

**COLLEGIATE ACADEMY FOR MATHEMATICS
AND PERSONAL AWARENESS CHARTER
SCHOOL (CAMPA)**

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORTS**

**FROM DECEMBER 17, 2013 (INCEPTION)
THROUGH JUNE 30, 2017**

**COLLEGIATE ACADEMY FOR MATHEMATICS
AND PERSONAL AWARENESS CHARTER SCHOOL (CAMPA)**

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**COLLEGIATE ACADEMY FOR MATHEMATICS
AND PERSONAL AWARENESS CHARTER SCHOOL (CAMPA)**

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

**Board of Trustees
Collegiate Academy for Mathematics
And Personal Awareness Charter School**

Report on the Financial Statements

We have audited the accompanying financial statements of Collegiate Academy for Mathematics and Personal Awareness Charter School, which comprise the balance sheet as of June 30, 2017, and the related statements of activities and cash flows for the period December 17, 2013 (inception) through 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Collegiate Academy for Mathematics and Personal Awareness Charter School as of June 30, 2017, and the changes in its net assets and its cash flows for the period December 17, 2013 (inception) through June 30, 2017 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Collegiate Academy for Mathematics and Personal Awareness Charter School was formed on December 17, 2013 and began educational operations in September 2016. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017 on our consideration of Collegiate Academy for Mathematics and Personal Awareness 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 solely 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 effectiveness of Collegiate Academy for Mathematics and Personal Awareness Charter School's 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 Collegiate Academy for Mathematics and Personal Awareness Charter School's internal control over financial reporting and compliance.

Loeb & Troper LLP

November 30, 2017

**COLLEGIATE ACADEMY FOR MATHEMATICS
AND PERSONAL AWARENESS CHARTER SCHOOL (CAMPA)**

BALANCE SHEET

JUNE 30, 2017

ASSETS

Current assets	
Cash	\$ 8,816
Government grants and contracts receivable	211,345
Prepaid rent (Note 4)	<u>120,000</u>
Total current assets	340,161
Cash - reserve for dissolution (Note 2)	25,000
Security deposits	9,965
Fixed assets - net (Note 3)	<u>315,484</u>
Total assets	<u><u>\$ 690,610</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 194,071
Accrued salaries and related liabilities	74,771
Refundable advance	<u>125,672</u>
Total current liabilities	394,514
Net assets - unrestricted (Exhibit B)	<u>296,096</u>
Total liabilities and net assets	<u><u>\$ 690,610</u></u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

EXHIBIT B**COLLEGIATE ACADEMY FOR MATHEMATICS
AND PERSONAL AWARENESS CHARTER SCHOOL (CAMPA)****STATEMENT OF ACTIVITIES****FROM DECEMBER 17, 2013 (INCEPTION) THROUGH JUNE 30, 2017**

Operating revenues and other support	
State and local per-pupil operating revenues - resident student enrollment	\$ 791,992
State and local per-pupil operating revenues - students with disabilities	83,650
NYCDOE rental assistance revenue	158,253
Government grants and contracts	842,367
Contributions	<u>28,870</u>
Total operating revenues and other support	<u>1,905,132</u>
Expenses (Schedule 1)	
Program services	
Education	909,751
Special education	<u>260,859</u>
Total program services	1,170,610
Supporting services	
Management and general	<u>438,426</u>
Total expenses	<u>1,609,036</u>
Change in unrestricted net assets (Exhibit C)	296,096
Net assets - unrestricted - beginning of period	<u>-</u>
Net assets - unrestricted - end of period (Exhibit A)	<u><u>\$ 296,096</u></u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**COLLEGIATE ACADEMY FOR MATHEMATICS
AND PERSONAL AWARENESS CHARTER SCHOOL (CAMPA)**

STATEMENT OF CASH FLOWS

FROM DECEMBER 17, 2013 (INCEPTION) THROUGH JUNE 30, 2017

Cash flows from operating activities	
Change in net assets (Exhibit B)	\$ 296,096
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	63,876
Increase in assets	
Government grants and contracts receivable	(211,345)
Prepaid rent	(120,000)
Security deposits	(9,965)
Increase in liabilities	
Accounts payable and accrued expenses	194,071
Accrued salaries and related liabilities	74,771
Refundable advance	125,672
	<u>413,176</u>
Net cash provided by operating activities	<u>413,176</u>
Cash flows from investing activities	
Fixed asset acquisitions	(379,360)
Cash - reserve for dissolution	(25,000)
	<u>(404,360)</u>
Net cash used by investing activities	<u>(404,360)</u>
Net change in cash	8,816
Cash - December 17, 2013 (inception)	<u>-</u>
Cash - June 30, 2017	<u>\$ 8,816</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**COLLEGIATE ACADEMY FOR MATHEMATICS
AND PERSONAL AWARENESS CHARTER SCHOOL (CAMPA)**

