913	1,911,689
Other programs	0		0	469,661
Total program services	<u>8,398,013</u>	<u>0</u>	<u>8,398,013</u>	<u>7,532,908</u>
Supporting services:				
Management and general	1,094,350		1,094,350	1,150,317
Fundraising	19,029		19,029	19,560
Total expenses	<u>9,511,392</u>	<u>0</u>	<u>9,511,392</u>	<u>8,702,785</u>
Change in net assets	(683,066)	(386)	(683,452)	(223,621)
Net assets - beginning	<u>2,720,698</u>	<u>9,229</u>	<u>2,729,927</u>	<u>2,953,548</u>
Net assets - ending	<u>\$2,037,632</u>	<u>\$8,843</u>	<u>\$2,046,475</u>	<u>\$2,729,927</u>

*The attached notes and auditors' report are an integral part of these financial statements.*

**JOHN V. LINDSAY WILDCAT CHARTER SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
(With comparative totals for the year ended June 30, 2015)

	Program Services			Supporting Services		Total Expenses 6/30/16	Total Expenses 6/30/15
	Regular Education	Special Education	Total Program Services	Management and General	Fundraising		
Salaries	\$2,915,057	\$1,431,470	\$4,346,527	\$719,696	\$0	\$5,066,223	\$4,304,295
Employee benefits and payroll taxes	822,572	391,258	1,213,830	179,226		1,393,056	1,408,777
Total personnel services	<u>3,737,629</u>	<u>1,822,728</u>	<u>5,560,357</u>	<u>898,922</u>	<u>0</u>	<u>6,459,279</u>	<u>5,713,072</u>
Professional development	54,721	18,761	73,482	4,687		78,169	82,964
Professional fees	171,799	54,252	226,051	18,230		244,281	90,318
Student and staff recruitment			0	865		865	1,687
Curriculum and classroom expense	165,486	52,259	217,745			217,745	279,549
Supplies and materials			0	847		847	658
Food service	1,032		1,032			1,032	1,578
Travel and conferences	14,333	4,914	19,247	1,225		20,472	10,205
Postage, printing, and copying	11,359	3,894	15,253	969		16,222	22,286
Insurance	42,021	14,407	56,428	3,601		60,029	58,577
Information technology	7,071	2,233	9,304	7,588		16,892	25,409
Leased equipment	29,288	10,041	39,329	2,509		41,838	44,644
Non-capitalized equipment and furnishings			0			0	2,216
Repairs and maintenance	31,042	10,618	41,660	2,588		44,248	37,666
Occupancy and facility costs	1,298,837	444,361	1,743,198	108,312		1,851,510	1,833,463
Utilities	168,969	57,818	226,787	14,120		240,907	272,613
Depreciation and amortization	93,054	31,904	124,958	7,976		132,934	129,975
Special events (including in-kind services)			0		19,029	19,029	19,560
Other	32,459	10,723	43,182	21,911		65,093	76,345
Total expenses	<u>\$5,859,100</u>	<u>\$2,538,913</u>	<u>\$8,398,013</u>	<u>\$1,094,350</u>	<u>\$19,029</u>	<u>\$9,511,392</u>	<u>\$8,702,785</u>

*The attached notes and auditors' report are an integral part of these financial statements.*

**JOHN V. LINDSAY WILDCAT CHARTER SCHOOL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
(With comparative totals for the year ended June 30, 2015)

	<u>6/30/16</u>	<u>6/30/15*</u>
Cash flows from operating activities:		
Change in net assets	(\$683,452)	(\$223,621)
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation and amortization	132,934	129,975
Unrealized (gain)/loss on investments	(100,347)	45,163
Changes in assets and liabilities:		
Restricted cash	(44)	(57)
Grants receivable	(106,315)	(26,862)
Other receivables	(58,589)	4,822
Prepaid expenses	(31,183)	101,590
Security deposit	(10,000)	0
Accounts payable	23,081	17,084
Accrued expenses	589,325	80,375
Conditional contributions	0	(5,096)
Grant receivable/advance - New York City	(54,428)	(35,969)
Deferred rent	(97,298)	(16,892)
Total adjustments	<u>287,136</u>	<u>294,133</u>
Net cash (used for)/provided by operating activities	<u>(396,316)</u>	<u>70,512</u>
Cash flows from investing activities:		
Fixed asset acquisitions	(70,658)	(103,104)
Purchase of investments (including reinvestment of interest), net of fees	0	(65,034)
Sales of investments	20,191	0
Net cash used for investing activities	<u>(50,467)</u>	<u>(168,138)</u>
Net decrease in cash and cash equivalents	(446,783)	(97,626)
Cash and cash equivalents - beginning of year	<u>2,037,999</u>	<u>2,135,625</u>
Cash and cash equivalents - end of year	<u>\$1,591,216</u>	<u>\$2,037,999</u>
Supplemental data:		
Interest and taxes paid	<u>\$0</u>	<u>\$0</u>

\* Reclassified for comparative purposes.

