# BRONX GLOBAL LEARNING INSTITUTE FOR GIRLS, THE SHIRLEY RODRIGUEZ-REMENESKI SCHOOL

## FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2017

**BRONX GLOBAL LEARNING INSTITUTE FOR GIRLS,**
**THE SHIRLEY RODRIGUEZ-REMENESKI SCHOOL**

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# INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Bronx Global Learning Institute for Girls,
The Shirley Rodriguez-Remeneski School

## Report on the Financial Statements

We have audited the accompanying financial statements of Bronx Global Learning Institute for Girls, The Shirley Rodriguez-Remeneski School, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in unrestricted net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *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 auditors consider 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 Bronx Global Learning Institute for Girls, The Shirley Rodriguez-Remeneski School as of June 30, 2017, 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.

*Other Matter*

The financial statements of Bronx Global Learning Institute for Girls, The Shirley Rodriguez-Remeneski School, as of and for the year ended June 30, 2016, were audited by other auditors whose report dated October 18, 2016 expressed an unmodified opinion on those statements. The summarized comparative information presented herein, as of and for the year ended June 30, 2016, was derived from those audited financial statements.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, on our consideration of Bronx Global Learning Institute for Girls, The Shirley Rodriguez-Remeneski School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bronx Global Learning Institute for Girls, The Shirley Rodriguez-Remeneski School's internal control over financial reporting and compliance.

Berdon LLP
Certified Public Accountants

New York, New York
October 31, 2017

EXHIBIT A

# BRONX GLOBAL LEARNING INSTITUTE FOR GIRLS, THE SHIRLEY RODRIGUEZ-REMENESKI SCHOOL

## STATEMENT OF FINANCIAL POSITION
## JUNE 30, 2017
## (WITH COMPARATIVE TOTALS FOR 2016)

| | 2017 | 2016 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 8,188,156 | $ 6,133,034 |
| Grants receivable | 225,126 | 193,217 |
| Prepaid expenses | - | 1,868 |
| TOTAL CURRENT ASSETS | 8,413,282 | 6,328,119 |
| PROPERTY AND EQUIPMENT - NET | 45,117 | 69,232 |
| OTHER ASSETS: | | |
| Restricted cash - board-designated | 75,422 | 75,404 |
| TOTAL ASSETS | $ 8,533,821 | $ 6,472,755 |
| **LIABILITIES AND UNRESTRICTED NET ASSETS** | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued expenses | $ 74,214 | $ 112,729 |
| Accrued salaries and other payroll-related expenses | 423,928 | 413,554 |
| Refundable advances | 240,211 | - |
| TOTAL CURRENT LIABILITIES | 738,353 | 526,283 |
| COMMITMENT AND CONTINGENCY | | |
| NET ASSETS - UNRESTRICTED: | | |
| Undesignated | 7,720,046 | 5,871,068 |
| Reserve - contingency | 75,422 | 75,404 |
| TOTAL NET ASSETS - UNRESTRICTED | 7,795,468 | 5,946,472 |
| TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS | $ 8,533,821 | $ 6,472,755 |

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

EXHIBIT B

**BRONX GLOBAL LEARNING INSTITUTE FOR GIRLS,**
**THE SHIRLEY RODRIGUEZ-REMENESKI SCHOOL**

**STATEMENT OF ACTIVITIES AND CHANGES IN UNRESTRICTED NET ASSETS**
**FOR THE YEAR ENDED JUNE 30, 2017**
**(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)**

| | 2017 | 2016 (SUMMARIZED) |
|---|---|---|
| OPERATING REVENUE AND OTHER SUPPORT: | | |
| Public school district: | | |
| General education | $ 6,399,179 | $ 6,038,505 |
| Special education | 135,070 | 161,564 |
| Total state and local per pupil operating revenue | 6,534,249 | 6,200,069 |
| Grants, contracts and other support: | | |
| State/local grants and funding revenue | 43,572 | 36,286 |
| Federal - Title and IDEA | 237,066 | 255,248 |
| Federal - other | - | 15,709 |
| Food service and child nutrition program | 1,073 | 116,916 |
| In-kind contributions | - | 409,713 |
| Contributions | 18,744 | 7,660 |
| Interest income | 4,119 | 3,937 |
| Total grants, contracts and other support | 304,574 | 845,469 |
| TOTAL OPERATING REVENUE AND OTHER SUPPORT | 6,838,823 | 7,045,538 |
| EXPENSES: | | |
| Program expenses: | | |
| Regular education | 4,114,734 | 4,298,432 |
| Special education | 512,272 | 480,937 |
| Total program expenses | 4,627,006 | 4,779,369 |
| Supporting services: | | |
| Management and general | 362,821 | 493,994 |
| TOTAL EXPENSES | 4,989,827 | 5,273,363 |
| INCREASE IN UNRESTRICTED NET ASSETS | 1,848,996 | 1,772,175 |
| NET ASSETS - UNRESTRICTED - BEGINNING OF YEAR | 5,946,472 | 4,174,297 |
| NET ASSETS - UNRESTRICTED - END OF YEAR | $ 7,795,468 | $ 5,946,472 |

