























































**Democracy Prep New York Charter Schools**

Schedule of Functional Expenses by School  
Bronx Preparatory Charter School  
Year Ended June 30, 2018

	No. of Positions	Program Services			Management and	Total
		Regular Education	Special Education	Total	General	
Personnel services costs						
Administrative staff personnel	20	\$ 190,252	\$ 26,131	\$ 216,383	\$ 1,317,729	\$ 1,534,112
Instructional personnel	80	4,033,935	554,063	4,587,998	-	4,587,998
Non-instructional personnel	5	198,695	27,292	225,987	-	225,987
Total salaries and staff	105	4,422,882	607,486	5,030,368	1,317,729	6,348,097
Fringe benefits and payroll taxes		1,164,022	159,879	1,323,901	346,802	1,670,703
Retirement		152,293	20,917	173,210	45,373	218,583
Management company fees		1,123,911	154,370	1,278,281	334,852	1,613,133
Accounting/audit services		-	-	-	21,750	21,750
Other purchased/professional/consulting services		78,903	10,838	89,741	23,508	113,249
Occupancy		46,652	6,408	53,060	13,899	66,959
Repair and maintenance		396,669	54,483	451,152	118,181	569,333
Insurance		45,858	6,299	52,157	13,663	65,820
Utilities		185,698	25,506	211,204	55,326	266,530
Supplies/materials		195,901	26,907	222,808	-	222,808
Equipment/furnishings		9,048	1,243	10,291	2,696	12,987
Staff development		82,390	11,316	93,706	24,547	118,253
Marketing/recruitment		17,163	2,357	19,520	5,114	24,634
Technology		70,578	9,694	80,272	21,022	101,294
Student services		435,469	59,811	495,280	-	495,280
Office expense		41,538	5,704	47,242	12,376	59,618
Depreciation		261,144	35,864	297,007	77,790	374,797
Travel		3,204	440	3,644	955	4,599
Other		66,848	9,182	76,030	19,917	95,947
Total expenses before amortization of interest in Friends' building		8,800,171	1,208,704	10,008,874	2,455,500	12,464,374
Amortization of interest in Friends' building		338,598	46,510	385,109	100,894	486,003
Total Expenses		<u>\$ 9,138,769</u>	<u>\$ 1,255,214</u>	<u>\$ 10,393,983</u>	<u>\$ 2,556,394</u>	<u>\$ 12,950,377</u>

See independent auditors' report

**Democracy Prep New York Charter Schools**

Schedule of Functional Expenses by School  
Democracy Preparatory Charter School  
Year Ended June 30, 2018

	No. of Positions	Program Services			Management and	Total
		Regular Education	Special Education	Total	General	
Personnel services costs						
Administrative staff personnel	20	\$ 363,507	\$ 78,080	\$ 441,587	\$ 985,843	\$ 1,427,430
Instructional personnel	79	4,191,532	900,321	5,091,853	-	5,091,853
Non-instructional personnel	2	84,153	18,075	102,228	-	102,228
Total salaries and staff	101	4,639,192	996,476	5,635,668	985,843	6,621,511
Fringe benefits and payroll taxes		780,024	167,545	947,569	165,758	1,113,327
Retirement		167,512	35,981	203,493	35,597	239,090
Management company fees		1,170,196	251,352	1,421,548	248,670	1,670,218
Other purchased/professional/consulting services		167,625	36,005	203,630	33,121	236,751
Occupancy		539,551	115,893	655,444	114,657	770,101
Repair and maintenance		143,806	30,884	174,690	30,559	205,249
Insurance		45,316	9,733	55,049	9,630	64,679
Utilities		180,197	38,705	218,902	38,292	257,194
Supplies/materials		174,802	37,547	212,349	-	212,349
Equipment/furnishings		529	115	644	112	756
Staff development		90,050	19,343	109,393	19,136	128,529
Marketing/recruitment		33,174	7,124	40,298	7,050	47,348
Technology		79,982	17,180	97,162	16,996	114,158
Student services		445,616	95,717	541,333	-	541,333
Office expense		45,854	9,851	55,705	9,744	65,449
Depreciation		172,859	37,130	209,989	36,733	246,722
Travel		5,926	1,273	7,199	1,259	8,458
Other		30,136	6,473	36,609	6,404	43,013
<b>Total Expenses</b>		<b>\$ 8,912,347</b>	<b>\$ 1,914,327</b>	<b>\$ 10,826,674</b>	<b>\$ 1,759,561</b>	<b>\$ 12,586,235</b>

