



EFPR Group, PLLC
Certified Public Accountants
6390 Main Street, Suite 200
Williamsville, NY 14221

This representation letter is provided in connection with your audits of the financial statements of the Niagara Charter School (the School), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 30, 2017, the following representations made to you during your audits.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 7, 2017 including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the School's accounts.



- 9) We are not aware of any or pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP.
- 10) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the School is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- 12) Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the statement of financial position date and have been reduced to their estimated net realizable value.

Information Provided

- 13) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audits.
 - c) Unrestricted access to persons within the School from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 14) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 15) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 16) We have no knowledge of any fraud or suspected fraud that affects the School and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 17) We have no knowledge of any allegations of fraud or suspected fraud affecting the School's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 18) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
- 19) We are not aware of any or pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP.
- 20) We have disclosed to you the identity of the School's related parties and all the related party relationships and transactions of which we are aware.
- 21) The School has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.



NIAGARA
Charter School

- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 23) The School is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the School's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- 24) In regards to tax return and depreciation preparation services performed by you, we have:
- a) Made all management decisions and performed all management functions.
 - b) Designated an individual with suitable skill, knowledge or experience to oversee the services.
 - c) Evaluated the adequacy and results of the services performed.
 - d) Accepted the responsibility for the results of the services.
 - e) Established and maintained internal controls, including monitoring ongoing activities.
- 25) As part of your audit, you prepared the draft financial statement and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

Signature: Daniel M. Novak
Title: Chief Academic Officer
Date: October 30, 2017

NIAGARA CHARTER SCHOOL

Financial Statements

June 30, 2017

(With Independent Auditors' Report Thereon)

NIAGARA CHARTER SCHOOL

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	12 - 13

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Niagara Charter School:

Report on the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 School'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 School'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 Niagara Charter School as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Niagara Charter School's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 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 October 30, 2017, on our consideration of Niagara 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 30, 2017

NIAGARA CHARTER SCHOOL
 Statement of Financial Position
 June 30, 2017
 with comparative totals for 2016

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Current assets:		
Cash	\$ 1,669,370	1,737,878
Receivables	384,656	342,843
Prepaid expenses	72,899	-
Total current assets	2,126,925	2,080,721
Property and equipment, at cost	1,085,918	1,063,031
Less accumulated depreciation and amortization	(698,971)	(645,962)
Net property and equipment	386,947	417,069
Total assets	\$ 2,513,872	2,497,790
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	18,711	70,275
Accrued expenses:		
Payroll and payroll taxes	168,755	224,873
Pension	252,855	261,493
Total accrued expenses	421,610	486,366
Total current liabilities	440,321	556,641
Unrestricted net assets	2,073,551	1,941,149
Commitments and contingency (notes 3 and 5)		
Total liabilities and net assets	\$ 2,513,872	2,497,790

See accompanying notes to financial statements.

NIAGARA CHARTER SCHOOL
 Statement of Activities
 Year ended June 30, 2017
 with comparative totals for 2016

	<u>2017</u>	<u>2016</u>
Revenue:		
Public School Districts:		
Resident student enrollment	\$ 4,101,719	4,037,936
Students with disabilities	239,420	202,579
Other revenue from public school districts	43,727	50,372
Grant income	171,381	230,468
Contributions	25,708	8,538
Other	43,766	18,091
	<u>4,625,721</u>	<u>4,547,984</u>
Total revenue		
Expenses:		
Program services:		
Regular education	4,113,943	3,818,383
Special education	200,652	171,479
	<u>4,314,595</u>	<u>3,989,862</u>
Total program services		
Management and general	178,724	466,691
	<u>4,493,319</u>	<u>4,456,553</u>
Total expenses		
Increase in unrestricted net assets	132,402	91,431
Unrestricted net assets at beginning of year	1,941,149	1,849,718
Unrestricted net assets at end of year	<u>\$ 2,073,551</u>	<u>1,941,149</u>

See accompanying notes to financial statements.

NIAGARA CHARTER SCHOOL
Statement of Functional Expenses
Year ended June 30, 2017
with comparative totals for 2016

	<u>Program Services</u>			Management and general	<u>Total</u>		
	<u>No. of positions</u>	<u>Regular education</u>	<u>Special education</u>		<u>Total</u>	<u>2017</u>	<u>2016</u>
Personnel services costs:							
Instructional personnel	37	\$ 1,409,872	67,972	1,477,844	67,175	1,545,019	1,577,865
Administrative personnel	2	300,983	14,511	315,494	14,341	329,835	336,032
Non-instructional personnel	<u>7</u>	<u>142,643</u>	<u>6,877</u>	<u>149,520</u>	<u>6,796</u>	<u>156,316</u>	<u>176,947</u>
Total salaries	<u>46</u>	1,853,498	89,360	1,942,858	88,312	2,031,170	2,090,844
Fringe and payroll taxes		706,636	34,069	740,705	33,668	774,373	742,312
Office expense		10,603	511	11,114	505	11,619	11,680
Printing and production		27,730	1,337	29,067	1,321	30,388	31,916
Telephone		12,395	597	12,992	591	13,583	14,929
Meetings and travel		13,788	665	14,453	657	15,110	20,428
Consulting fees		98,055	4,727	102,782	4,672	107,454	57,292
Supplies		64,924	3,130	68,054	3,093	71,147	88,496
Interest expense		68	3	71	3	74	-
Professional fees		98,862	4,767	103,629	4,710	108,339	87,104
Advertising		12,207	588	12,795	582	13,377	5,292
Dues and subscriptions		10,175	490	10,665	485	11,150	10,602
Insurance		42,062	2,028	44,090	2,004	46,094	50,418
Licenses and permits		3,501	169	3,670	167	3,837	644
Legal fees		43,004	2,072	45,076	2,050	47,126	24,704
Occupancy		493,446	23,790	517,236	23,511	540,747	529,498
Repairs and maintenance		91,359	4,405	95,764	4,353	100,117	65,440
Staff development		61,586	2,969	64,555	2,934	67,489	78,149
Utilities		36,851	1,777	38,628	1,756	40,384	48,798
Garbage collection		10,313	498	10,811	491	11,302	9,180
Health center		5,278	288	5,566	-	5,566	2,248
Security		6,082	293	6,375	290	6,665	3,274
Student transportation		324,037	17,687	341,724	-	341,724	364,342
Depreciation and amortization		48,372	2,332	50,704	2,305	53,009	70,816
Student activities and field trips		33,563	1,832	35,395	-	35,395	39,940
Bad debt		-	-	-	-	-	5,396
Miscellaneous		<u>5,548</u>	<u>268</u>	<u>5,816</u>	<u>264</u>	<u>6,080</u>	<u>2,811</u>
Total expenses		<u>\$ 4,113,943</u>	<u>200,652</u>	<u>4,314,595</u>	<u>178,724</u>	<u>4,493,319</u>	<u>4,456,553</u>