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

EXHIBIT C

# BRONX GLOBAL LEARNING INSTITUTE FOR GIRLS, THE SHIRLEY RODRIGUEZ-REMENESKI SCHOOL

## STATEMENT OF FUNCTIONAL EXPENSES
## FOR THE YEAR ENDED JUNE 30, 2017
## (WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

| | REGULAR EDUCATION | SPECIAL EDUCATION | TOTAL PROGRAMS | MANAGEMENT AND GENERAL | TOTAL - 2017 | TOTAL - 2016 (SUMMARIZED) |
|---|---|---|---|---|---|---|
| PERSONNEL SERVICES COSTS: | | | | | | |
| Administrative staff personnel | $ 566,176 | $ 68,690 | $ 634,866 | $ - | $ 634,866 | $ 628,530 |
| Instructional personnel | 2,344,417 | 284,429 | 2,628,846 | - | 2,628,846 | 2,360,015 |
| Noninstructional personnel | 2,301 | 9,527 | 11,828 | 174,378 | 186,206 | 164,610 |
| TOTAL PERSONNEL SERVICES COSTS | 2,912,894 | 362,646 | 3,275,540 | 174,378 | 3,449,918 | 3,153,155 |
| OPERATING EXPENSES: | | | | | | |
| Fringe benefits and payroll taxes | 662,822 | 82,519 | 745,341 | 39,679 | 785,020 | 638,540 |
| Retirement | 62,717 | 7,808 | 70,525 | 3,754 | 74,279 | 66,992 |
| Accounting/audit services | - | - | - | 75,000 | 75,000 | - |
| Management company fees | - | - | - | - | - | 225,000 |
| Other purchased / professional / consulting services | 38,924 | 4,846 | 43,770 | 2,330 | 46,100 | 103,885 |
| Office expense | 88,131 | 10,972 | 99,103 | 5,276 | 104,379 | 72,619 |
| Marketing/recruitment | 3,318 | 413 | 3,731 | 199 | 3,930 | 3,028 |
| Insurance | 46,182 | 5,750 | 51,932 | 42,440 | 94,372 | 111,321 |
| Legal service | - | - | - | 1,821 | 1,821 | 13,354 |
| Repairs and maintenance | 3,130 | 390 | 3,520 | 187 | 3,707 | 4,991 |
| Food service | 2,488 | 310 | 2,798 | 149 | 2,947 | 524,070 |
| Staff development | 49,977 | 6,222 | 56,199 | 2,992 | 59,191 | 75,201 |
| Student services | 8,193 | 1,020 | 9,213 | 490 | 9,703 | 1,724 |
| Supplies/materials | 124,741 | 15,530 | 140,271 | 7,468 | 147,739 | 150,233 |
| Equipment and furniture | 10,393 | 1,294 | 11,687 | 622 | 12,309 | 18,416 |
| Technology | 17,040 | 2,121 | 19,161 | 1,020 | 20,181 | 15,299 |
| Depreciation | 36,566 | 4,552 | 41,118 | 2,189 | 43,307 | 64,910 |
| Other | 47,218 | 5,879 | 53,097 | 2,827 | 55,924 | 30,625 |
| TOTAL OPERATING EXPENSES | 1,201,840 | 149,626 | 1,351,466 | 188,443 | 1,539,909 | 2,120,208 |
| TOTAL EXPENSES | $ 4,114,734 | $ 512,272 | $ 4,627,006 | $ 362,821 | $ 4,989,827 | $ 5,273,363 |