**Democracy Prep New York Charter Schools**

Schedule of Functional Expenses by School  
Democracy Preparatory Harlem Charter School  
Year Ended June 30, 2018

	<u>No. of Positions</u>	<u>Program Services</u>			<u>Management and General</u>	<u>Total</u>
		<u>Regular Education</u>	<u>Special Education</u>	<u>Total</u>		
Personnel services costs						
Administrative staff personnel	24	\$ 241,503	\$ 47,082	\$ 288,585	\$ 1,515,185	\$ 1,803,770
Instructional personnel	106	5,207,974	1,015,335	6,223,309	-	6,223,309
Non-instructional personnel	<u>1</u>	<u>41,372</u>	<u>8,066</u>	<u>49,438</u>	-	<u>49,438</u>
Total salaries and staff	131	5,490,849	1,070,483	6,561,332	1,515,185	8,076,517
Fringe benefits and payroll taxes		1,423,043	277,434	1,700,477	392,685	2,093,162
Retirement		202,751	39,527	242,278	55,949	298,227
Management company fees		1,474,636	287,492	1,762,128	406,922	2,169,050
Accounting/audit services		-	-	-	22,500	22,500
Other purchased/professional/consulting services		223,291	43,532	266,823	61,617	328,440
Occupancy		466,492	90,946	557,438	128,727	686,165
Repair and maintenance		36,286	7,070	43,356	10,013	53,369
Insurance		73,319	14,294	87,613	20,232	107,845
Utilities		73,736	14,376	88,112	20,347	108,459
Supplies/materials		323,687	63,106	386,793	-	386,793
Equipment/furnishings		447	88	535	123	658
Staff development		100,259	19,546	119,805	27,666	147,471
Marketing/recruitment		34,702	6,764	41,466	9,576	51,042
Technology		131,116	25,563	156,679	36,181	192,860
Student services		552,532	107,720	660,252	-	660,252
Office expense		56,449	11,006	67,455	15,577	83,032
Depreciation		238,463	46,490	284,953	65,803	350,756
Travel		3,529	688	4,217	974	5,191
Other		<u>124,096</u>	<u>24,194</u>	<u>148,290</u>	<u>34,244</u>	<u>182,534</u>
<b>Total Expenses</b>		<u>\$ 11,029,683</u>	<u>\$ 2,150,319</u>	<u>\$ 13,180,002</u>	<u>\$ 2,824,321</u>	<u>\$ 16,004,323</u>

See independent auditors' report

**Democracy Prep New York Charter Schools**

Schedule of Functional Expenses by School  
Harlem Prep Charter School  
Year Ended June 30, 2018

	<u>No. of Positions</u>	<u>Program Services</u>			<u>Management and</u>	<u>Total</u>
		<u>Regular Education</u>	<u>Special Education</u>	<u>Total</u>	<u>General</u>	
Personnel services costs						
Administrative staff personnel	22	\$ 198,620	\$ 43,531	\$ 242,151	\$ 1,287,733	\$ 1,529,884
Instructional personnel	91	5,138,440	1,126,185	6,264,625	-	6,264,625
Non-instructional personnel	<u>1</u>	<u>56,454</u>	<u>12,374</u>	<u>68,828</u>	-	<u>68,828</u>
Total salaries and staff	114	5,393,514	1,182,090	6,575,604	1,287,733	7,863,337
Fringe benefits and payroll taxes		872,132	191,145	1,063,277	208,227	1,271,504
Retirement		153,621	33,668	187,289	36,678	223,967
Management company fees		1,295,128	283,851	1,578,979	309,219	1,888,198
Accounting/audit services				-	1,700	1,700
Other purchased/professional/consulting services		214,830	47,084	261,914	51,292	313,206
Occupancy		1,099,992	241,084	1,341,076	262,629	1,603,705
Repair and maintenance		914,007	200,321	1,114,328	218,225	1,332,553
Insurance		63,059	13,821	76,880	15,056	91,936
Utilities		66,347	14,540	80,887	15,841	96,728
Supplies/materials		246,135	53,947	300,082	-	300,082
Equipment/furnishings		2,864	627	3,491	684	4,175
Staff development		128,598	28,185	156,783	30,704	187,487
Marketing/recruitment		31,143	6,825	37,968	7,436	45,404
Technology		145,165	31,816	176,981	34,659	211,640
Student services		316,504	69,370	385,874	-	385,874
Office expense		47,258	10,359	57,617	11,283	68,900
Depreciation		461,090	101,056	562,146	110,088	672,234
Travel		7,543	1,652	9,195	1,801	10,996
Other		<u>99,002</u>	<u>21,698</u>	<u>120,700</u>	<u>23,638</u>	<u>144,338</u>
<b>Total Expenses</b>		<u>\$ 11,557,932</u>	<u>\$ 2,533,139</u>	<u>\$ 14,091,071</u>	<u>\$ 2,626,893</u>	<u>\$ 16,717,964</u>

