

**UNIVERSITY PREPARATORY CHARTER
SCHOOL FOR YOUNG MEN
FINANCIAL STATEMENTS**

June 30, 2017



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
University Preparatory Charter School for Young Men
Rochester, New York

We have audited the accompanying financial statements of University Preparatory Charter School for Young Men (a nonprofit organization), which comprise the balance sheets as of June 30, 2017 and 2016, and the related statements of cash flows for the years then ended, the statements of activities and functional expenses for the year ended June 30, 2017, 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 audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.



An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

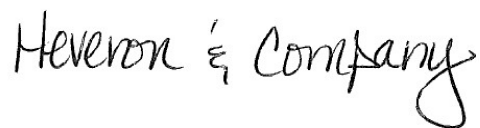
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University Preparatory Charter School for Young Men as of June 30, 2017 and 2016, and its cash flows for the years then ended, and the changes in net assets and functional expenses for the year ended June 30, 2017 in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the University Preparatory Charter School for Young Men's statements of activities and functional expenses for the year ended June 30, 2016, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 13, 2016. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2016 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 September 12, 2017 on our consideration of University Preparatory Charter School for Young Men'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 University Preparatory Charter School for Young Men's internal control over financial reporting and compliance.



Heveron & Company
Certified Public Accountants

Rochester, New York
September 12, 2017

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
BALANCE SHEETS
June 30, 2017 and 2016

ASSETS

	<u>2017</u>	<u>2016</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 3,086,437	\$ 3,035,299
Certificates of Deposit	400,000	-
Accounts Receivable	10,708	78,791
Grants Receivable	194,179	158,607
Prepaid Expenses	<u>-</u>	<u>66,714</u>
 Total Current Assets	 <u>3,691,324</u>	 <u>3,339,411</u>
 <u>Property and Equipment</u>		
Building and Improvements	5,367,465	4,410,966
Furniture and Fixtures	587,143	453,944
Vehicles	47,222	47,222
Construction in Progress	-	498,224
Less: Accumulated Depreciation	<u>(1,152,604)</u>	<u>(802,751)</u>
 Net Property and Equipment	 <u>4,849,226</u>	 <u>4,607,605</u>
 TOTAL ASSETS	 <u>\$ 8,540,550</u>	 <u>\$ 7,947,016</u>

LIABILITIES AND NET ASSETS

	<u>2017</u>	<u>2016</u>
<u>Current Liabilities</u>		
Accounts Payable	\$ 66,960	\$ 95,208
Accrued Payroll and Payroll Taxes	<u>14,847</u>	<u>1,909</u>
 Total Liabilities	 <u>81,807</u>	 <u>97,117</u>
 <u>Net Assets</u>		
Unrestricted	8,424,958	7,824,899
Temporarily Restricted	<u>33,785</u>	<u>25,000</u>
 Total Net Assets	 <u>8,458,743</u>	 <u>7,849,899</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 8,540,550</u>	 <u>\$ 7,947,016</u>

See Independent Auditors' Report and Notes to Financial Statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	Temporarily		<u>Totals</u>	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>2017</u>	<u>2016</u>
<u>Revenue and Other Support</u>				
Public School District:				
Revenue - Resident Student Enrollment	\$4,830,861	\$ -	\$ 4,830,861	\$ 5,486,665
Revenue - Students with Disabilities	684,917	-	684,917	746,596
Special Charter School Aid	163,507	-	163,507	95,300
Federal Grants	504,857	-	504,857	562,859
State Grants	25,000	-	25,000	18,445
Other Grants and Contributions	143,779	33,785	177,564	125,833
Food Service Income	302,094	-	302,094	321,863
Other Income	17,037	-	17,037	1,033
Released from Restrictions	<u>25,000</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>
 Total Revenue and Other Support	 <u>6,697,052</u>	 <u>8,785</u>	 <u>6,705,837</u>	 <u>7,358,594</u>
 <u>Expenses</u>				
Program Expenses:				
Regular Education	4,896,268	-	4,896,268	4,385,577
Special Education	344,150	-	344,150	408,631
Food Services	341,284	-	341,284	442,429
Supporting Services:				
Management and General	<u>515,291</u>	<u>-</u>	<u>515,291</u>	<u>560,676</u>
 Total Expenses	 <u>6,096,993</u>	 <u>-</u>	 <u>6,096,993</u>	 <u>5,797,313</u>
 Excess of Revenue and Other				
Support Over Expenses	600,059	8,785	608,844	1,561,281
 Net Assets - Beginning of Year	 <u>7,824,899</u>	 <u>25,000</u>	 <u>7,849,899</u>	 <u>6,288,618</u>
 Net Assets - End of Year	 <u>\$8,424,958</u>	 <u>\$ 33,785</u>	 <u>\$ 8,458,743</u>	 <u>\$ 7,849,899</u>