NOTES TO FINANCIAL STATEMENTS

FROM DECEMBER 17, 2013 (INCEPTION) THROUGH JUNE 30, 2017

NOTE 1 - NATURE OF ORGANIZATION

Collegiate Academy for Mathematics and Personal Awareness Charter School (CAMPA) is an educational corporation that operates as a charter school in the Borough of Brooklyn, New York. On December 17, 2013, the Board of Regents and the Board of Trustees of the State University of New York, on behalf of the State Education Department, granted CAMPA a charter valid for a term of 5 years after CAMPA opens for instruction (expiring June 30, 2021) and renewable upon expiration. The School was granted a charter for grades 6-8.

CAMPA was organized to pair a rigorous math-focused academic program with wellness and personal awareness support to help its students thrive in high school, college, and career. The combination of deep ties to the community, strong social development, visionary instruction, and insightful leadership creates a healthy and stimulating learning environment for its students. CAMPA served 56 6th-grade students for the year ended June 30, 2017.

CAMPA has applied for exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. CAMPA's application for exemption is pending IRS approval. CAMPA is supported primarily by state and local per-pupil operating revenues and government grants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Cash - reserve for dissolution - The cash reserve for dissolution represents funds held aside for contingency purposes as required by CAMPA's charter.

Allowance for doubtful accounts - CAMPA determines whether an allowance for uncollectibles should be provided for government grants and contracts receivable. Such estimates are based on management's assessment of the aged basis of its contributions and other sources, current economic conditions and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Management has determined that no allowance is necessary as of June 30, 2017.

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**COLLEGIATE ACADEMY FOR MATHEMATICS
AND PERSONAL AWARENESS CHARTER SCHOOL (CAMPA)**

NOTES TO FINANCIAL STATEMENTS

FROM DECEMBER 17, 2013 (INCEPTION) THROUGH JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets - Fixed assets are recorded at cost. Items with a cost of \$1,000 or more and an estimated useful life of more than one year are capitalized. Leasehold improvements are amortized over the shorter of the life of the lease or its useful life.

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

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

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

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

Government grants and contract revenues and receivables - Revenues from government grants to which CAMPA is entitled is recognized mostly on student enrollment. Some grants are provided for specific educational endeavors which are not based on student enrollment and are recorded when related expenditures are incurred by CAMPA. Receivables are recorded when revenues are earned.

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

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

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**COLLEGIATE ACADEMY FOR MATHEMATICS
AND PERSONAL AWARENESS CHARTER SCHOOL (CAMPA)**

NOTES TO FINANCIAL STATEMENTS

FROM DECEMBER 17, 2013 (INCEPTION) THROUGH JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Uncertainty in income taxes - CAMPA has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2014 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through November 30, 2017, which is the date the financial statements were available to be issued.

NOTE 3 - FIXED ASSETS

		<u>Estimated Useful Lives</u>
Computer equipment	\$ 39,189	3 years
Furniture and fixtures	54,349	5 years
Leasehold improvements	<u>285,822</u>	5 years
	379,360	
Accumulated depreciation and amortization	<u>(63,876)</u>	
	<u>\$ 315,484</u>	

NOTE 4 - LEASE COMMITMENT

Effective July 2016, CAMPA entered a five-year lease agreement for classroom space. As part of the agreement, the landlord is responsible for up to \$300,000 of construction costs incurred by CAMPA. These costs will be reimbursed to CAMPA through a reduction in future rental payments. The amount of construction incurred but not reimbursed as of June 30, 2017 was \$120,000 and was recorded as prepaid rent. Rent expense for the year ended June 30, 2017 was \$180,000. The future minimum lease payments under this lease will be:

2017-2018	\$	180,000
2018-2019		180,000
2019-2020		180,000
2020-2021		<u>180,000</u>
		<u>\$ 720,000</u>

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**COLLEGIATE ACADEMY FOR MATHEMATICS
AND PERSONAL AWARENESS CHARTER SCHOOL (CAMPA)**