See independent auditors' report

# **Democracy Prep New York Charter Schools**

Uniform Guidance  
Schedules and Reports

June 30, 2018

**Democracy Prep New York Charter Schools**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Pass-through to Subrecipients	Total Federal Expenditures
U.S. Department of Education				
Passed Through the New York State				
Education Department:				
Title I Grants to Local Educational Agencies	84.010	0021-17-4125	\$ -	\$ 353,476
Title I Grants to Local Educational Agencies	84.010	0021-17-4685	-	405,643
Title I Grants to Local Educational Agencies	84.010	0021-17-4349	-	314,295
Title I Grants to Local Educational Agencies	84.010	0021-17-4220	-	405,935
			<u>-</u>	<u>1,479,349</u>
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-17-4125	-	89,692
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-17-4685	-	112,794
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-17-4349	-	46,487
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	0147-17-4220	-	137,124
			<u>-</u>	<u>386,097</u>
The Expansion and Replication of the Democracy Prep New York Academic Model	84.282M	N/A	-	31,595
Total U.S. Department of Education			<u>-</u>	<u>1,897,041</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,897,041</u>

See independent auditors' report and notes to the schedule of expenditures of federal awards

## **Democracy Prep New York Charter Schools**

### Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2018

#### **1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

#### **2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **3. Indirect Cost Rate**

The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



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

**Independent Auditors' Report**

**Board of Trustees  
Democracy Prep New York Charter Schools**

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 Ascend Charter Schools (the "School"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 9, 2018.

***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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a material weakness.



***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*.

***The School's Response to the Finding***

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School'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 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.

*PKF O'Connor Davies, LLP*

Harrison, New York  
November 9, 2018

**Report on Compliance for Each Major Federal Program and Report on Internal Control  
Over Compliance Required by the Uniform Guidance**

**Independent Auditors' Report**

**Board of Trustees**  
**Democracy Prep New York Charter Schools**

**Report on Compliance for Each Major Federal Program**

We have audited Democracy Prep New York Charter Schools' (the "School") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2018. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

***Report on Internal Control over Compliance***

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*  
Harrison, New York  
November 9, 2018

**Democracy Prep New York Charter Schools**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018

**Section I - Summary of Auditors' Results**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

  X   yes    no

Significant deficiency(ies) identified?

   yes   X   none reported

Noncompliance material to the financial statements noted?

   yes   X   no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

   yes   X   no

Significant deficiency(ies) identified?

   yes   X   none reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

   yes   X   no

Identification of major federal programs:

CFDA Number

84.010

Name of Federal Program or Cluster

Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

   yes   X   no

## **Democracy Prep New York Charter Schools**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018

### **Section II – Financial Statement Findings**

#### **2018-001- General Ledger Maintenance and Account Analysis**

##### ***Criteria***

An effective financial closing process provides the School with accurate and timely financial statements.

##### ***Condition***

Schedules and reconciliations were not prepared and updated throughout the fiscal year. This delayed management's preparation of the year-end financial statements and the completion of the audit package. We noted that improvements are needed in the financial statement closing process to address the timeliness of the School's year-end financial reporting.

##### ***Cause***

The finance department appears to be understaffed and continual training is required to enable a good understanding of effective internal controls.