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

EXHIBIT D

# BRONX GLOBAL LEARNING INSTITUTE FOR GIRLS, THE SHIRLEY RODRIGUEZ-REMENESKI SCHOOL

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED JUNE 30, 2017
## (WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

| | 2017 | 2016 (SUMMARIZED) |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase in unrestricted net assets | $ 1,848,996 | $ 1,772,175 |
| Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities: | | |
| Depreciation | 43,307 | 64,910 |
| Changes in operating assets and liabilities: | | |
| Grants and contracts receivable | (31,909) | (8,385) |
| Prepaid expenses | 1,868 | (1,868) |
| Accounts payable and accrued expenses | (38,515) | 79,891 |
| Refundable advances | 240,211 | - |
| Accrued salaries and other payroll-related expenses | 10,374 | 29,625 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 2,074,332 | 1,936,348 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| (Increase) in restricted cash | (18) | (48) |
| Acquisition of property and equipment | (19,192) | (29,124) |
| NET CASH (USED IN) INVESTING ACTIVITIES | (19,210) | (29,172) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 2,055,122 | 1,907,176 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 6,133,034 | 4,225,858 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | $ 8,188,156 | $ 6,133,034 |

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

## NOTE 1 - ORGANIZATION

Bronx Global Learning Institute for Girls, The Shirley Rodriguez-Remeneski School (the "School"), a 501(c)(3) tax-exempt organization, is a kindergarten-through-eighth-grade charter school, located in the Bronx, New York. The School was chartered in February 2008, and the charter was extended for a term up through and including June 30, 2018. In fiscal year 2016-2017, eighth grade was added. The School educates children in a completely nondiscriminatory and secular basis. The founders and supporters of the School believe that access to a public education of high quality for all children is the foremost issue.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Use of Estimates

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

(b) Reclassifications

Certain accounts relating to the prior year have been reclassified to conform to the current year's presentation. The reclassifications have no effect on 2016 total assets, liabilities, net assets, and changes in unrestricted net assets.

(c) Net Asset Presentation

The classification of the School's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities and changes in unrestricted net assets.

These classes are defined as follows:

- Permanently restricted - Net assets resulting from contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School. The School has no permanently restricted net assets at June 30, 2017.

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Temporarily restricted - Net assets resulting from contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the School pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in unrestricted net assets. The School has no temporarily restricted net assets at June 30, 2017.

- Unrestricted - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

(d) Cash and Cash Equivalents

The School considers all short-term, highly liquid investments, such as money market funds, to be cash equivalents.

(e) Grants Receivable

Grants receivable are recorded at net realizable value. The allowance for doubtful accounts is the School's best estimate of the amount of probable credit losses in existing receivables. Management determines the allowance based on historical write-off experience and reviews its allowance for doubtful accounts periodically. Past due balances are reviewed individually for collectability. Grants receivable are $225,126 at June 30, 2017. No allowance was recorded at June 30, 2017, as management believes all amounts are collectible.

(f) Donated Goods and Services

The School is located in a New York City Department of Education facility. The School utilizes approximately 19,000 square feet of classrooms and approximately 8,700 square feet of common areas at no charge. In addition, the School received donated maintenance/security, utilities, and food services from the local school district. For the year ended June 30, 2017, the School was unable to determine a value for these services. In the prior year, the School was provided with an in-kind contribution amount as reflected in the summarized information for the year ended June 30, 2016.

The School receives donated services from unpaid volunteers. No amounts have been recognized in the accompanying statements of activities and changes in unrestricted net assets, since the services do not meet the specialized skill criteria for recognition under U.S. GAAP.

(g) Restricted Cash and Escrow Reserves

Under the provisions of its charter, the School established an escrow account to pay for legal and audit expenses that would be associated with a dissolution, should such event occur.

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Revenue Recognition

The School recognizes revenue from the state and local governments based on the School's charter status and the number of students enrolled. Such revenue is recorded when services are performed, in accordance with the charter agreement. The New York State Department of Education mandates the rate per pupil. Such revenue is recognized ratably over the related school year in which it is earned.

Grants and contracts revenue are recognized when qualifying expenditures are incurred and/or services are provided to the students during the applicable school year. Funds received in advance or any unspent funds for which qualifying expenditures have not been incurred are recorded as refundable advances. Any unspent amounts usually are returned to the granting agency, however, the granting agency can approve that those amounts be applied to a future grant period.

(i) Functional Allocation of 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 using bases determined by management to be reasonable. Management and general expense includes expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the School.