See Independent Auditors' Report and Notes to Financial Statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2017

(With Comparative Totals for the Year Ended June 30, 2016)

	2017 No. of <u>Positions</u>	<u>Program Services</u>				<u>Totals</u>	
		<u>Regular Education</u>	<u>Special Education</u>	<u>Food Services</u>	<u>Management and General</u>	<u>2017</u>	<u>2016</u>
Personnel Service Costs							
Instructional Personnel	55	\$ 2,635,472	\$ 225,019	\$ -	\$ -	\$ 2,860,491	\$ 2,827,660
Non-Instructional Personnel	8	178,228	-	89,819	7,504	275,551	251,156
Administrative Personnel	<u>16</u>	<u>361,615</u>	<u>-</u>	<u>-</u>	<u>336,992</u>	<u>698,607</u>	<u>583,222</u>
Total Salaries and Wages	79	3,175,315	225,019	89,819	344,496	3,834,649	3,662,038
Fringe Benefits and Payroll Taxes		583,300	41,336	16,500	63,282	704,418	684,316
Retirement		<u>195,913</u>	<u>13,883</u>	<u>5,542</u>	<u>21,255</u>	<u>236,593</u>	<u>205,354</u>
Total Personnel Services		3,954,528	280,238	111,861	429,033	4,775,660	4,551,708
Depreciation		309,209	23,152	3,499	13,994	349,854	274,818
Other Purchased Services		259,201	12,368	-	9,298	280,867	261,678
Food		-	-	203,118	-	203,118	229,098
Supplies		113,131	8,017	15,541	-	136,689	142,327
Utilities		82,018	6,141	928	3,712	92,799	73,045
Student Services		78,284	5,547	-	-	83,831	91,061
Office Expense		18,022	2,042	-	28,536	48,600	53,613
Repairs and Maintenance		35,187	2,459	372	1,509	39,527	26,065
Insurance		15,786	1,182	179	4,320	21,467	26,795
Occupancy Expense		10,180	1,188	5,786	795	17,949	11,690

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2017

(With Comparative Totals for the Year Ended June 30, 2016)

(Continued)

	<u>Program Services</u>			<u>Management and General</u>	<u>Totals</u>	
	<u>Regular Education</u>	<u>Special Education</u>	<u>Food Services</u>		<u>2017</u>	<u>2016</u>
Accounting	-	-	-	13,839	13,839	12,875
Technology	9,004	871	-	3,291	13,166	16,205
Marketing	7,441	527	-	-	7,968	1,800
Staff Development	3,995	396	-	1,600	5,991	19,778
Other Expenses	282	22	-	3,814	4,118	4,306
Legal	-	-	-	1,550	1,550	451
Total Expenses	<u>\$ 4,896,268</u>	<u>\$ 344,150</u>	<u>\$ 341,284</u>	<u>\$ 515,291</u>	<u>\$ 6,096,993</u>	<u>\$ 5,797,313</u>

See Independent Auditors' Report and Notes to Financial Statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Cash Flow From Operating Activities</u>		
Receipts from School Districts	\$ 5,622,945	\$ 6,120,517
Federal and State Grant Receipts	650,827	828,316
Food Service Fees	321,738	321,556
Other Grants and Contributions	183,814	100,833
Miscellaneous Sources	17,037	1,561
Payments to Charter School Personnel for Services Rendered	(4,762,721)	(4,552,439)
Payments to Vendors for Goods and Services Rendered	<u>(991,026)</u>	<u>(961,842)</u>
Net Cash Flow Provided By Operating Activities	<u>1,042,614</u>	<u>1,858,502</u>
 <u>Cash Flow From Investing Activities</u>		
Purchase of Property and Equipment	(591,476)	(793,346)
Purchase of Certificates of Deposit	<u>(400,000)</u>	<u>-</u>
Cash Flow Used By Investing Activities	<u>(991,476)</u>	<u>(793,346)</u>
 Net Increase in Cash and Cash Equivalents	51,138	1,065,156
 Cash and Cash Equivalents - Beginning of Year	<u>3,035,299</u>	<u>1,970,143</u>
 Cash and Cash Equivalents - End of Year	<u>\$ 3,086,437</u>	<u>\$ 3,035,299</u>

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2017 and 2016
(Continued)