*The attached notes and auditors' report are an integral part of these financial statements.*

**JOHN V. LINDSAY WILDCAT CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**Note 1 - Organization and Nature of Activities**

Effective September 1, 2000, John V. Lindsay Wildcat Charter School (the "School") was granted a charter by the University of the State of New York, Education Department. The School's charter which ended August 31, 2016 was renewed for five more years by the New York State Board of Regents to 2021. The School is an inner city high school serving adolescents who are at risk of failure due to poor attendance, disruptive behavior, criminal activity and poor academic achievement.

The School was organized under the Not-For-Profit Corporation Law of the State of New York and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar NYS statutes.

**Note 2 - Significant Accounting Policies**

a. Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

The School's net assets are classified based upon the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted* – represent those resources for which there are no restrictions by donors as to their use.
- *Temporarily restricted* – represent those resources, the uses of which have been restricted by donors to specific purposes or the passage of time. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor. When the restrictions from temporarily restricted contributions have been met in the year of donation, they are reported as unrestricted.

b. Cash and Cash Equivalents

The School considers all certificates of deposit and any debt investments with an initial maturity of three months or less to be cash and cash equivalents except for cash held with an investment custodian for long-term purposes.

c. Concentration of Credit Risk

Financial instruments that potentially subject the School to concentration of credit risk consist of cash, money market accounts, and investment securities, which are placed with financial institutions that management deems to be creditworthy. The market value of investments is subject to fluctuation; however, management believes the investment policy is prudent for the long-term welfare of the School. At year-end and at

various times throughout the year, balances were in excess of insured amounts. The School has not suffered any losses due to bank failure.

d. Fair Value Measurement

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the School has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significance to the overall fair value measurement.

The following have been recorded at fair value:

- Investments
- Donated services

e. Investments

Investments have been recorded at fair value. Unrealized gains and losses are included in income.

f. Government Grants

Government grants that have traits more similar to contracts for service are treated as exchange transactions and are recognized as income when earned. The difference between grants earned and cash received is recorded as either grants receivable or government grant advances.

The School reviews receivables that are unlikely to be collected based on historical experience and a review of activity subsequent to the balance sheet date. No allowance for doubtful accounts exists as of June 30, 2016. Write-offs will be made directly to operations in the period the receivable is deemed to be uncollected.

g. Fixed Assets

Property and equipment that exceed pre-determined amounts and have a useful life of greater than one year are recorded at cost or at the fair value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

Office equipment – *3 year life*

Furniture and fixtures – *7 year life*

Leasehold improvements – *Life of lease*

h. Revenues – Public School District

The School receives grants from the New York City Department of Education (“NYCDOE”) to carry out its operations. Program revenues are recognized based on rates established by the School’s funding sources and the amount realizable on the accrual basis in the period during which services are provided.

i. Contributions

Contributions are recorded as revenue at the earlier of the receipt of cash or the time a pledge is considered unconditional. Contributions are treated as unrestricted and available for general operations unless they contain restrictions by the donor for specific programs or time periods, in which case they are reported in the temporarily restricted class of net assets. The School has not received any contributions that must be retained permanently as endowment; therefore, the permanently restricted net asset class has not been used.

Contributions expected to be received within one year are recorded at their net realizable value. Conditional contributions are recognized as income when the conditions have been substantially met. All receivables at year-end are due to be collected within one year.

j. Donated Goods and Services

Donated goods and services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind, are recognized at fair value. The School received \$6,080 and \$7,232 of goods and services in relation to fundraising for the years ended June 30, 2016 and 2015, respectively.

k. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

l. 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.

m. Prior-Year Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School’s financial statements for the year ended June 30, 2015, from which the summarized information was derived.

n. Accounting for Uncertainty of Income Taxes

The School does not believe its financial statements include any material, uncertain tax positions. Tax returns for periods ending June 30, 2013 and later are subject to examination by applicable taxing authorities.

o. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the balance sheet through October 6, 2016, the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date through our evaluation date that would require adjustment to or disclosure in the financial statements.

p. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the June 30, 2019 year, with early implementation permitted, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. The School has not yet evaluated the impact this will have on future statements.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU, which becomes effective for the June 30, 2021 year, requires all leases to be reflected as assets and liabilities on the statement of financial position.

**Note 3 - Investments**

The following summarizes the composition of investments:

	<u>June 30, 2016</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash	\$54,908	\$0	\$54,908
Equity funds	836,552	0	836,552
Corporate bonds	313,551	0	313,551
Government securities	0	382,207	382,207
Equity funds	<u>549,079</u>	<u>0</u>	<u>549,079</u>
	<u>\$1,754,090</u>	<u>\$382,207</u>	<u>\$2,136,297</u>
	<u>June 30, 2015</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash	\$59,546	\$0	\$59,546
Equity funds	797,546	0	797,546
Corporate bonds	293,855	0	293,855
Government securities	0	359,500	359,500
Equity funds	<u>545,694</u>	<u>0</u>	<u>545,694</u>
	<u>\$1,696,641</u>	<u>\$359,500</u>	<u>\$2,056,141</u>