(j) Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Maintenance and repairs are charged to expense as incurred; significant improvements are capitalized. The School capitalizes additions and significant improvements in excess of $1,000. Items with an acquisition cost of less than $1,000 or a useful life of less than one year are expensed in the year purchased. Depreciation is computed using the straight-line method over estimated useful lives of the respective assets of seven years for furniture and fixtures, and three years for computer and office equipment.

(k) Income Taxes

In December 2010, the School filed for, and received approval of, its application for tax-exempt status from the Internal Revenue Service (IRS) under Section 501(c)(3) of the Internal Revenue Code (IRC) and has been classified as a publicly supported organization as described in IRC sections 509(A)(1) and 170(B)(1)(A)(II).

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the School has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The School has not incurred any unrelated business income.

The School is no longer subject to income tax examination by federal, state, or local tax authorities for years before June 30, 2013.

(l) Prior Year Summarized Comparative Information

Information as of and for the year ended June 30, 2016 is presented for comparative purposes only. The notes to the financial statements, and certain activities, by net asset classification, are not included in this report. Accordingly, such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the School's financial statements, as of and for the year ended June 30, 2016, from which the summarized comparative information was derived.

(m) Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-14, "Presentation of Financial Statements for Not-for-Profit Entities." Under the new guidance, the existing three-category classification of net assets will be collapsed into two categories: with donor restrictions and without donor restrictions. Endowments that have a current fair value that is less than the original gift amount (underwater) will be classified in net assets with donor restrictions and expanded disclosures will be required. Additional requirements include disclosure of board-designated net assets, expanded reporting to present expenses by function and natural classification, and eliminating the disclosure of investment expenses that are netted against investment returns. ASU No. 2016-14 is effective for the fiscal years beginning after December 15, 2017 and early adoption is permitted. The School has not yet evaluated the impact this adoption will have on the financial statements.

(n) Subsequent Events

Management has evaluated subsequent events occurring after June 30, 2017 through October 31, 2017, which is the date the financial statements were available to be issued. Based on this evaluation, management has determined that no subsequent events have occurred which require disclosure in the financial statements.

## NOTE 3 - DEFINED CONTRIBUTION PLAN

The School offers a 401(k) plan for all qualifying employees. Employees are eligible for the plan immediately upon employment. Participation in the plan is voluntary. Employees can make pretax contributions up to a maximum of 100% of their annual compensation, up to $18,000 for the 2016 and 2017 calendar years. The School matches an employee's contribution up to 4% of the employee's annual compensation. For the year ended June 30, 2017, the School's matching contribution was $74,279, which is included in retirement expenses in the accompanying statements of purchase expenses. Such plan assets are held in a separate trust and are not included in the accompanying financial statements. All plan assets are held for the exclusive benefit of the plan's participants and beneficiaries.

## NOTE 4 - PROPERTY AND EQUIPMENT

At June 30, 2017, property and equipment consisted of the following:

| | |
|---|---|
| Furniture and fixtures | $ 59,151 |
| Computer equipment | 377,253 |
| Computer software | 25,107 |
| Office equipment | 12,620 |
| Telephone equipment | 12,332 |
| | 486,463 |
| Less, accumulated depreciation | (441,346) |
| | $ 45,117 |

## NOTE 5 - ACCRUED SALARIES AND OTHER PAYROLL RELATED EXPENSES

Accrued salaries and other payroll related expenses consist of amounts earned by the staff during the school year which are paid out over the summer months.

## NOTE 6 - CONCENTRATION OF CREDIT RISK

The School maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The School has not experienced any losses in such accounts. The School believes it is not exposed to significant credit risk on cash and cash equivalents.

The School received approximately 93% of its operating revenue, which is subject to specific requirements, from per pupil funding from the New York City Department of Education during the year ended June 30, 2017. Additionally, the School's grants receivable consists of approximately 100% from the New York State Department of Education and the Federal Title I grants.

NOTE 7 - CONTINGENCY

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

# INDEPENDENT AUDITORS' 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
Bronx Global Learning Institute for Girls,
The Shirley Rodriguez-Remeneski School

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bronx Global Learning Institute for Girls, The Shirley Rodriguez-Remeneski School (the "School"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in unrestricted net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2017.

**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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School'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*.

**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.

Berdon LLP
Certified Public Accountants

New York, New York
October 31, 2017