NOTES TO FINANCIAL STATEMENTS

FROM DECEMBER 17, 2013 (INCEPTION) THROUGH JUNE 30, 2017

NOTE 5 - CONTINGENCIES

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

In November 2017, CAMPA submitted Form 1023 (Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code) to the IRS. The application is retroactive to the date of formation. Should CAMPA be denied retroactive exempt status, they will be required to file corporate tax returns for the years ended June 30, 2014 through June 30, 2017, resulting in taxable revenues of approximately \$300,000. Management is of the opinion that CAMPA qualifies under Section 501(c)(3) and will receive retroactive exempt status. No tax liability has been recorded in these financial statements.

NOTE 6 - CONCENTRATIONS

CAMPA obtained approximately 46% of its operating revenues through its charter from New York State for the period December 17, 2013 through June 30, 2017.

**COLLEGIATE ACADEMY FOR MATHEMATICS
AND PERSONAL AWARENESS CHARTER SCHOOL (CAMPA)**

SCHEDULE 1

SCHEDULE OF FUNCTIONAL EXPENSES

FROM DECEMBER 17, 2013 (INCEPTION) THROUGH JUNE 30, 2017

	<u>No. of Positions</u>	<u>Program Services</u>			<u>Supporting Services</u>	<u>Total</u>
		<u>Education</u>	<u>Special Education</u>	<u>Total</u>	<u>Management and General</u>	
Administrative staff	1	\$ 115,113	\$ 7,349	\$ 122,462	\$ 53,977	\$ 176,439
Instructional personnel	6	291,664	109,679	401,343		401,343
Total salaries	<u>7</u>	406,777	117,028	523,805	53,977	577,782
Payroll taxes and employee benefits		68,914	19,826	88,740	7,894	96,634
Contracted services		53,332	15,246	68,578	27,641	96,219
Legal fees					19,199	19,199
Accounting and audit services					90,710	90,710
Occupancy (Note 4)		130,920	37,665	168,585	11,415	180,000
Repairs and maintenance		22,763	6,549	29,312	4,672	33,984
Instructional supplies and materials		14,927	4,194	19,121	194	19,315
Office supplies and equipment		7,323	2,107	9,430	5,184	14,614
Technology and communication		14,375	4,136	18,511	6,405	24,916
Insurance		18,940	5,449	24,389	13,522	37,911
Food services		43,908	12,336	56,244		56,244
Depreciation		46,459	13,366	59,825	4,051	63,876
Professional development		20,793	5,856	26,649	599	27,248
Student and staff recruitment					190,190	190,190
Transportation		46,400	13,106	59,506		59,506
Miscellaneous expenses		13,920	3,995	17,915	2,773	20,688
Total expenses (Exhibit B)		<u>\$ 909,751</u>	<u>\$ 260,859</u>	<u>\$ 1,170,610</u>	<u>\$ 438,426</u>	<u>\$ 1,609,036</u>

See independent auditor's report.

SCHEDULE 2**COLLEGIATE ACADEMY FOR MATHEMATICS
AND PERSONAL AWARENESS CHARTER SCHOOL (CAMPA)****SCHEDULE OF REVENUES AND EXPENSES****FROM DECEMBER 17, 2013 (INCEPTION) THROUGH JUNE 30, 2017**

	December 17, 2013 through June 30, 2016	Year Ended June 30, 2017	Total
Operating revenues and other support			
State and local per-pupil operating revenues - resident student enrollment		\$ 791,992	\$ 791,992
State and local per-pupil operating revenues - students with disabilities		83,650	83,650
NYCDOE rental assistance revenue		158,253	158,253
Government grants and contracts	\$ 470,287	372,080	842,367
Contributions	18,340	10,530	28,870
	<u>488,627</u>	<u>1,416,505</u>	<u>1,905,132</u>
Total operating revenues and other support			
	<u>488,627</u>	<u>1,416,505</u>	<u>1,905,132</u>
Expenses (Exhibit B)			
Program services			
Education		909,751	909,751
Special education		260,859	260,859
		<u>1,170,610</u>	<u>1,170,610</u>
Total program services			
		<u>1,170,610</u>	<u>1,170,610</u>
Supporting services			
Management and general	254,290	184,136	438,426
	<u>254,290</u>	<u>1,354,746</u>	<u>1,609,036</u>
Total expenses			
	<u>254,290</u>	<u>1,354,746</u>	<u>1,609,036</u>
Change in unrestricted net assets	\$ 234,337	\$ 61,759	\$ 296,096

See independent auditor's report.