Level 1 securities are valued at the closing price reported on the active market they are traded on. Level 2 securities are valued using observable market inputs for securities that are similar to those owned. This method produces a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

The following summarizes investment income:

	<u>6/30/16</u>	<u>6/30/15</u>
Interest and dividends income	\$3,159	\$82,693
Unrealized gain/(loss) on investments	<u>100,347</u>	<u>(45,163)</u>
	<u>\$103,506</u>	<u>\$37,530</u>

**Note 4 - Fixed Assets**

Fixed assets consist of the following:

	<u>6/30/16</u>	<u>6/30/15</u>
Furniture and fixtures	\$53,665	\$51,863
Office equipment	973,842	912,586
Leasehold improvements	<u>517,069</u>	<u>509,469</u>
Total fixed assets - cost	1,544,576	1,473,918
Less: accumulated depreciation	<u>(1,281,446)</u>	<u>(1,148,512)</u>
Total fixed assets, net	<u>\$263,130</u>	<u>\$325,406</u>

**Note 5 - Advance Payable/Grant Receivable - New York City Department of Education**

	<u>6/30/16</u>	<u>6/30/15</u>
Beginning advance payable	(\$34,730)	(\$70,699)
Funding based on allowable FTE's	7,714,904	7,742,781
Advances received	<u>(7,660,476)</u>	<u>(7,706,812)</u>
Ending grant receivable/(advance payable)	<u>\$19,698</u>	<u>(\$34,730)</u>

**Note 6 - Temporarily Restricted Net Assets**

A summary of temporarily restricted net assets is as follows:

	<u>June 30, 2016</u>			
	<u>7/1/15</u>	<u>Restricted Contributions</u>	<u>Released from Restrictions</u>	<u>6/30/16</u>
Counseling Staff Position	<u>\$9,229</u>	<u>\$50,000</u>	<u>(\$50,386)</u>	<u>\$8,843</u>

	<u>June 30, 2015</u>			
	<u>7/1/14</u>	<u>Restricted Contributions</u>	<u>Released from Restrictions</u>	<u>6/30/15</u>
Counseling Staff Position	<u>\$11,307</u>	<u>\$50,000</u>	<u>(\$52,078)</u>	<u>\$9,229</u>

**Note 7 - Significant Concentrations**

The School and NYCDOE signed an agreement, which permits the School to operate the charter. Approximately 87% and 91% of the School's total public support and revenue was received from NYCDOE in 2016 and 2015, respectively.

**Note 8 - Commitments**

The School occupies space in lower Manhattan and the Bronx under separate lease agreements that expire on October 31, 2017 and August 31, 2022, respectively. Subsequent to year end, the Manhattan lease was renewed through June 30, 2028.

Future minimum payments due under the leases are as follows:

	<u>Amount</u>
Year-ending: June 30, 2017	\$1,977,372
June 30, 2018	2,000,905
June 30, 2019	2,033,907
June 30, 2020	2,132,238
June 30, 2021	2,173,552
Thereafter	<u>10,332,243</u>
Total	<u>\$20,650,217</u>

Rent expense is recognized evenly over the life of each lease using the straight-line method. In the earlier years of the lease, as rent expense exceeds amounts paid, a deferred rent liability is created. As payments exceed the amount of expense recognized, deferred revenue will be reduced until it is zero at the end of the lease.

**Note 9 - Multi-Employer Benefit Plan**

The School participates in a multi-employer plan that provides defined benefits to certain contract labor covered by a collective bargaining agreement which expires October 31, 2018. The School contributed \$365,140 and \$418,323 to the plan during the years ended June 30, 2016 and 2015, respectively. The School's participation in this plan for the annual period ended June 30, 2016 is outlined below. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN"). The most recent Pension Protection Act ("PPA") zone status is not applicable because it is a government plan.

Information on the Teachers' Retirement System of the City of New York Pension Plan as of June 30, 2016 is as follows:

<u>EIN/Pension Plan Number</u>	<u>Plan End Date</u>	<u>PPA Zone Status</u>	<u>Collective Bargaining Agreement Expiration Date</u>	<u>Contribution</u>
90-0084726	6/30/16	N/A	10/31/2018	<u>\$365,140</u>

**Note 10 - 403(b) Plan**

The School has a retirement plan under IRS Section 403(b). All eligible employees (as defined by the plan) may elect to defer a portion of their salary and contribute to this plan up to statutory amounts. The School can provide a discretionary match to eligible employees. No match has been provided during the years ended June 30, 2016 and 2015.

**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***

To the Board of Trustees of  
John V. Lindsay Wildcat Charter School

**Report on the Financial Statements**

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 John V. Lindsay Wildcat Charter School (the "School"), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, 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 6, 2016.

**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 of 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 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations,

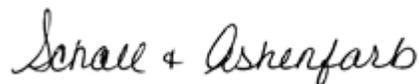
during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free 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*.

### **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.



Schall & Ashenfarb  
Certified Public Accountants, LLC

October 6, 2016

**JOHN V. LINDSAY WILDCAT CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2016**

Current Year:

None

Prior-Year Follow-Up:

None