##### ***Effect***

The School's system of internal control is not effective for managing its resources and resulted in difficulties with meeting external deadlines for submission of the audited financial statements.

##### ***Recommendation***

We recommend that the School assess the adequacy of resources in the finance department in relation to its periodic reporting responsibility. The School may consider an increased level of financial analysis of significant accounts on a regular basis, as well as providing additional support to the Chief Financial Officer in the area of financial reporting.

##### ***Views of Responsible Officials***

See management corrective action plan in Exhibit A.

### **Section III – Federal Award Findings and Questioned Costs**

During our audit, we noted no material instances of noncompliance and none of the costs reported in the federal financially assisted programs are questioned or recommended to be disallowed.

### **Section IV – Prior Year Findings**

There were no prior year audit findings.



# DEMOCRACY PREP PUBLIC SCHOOLS

*Work Hard. Go to College. Change the World!*

The State Education Department of the State University of New York  
The Charter Schools Institute of the State University of New York

Exhibit A: Management Corrective Action Plan

## **2018-001 – General Ledger Maintenance and Account Analysis**

With the conversion from QuickBooks to Intacct, there were transactions imported from one system to the other that impacted the AP subledger differently. As well, the two systems function differently within the AP GL account wherein vendors are tagged in QB and automatically flow through the subledger but in Intacct, those same transactions are simply journal entries that do not interact with the subledger. Reconciliation required both journal entries as well as entries that would process through the AP subledger in order to get the accounts to tie out. As well, the initial set up was limiting the automatic entry of due to/due from transactions which took time to manually reconcile. While the transition has been lengthy, ultimately, the new accounting program has many benefits over our previous accounting package and is allowing us to operate more quickly and efficiently. In addition, we are performing a quarterly reconciliation of the AP Trial Balance amount vs. the AP subledger in order to ensure that they continue to tie out.

Greg Spreeman  
Chief Financial Officer

11/14/18

# **Democracy Prep New York Charter Schools**

Independent Auditors' Report on Communication of  
Internal Control Matters

June 30, 2018

## **Independent Auditors Communication on Internal Control Matters**

### **The Board of Trustees Democracy Prep New York Charter Schools**

In planning and performing our audit of the financial statements of Democracy Prep New York Charter Schools (the "School") as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting (internal control) as a basis for designing 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We consider the deficiency in the School's internal control presented in Addendum A to this letter to be a material weakness.

We have an observation and recommendation that is an opportunity for strengthening internal control and/or operating efficiency presented in Addendum B to this letter.

This communication is intended solely for the information and use of management, the Board of Trustees, federal, state, and local awarding agencies, The Charter Schools Institute of the State University of New York, The State Education Department of the State University of New York, and others within the School, and is not intended to be and should not be used by anyone other than these specified parties.

November 9, 2018



## **Democracy Prep New York Charter Schools**

### **Addendum A**

#### **Deficiency in Internal Control that We Consider to be a Material Weakness**

##### **1. General Ledger Maintenance and Account Analysis (Prior Year Comment)**

During our audit, we noted that schedules and reconciliations were not prepared and updated throughout the fiscal year. This delayed management's preparation of the year-end financial statements and the completion of the audit package. We noted that improvements are needed in the financial statement closing processes to address the timeliness of the Organization's year-end financial reporting.

Management should assess the adequacy of resources in the finance department in relation to its periodic reporting responsibility. The Organization may consider an increased level of financial analysis of significant accounts on a regular basis, as well as providing additional support to the Chief Financial Officer in the area of financial reporting.

## **Democracy Prep New York Charter Schools**

### **Addendum B**

#### **Other Observation and Recommendation for Strengthening Internal Control and/or Operating Efficiency**

##### **2. Updating the Policies and Procedures Manual**

We noted that although the School previously adopted and implemented a formal financial policies and procedures manual (the “manual”), we concluded that there is a number of procedures and thresholds that should be updated and reviewed pursuant to the merger of four charters into one legal entity and the upgrade to new accounting software. This will help improve the School’s ability to process, record, summarize, and report financial information.

We recommend that consideration be given to updating the manual wherein threshold are increased to a more practical range and finance and accounting policies and procedures are clearly defined under the new accounting software.