**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

Independent Auditor's Report

**Board of Trustees
Collegiate Academy for Mathematics
And Personal Awareness 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 Collegiate Academy for Mathematics and Personal Awareness Charter School, which comprise the balance sheet as of June 30, 2017, and the related statements of activities and cash flows for the period December 17, 2013 (inception) through June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Collegiate Academy for Mathematics and Personal Awareness Charter 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 Collegiate Academy for Mathematics and Personal Awareness Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Collegiate Academy for Mathematics and Personal Awareness Charter 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as items 2017-001 through 2017-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Collegiate Academy for Mathematics and Personal Awareness Charter 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*.

Collegiate Academy for Mathematics and Personal Awareness Charter School's Response to Findings

Collegiate Academy for Mathematics and Personal Awareness Charter School's response to the findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. Collegiate Academy for Mathematics and Personal Awareness Charter School's response was not subject 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.

Loeb & Troper LLP

November 30, 2017

**COLLEGIATE ACADEMY FOR MATHEMATICS
AND PERSONAL AWARENESS CHARTER SCHOOL (CAMPA)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FROM DECEMBER 17, 2013 (INCEPTION) THROUGH JUNE 30, 2017

Financial Statement Findings

2017-001 Segregation of Duties

Criteria

CAMPA is required to maintain proper segregation of duties.

Condition/Context

CAMPA did not have proper segregation of duties for various functions.

Effect

Proper internal controls were not in place in order to prevent or detect a material misstatement.

Cause

CAMPA did not have enough employees to properly segregate all fiscal functions

Recommendation

We recommend that management obtain a second signature for checks over \$5,000 as required in the accounting manual, that each nonrecurring journal entry and supporting documentation is reviewed by someone other than the preparer, and that the review is documented via sign-off by the reviewer, and that the Treasurer review the payroll register prior to processing and document his review via e-mail authorization or initialing the register.

View of Responsible Officials and Planned Corrective Actions

See corrective action plan.

**COLLEGIATE ACADEMY FOR MATHEMATICS
AND PERSONAL AWARENESS CHARTER SCHOOL (CAMPA)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FROM DECEMBER 17, 2013 (INCEPTION) THROUGH JUNE 30, 2017

Financial Statement Findings (continued)

2017-002 Cash Withdrawals

Criteria

All cash disbursements should be processed through the normal cash disbursement process.

Condition/Context

During the period under audit, management withdrew over \$60,000 of cash from bank withdrawals, thereby bypassing the cash disbursement process.

Effect

Management bypassed the normal controls over cash disbursements and was unable to document the use of approximately \$20,000 of these withdrawals, and therefore was unable to properly record them in the general ledger.

Cause

Management bypassed the internal controls of CAMPA.

Recommendation

We recommend that management clearly forbid any cash withdrawals from the School's bank accounts.

View of Responsible Officials and Planned Corrective Actions

See corrective action plan.

**COLLEGIATE ACADEMY FOR MATHEMATICS
AND PERSONAL AWARENESS CHARTER SCHOOL (CAMPA)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FROM DECEMBER 17, 2013 (INCEPTION) THROUGH JUNE 30, 2017

Financial Statement Findings (continued)

2017-003 Bidding Procedures

Criteria

There should be documentation of bidding for all large purchases, including renovation projects.

Condition/Context

During the period ended June 30, 2017, CAMPA incurred costs of over \$200,000 relating to the renovation of its current space. Management was unable to provide supporting documentation of the bidding process performed prior to retaining the construction company.

Effect

Management could not document that bidding was performed.

Cause

Management did not retain bidding documentation.

Recommendation

We recommend that all bidding performed for future projects be documented and the documentation retained by the business office.

View of Responsible Officials and Planned Corrective Actions

See corrective action plan.

**COLLEGIATE ACADEMY FOR MATHEMATICS
AND PERSONAL AWARENESS CHARTER SCHOOL (CAMPA)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FROM DECEMBER 17, 2013 (INCEPTION) THROUGH JUNE 30, 2017

Financial Statement Findings (continued)

2017-004 Government Grants

Criteria

Management is required to maintain documentation of government grant expenditures.