	<u>2017</u>	<u>2016</u>
<u>Reconciliation of Change in Net Assets to Net Cash</u>		
<u>Provided by Operating Activities</u>		
Change in Net Assets	\$ 608,844	\$ 1,561,281
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	349,854	274,818
(Increase)/Decrease In:		
Accounts Receivable	68,083	59,040
Grants Receivable	(35,572)	43,861
Prepaid Expenses	66,714	(66,714)
Increase/(Decrease) In:		
Accounts Payable	(28,247)	(5,451)
Accrued Payroll and Payroll Taxes	12,938	(731)
Deferred Revenue	<u>-</u>	<u>(7,602)</u>
Net Cash Flows Provided By Operating Activities	<u>\$ 1,042,614</u>	<u>\$ 1,858,502</u>

See Independent Auditors' Report and Notes to Financial Statements.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

University Preparatory Charter School for Young Men (the School) is a nonprofit educational organization in Rochester, New York. It was formed to be a small school for young men with personalized attention for each student. The School provides a safe and secure learning environment where respect and compassion are values for adults and students for grades 7-12. The School obtains its support directly and indirectly from organizations and government agencies in the community.

The main programs of the School are as follows:

REGULAR EDUCATION: The School curriculum encourages and promotes young men to be involved, to be active in their learning, and to learn together. The School provides preparation not just for graduation, but for success in college. It is also a place for young men to play sports and engage in exciting, healthy, extracurricular activities. All courses align with the New York State Learning Standards.

SPECIAL EDUCATION: In accordance with the Individuals with Disabilities Education Act, the Rehabilitation Act, and Section 504, and the Americans with Disabilities Act, the School provides a free and appropriate education, in the least restrictive environment, to students with disabilities. The primary service delivery for students with special needs is inclusion. For students requiring supplemental services, the School has employees on staff to provide the required services outlined in the student's Individual Education Plan or 504 Plan.

FOOD SERVICES: The School believes that healthy meals are an important part of a child's day. Breakfast and lunch are served every day. All meals are intended to meet the required New York State Child Nutrition Standards, and the School subscribes to the New York State free and reduced priced meal program.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America, the School reports information regarding its financial position and activities according to the existence and nature of donor restrictions in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2017
(Continued)**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Basis of Presentation (Continued)

The School also records contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions.

Accounting principles generally accepted in the United States of America allow the School to treat as unrestricted, any restricted revenue where the restrictions are met in the same year. The School has elected to follow that reporting method. As a result, all activities in which restrictions are met are recorded in the Unrestricted Net Asset class.

The following are descriptions of the School's net asset classifications:

Unrestricted: Unrestricted net assets include undesignated resources that are available for the general support of the School's operations.

Temporarily Restricted Net Assets: Temporarily restricted net assets result from contributions subject to donors' restrictions that expire with the passage of time or by actions of the School.

When donor restrictions from prior years expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There was \$33,785 and \$25,000 of temporarily restricted net assets restricted for the career and technical education center and program as of June 30, 2017 and June 30, 2016, respectively.

There were no permanently restricted net assets as of June 30, 2017 or 2016.

Use of Estimates in the Preparation of Financial Statements

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could vary from those estimates.

Accounts and Grants Receivable

Receivables are stated at the amount management expects to collect. Amounts that management believes to be uncollectible after collection efforts have been completed are written off. In addition, management evaluates the need for, and if appropriate, provides an allowance to reduce receivables to amounts management expects will be collected. Management determined that no allowances were necessary at June 30, 2017 and 2016.

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2017
(Continued)**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Revenue Recognition

A portion of the School's revenue is derived from grants. Amounts received, but not yet earned are reported as deferred revenue.

Funding sources may, at their discretion, amend the grant and contract amounts. In addition, reimbursement for expenses or return of funds, or both, may be requested as a result of noncompliance by the School with the terms of the grants and contracts. The School records such amendments, reimbursements, and returns of funds as an adjustment to revenue in the year of the amendment.

Contributions

Contributions are recorded at the time of receipt or when evidence of a non-conditional promise to give has been received. Promises subject to conditions are not recorded as income until those conditions have been met. Contributions that are expected to be received in future years are recorded at their present value. Contributions are recorded as unrestricted unless they are subject to donor restrictions, or are required to be used or expected to be received in future years.

Property and Equipment

Property and equipment are stated at cost. The School capitalizes property and equipment with a cost of over \$1,000 and an estimated life of three or more years. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as follows.

	<u>Years</u>
Building and Improvements	20
Furniture and Fixtures	3-5
Vehicles	5

Depreciation expense amounted to \$349,854 and \$274,818 for the years ended June 30, 2017 and 2016, respectively.