Condition/Context

For one of the government grants received during the period ended June 30, 2017 (CSP grant), management did not retain the supporting documentation or the details of the amounts claimed on each voucher. Additionally, management did not keep adequate records for the food reimbursement grant and as a result lost out on funding they were otherwise eligible for.

Effect

Management did not retain the required documentation.

Cause

Management did not retain the required documentation.

Recommendation

We recommend that management retain all documentation relating to government grant expenditures.

View of Responsible Officials and Planned Corrective Actions

See corrective action plan.



Corrective Action Plan

2017-001 Segregation of Duties:

Management agrees with the findings and undertakes to comply with internal controls as documented in the Financial Policy and Procedures Manual (FPPM).

The FPPM states that a hierarchical structure of authority and responsibility has been developed at the School. Tasks are divided and allocated to guard against one individual having the ability to make an accounting error (either knowingly or unknowingly).

Due to low student enrollment, the School's per pupil revenue during FY17 was lower than planned, forcing the school to make cut-backs to programs as well as staff. The principal took on additional responsibilities as a teacher as well as Dean and other task in the school as needed. Critically, the school eliminated the position of operations manager, and the Board Treasurer assisted with daily operations of the school. The School did not have enough employees to properly segregate all fiscal functions.

The school is now staffed with a Director of Operations. For FY18 the board is rigorously enforcing the segregation of duties among the Principal, Director of Operations, the Board Treasurer. Charter School Business Management (CSBM) has been providing nominal financial support and overarching financial advice since April 2017.

Effective FY17/18 the School has aligned its operations with the internal controls of the FPPM:

- Checks over \$5,000 require a dual signature.
- Journal entries are reviewed and approved by the Board Treasurer during month end/ year end processing
- Payroll registers will be reviewed and approved by the Treasurer via email authorization or by initializing the register

2017-002 Cash Withdrawals:

Management agrees with the findings and undertakes to comply with the internal controls as documented in the FFPM.

The cash withdrawals were taken periodically throughout FY17 as needed to supply the School with its daily needs of school supplies such as copy paper for staffing, toiletries, cleaning supplies, as well as other items for students. Additional cash withdrawals were used to pay for unexpected maintenance issues (plumbing and roofing issues) that we had with the School's facilities which were not properly recorded in the general ledger. Most of the additional cash not recorded properly were for emergency issues with the facility. Our landlord did not have the funds to assist us with resolving the maintenance issues. Effective May 2017 Cash withdrawals have stopped and there will be no cash withdrawals from an ATM or bank teller.

2017-003 Bidding Procedures:

Management agrees with the findings and undertakes to comply with internal controls as documented in the FPPM. FPPM states that the School will solicit and document price quotes from at least three vendors for purchases over \$20,000.

The Board received more than one bid and spoke with multiple contractors in respect to the contracting bids for renovating the existing space. We have proposals from AC Interiors and Sprout. The bids were discussed amongst the Board but not properly documented. To avoid this error in the future the Principal and the Director of Operations will present to the Board the proposals from various vendors to vote on before final approval, in accordance with the procedures set forth in the FPPM. The enforcement of the segregation of duties should provide greater protection from this reoccurring. Effective FY17/18, bidding for projects and purchases over \$20,000 will be documented and retained by the School.

2017-004 Government Grants:

Management agrees with the findings and undertakes to comply with the compliance guidelines as outlined by the various Grant issuing entities. The FPPM states that the School's accounting and documentation system must be capable of meeting the requirements imposed by grant agreements and donor designations and restrictions.

Food Service Program- Due to the lack of staffing our previous Principal (rather than the Operations Manager) had been inputting the information for reimbursement for the food services program. Our previous principal resigned in June 2017. The School discovered that they were locked out of the system. As of last week, the School's Director of Operations has gained access to the system and found that the data that was collected for the food services program for May and June was not inputted into the Child Nutrition Services Program for reimbursement. Our Principal and Director of Operations both have access to inputting all data collected for the food services program going forward. The School is considering alternative arrangements for providing food services to its students.

CSP GRANT- Management has retained all approved FS-10 budgets, FS-25, AND FS-10F forms for the grant. The details for the expenditures do not align with the F25 forms that were submitted.

The Principal and the Director of Operations will be keeping the records for all grant programs and will be reviewed monthly by the Board.

Effective FY17/18, the School will retain all documentation relating to government grant expenditures.

Hard Work Generates Unlimited Options!