Income Taxes

The Internal Revenue Service has determined that the School is qualified as a charity exempt under Section 501(c)(3) of the Internal Revenue Code. As a result, no provision for federal or state income taxes has been made.

UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS
June 30, 2017
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include all cash on hand and in banks, which at times, may exceed federally insured limits. The School considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The School has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.

Cash and cash equivalents consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Checking	\$ 2,394,859	\$ 3,035,299
Savings	491,578	-
Certificate of Deposit	<u>200,000</u>	<u>-</u>
Total	<u>\$ 3,086,437</u>	<u>\$ 3,035,299</u>

Advertising

Advertising costs are expensed as incurred.

Functional Expenses

The costs of providing the various program services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services, and management and general. An immaterial amount of fund raising costs for the years ended June 30, 2017 and 2016 are included in management and general expenses.

Reclassifications

Certain account balances as of June 30, 2016 have been reclassified to conform with the presentation as of June 30, 2017.

Comparative Financial 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, 2016, from which the summarized information was derived.

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS**

June 30, 2017

(Continued)

NOTE 2 - EMPLOYEE BENEFIT PLAN

The School adopted a 403(b) retirement plan effective January 1, 2016. Eligible employees can make contributions to the plan. Employees are fully and immediately vested in all contributions. The School will make non-elective contributions at the Board's discretion. Employer contributions for the years ended June 30, 2017 and 2016 were \$236,593 and \$190,927, respectively.

The School had a Simple IRA retirement plan for all employees. This plan was terminated as of December 31, 2015. Eligible employees could make contributions to the plan. The School matched the first 3% of an eligible employee's contribution, up to \$11,500 per year. Employees were fully and immediately vested in all contributions. Employer contributions for the year ended June 30, 2016 was \$14,426, respectively.

NOTE 3 - DONATED SERVICES AND GOODS

The School receives donated services that, although substantial, do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America. During 2017 and 2016, 8 active volunteers provided 192 hours of service.

NOTE 4 - SPECIAL EDUCATION AND OTHER SUPPORT

Some of the special education services required by students of the School are provided by the Rochester City School District. The Rochester City School District also provides transportation. The School was unable to determine a value for these services; thus, these financial statements do not reflect revenue or expenses associated with those services.

Additionally, the School does provide certain special education services with its own staff and facilities.

The School also receives State Aid in the form of textbooks, computer hardware, computer software, and library materials through the Rochester City School District. There was no aid received for the year ended June 30, 2017. The total aid received for the year ended June 30, 2016 was \$18,445.

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
NOTES TO FINANCIAL STATEMENTS**

June 30, 2017

(Continued)

NOTE 5 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 12, 2017, which is the date the statements were available for issuance.



**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

To the Board of Trustees
University Preparatory Charter School for Young Men
Rochester, NY

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 University Preparatory Charter School for Young Men which comprise the balance sheet as of June 30, 2017, and the related statements of activities and 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 September 12, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered University Preparatory Charter School for Young Men'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of University Preparatory Charter School for Young Men's internal control. Accordingly, we do not express an opinion on the effectiveness of University Preparatory Charter School for Young Men'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. We did identify a certain deficiency in internal controls, described in the accompanying Schedule of Findings and Responses, that we consider to be a significant deficiency (2017-001).

Compliance and Other Matters

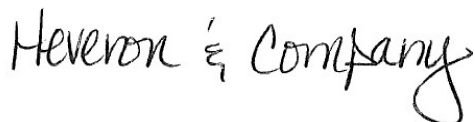
As part of obtaining reasonable assurance about whether University Preparatory Charter School for Young Men's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could 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*.

University Preparatory Charter School for Young Men's Response to Findings

University Preparatory Charter School for Young Men's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. University Preparatory Charter School for Young Men'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 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.



Heveron & Company
Certified Public Accountants

Rochester, New York
September 12, 2017

**UNIVERSITY PREPARATORY CHARTER SCHOOL FOR YOUNG MEN
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2017**

Finding 2017-001

Condition: This year there were a limited number of material audit adjustments to receivables, grant revenue, and fixed assets; therefore, internal financial statements lacked necessary information for proper decision-making.

Criteria: Financial reports should contain all necessary information for the board to assess financial health and make financial decisions.

Cause: There are not procedures in place to verify that all significant accounts have been properly adjusted.

Effect: There were adjustments to receivables, grant revenue, and fixed assets at the time of the audit.

Recommendation: The Organization should consider outside accounting assistance to review quarterly and year-end financial statements and for consulting on technical accounting issues.

Views of responsible officials and planned corrective actions:

University Preparatory Charter School for Young Men agrees with the finding and will seek assistance from a member of the finance committee or an outside contractor.