See accompanying notes to financial statements.

NIAGARA CHARTER SCHOOL
 Statement of Cash Flows
 Year ended June 30, 2017
 with comparative totals for 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Increase in unrestricted net assets	\$ 132,402	91,431
Adjustments to reconcile increase in unrestricted net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	53,009	70,816
Changes in:		
Receivables	(41,813)	(131,361)
Prepaid expenses	(72,899)	541
Accounts payable	(51,564)	(17,350)
Accrued expenses	<u>(64,756)</u>	<u>20,041</u>
Net cash provided by (used in) operating activities	(45,621)	34,118
Cash flows from investing activities - additions to property and equipment	<u>(22,887)</u>	<u>(72,535)</u>
Net decrease in cash	(68,508)	(38,417)
Cash at beginning of year	<u>1,737,878</u>	<u>1,776,295</u>
Cash at end of year	<u>\$ 1,669,370</u>	<u>1,737,878</u>

See accompanying notes to financial statements.

NIAGARA CHARTER SCHOOL

Notes to Financial Statements

June 30, 2017

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

Niagara Charter School (the School) was chartered by the Board of Regents of the University at the State of New York on July 21, 2005 for a term of five years pursuant to Article 56 of the New York State Education Law. The School has received a renewal of their charter which will expire on June 30, 2021. The School is a K-6 public school primarily funded through the Board of Education of the City School District of Niagara Falls.

Charter schools receive state and Federal public-school funding and must meet all the same state and federal testing and learning requirements as public schools, yet they operate independently of the local school district, serving as their own local education agency.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Basis of Presentation

The School reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The School does not have any temporarily or permanently restricted net assets as of June 30, 2017 and 2016. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the School's Board of Trustees.

(d) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(e) Cash

For purposes of the statement of cash flows, the School considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(f) Concentration of Credit Risk

Financial instruments that potentially subject the School to concentration of credit risk consist principally of cash accounts in financial institutions. Although the accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institutions.

NIAGARA CHARTER SCHOOL
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Receivables

The School uses the allowance method to account for uncollectible receivables. There was no allowance for doubtful accounts for the years ended June 30, 2017 and 2016.

(h) Capitalization, Depreciation and Amortization

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated property and equipment. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation or amortization. The resulting gains and losses are reflected in the statement of activities.

(i) Public School District Revenue

The School receives per pupil aid which is passed through several School Districts predominantly in Niagara County. The majority of this comes from the Niagara Falls City School District. New York State Education Department mandates the rate per pupil. For the years ended June 30, 2017 and 2016, the per pupil rate was \$11,425 and \$11,275, respectively, for the Niagara Falls City School District.

(j) Deferred Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statement of financial position as deferred revenue.

(k) Donated Equipment, Materials, Supplies and Personnel Services

Donated equipment, materials and supplies are reflected in the financial statements based on the fair market value at the time of donation.

Donated personnel services meeting the requirements for recognition in the financial statements were not material and have not been recorded. However, many individuals volunteer their time and perform a variety of tasks that assist the School.

(l) Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the School. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

NIAGARA CHARTER SCHOOL
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) Expense Allocation

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

(n) Subsequent Events

The School has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(o) Income Taxes

The School is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The School has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The School presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the School has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the School are subject to examination by taxing authorities.

(p) Reclassifications

Reclassifications have been made to certain 2016 balances in order to conform them to the 2017 presentation.

(2) Property and Equipment

Property and equipment are recorded at cost. A summary of property and equipment at June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Leasehold improvements	\$ 452,569	452,569
Furniture and equipment	613,486	590,599
Books	<u>19,863</u>	<u>19,863</u>
	1,085,918	1,063,031
Less accumulated depreciation and amortization	<u>(698,971)</u>	<u>(645,962)</u>
Net property and equipment	\$ <u>386,947</u>	<u>417,069</u>

NIAGARA CHARTER SCHOOL
Notes to Financial Statements, Continued

(3) Commitments

(a) Lease Obligation

The School leases its facility under an operating lease which expires in July 2026 subject to annual increases in the consumer price index for the Northeast Region over 2008 as the base year. The School has the option to extend the term of this lease for one five year interval. The lease will terminate on expiration or non-renewal of the School's charter. Rent expense amounted to \$540,747 and \$529,498 for the years ended June 30, 2017 and 2016, respectively.

Minimum future rental payments under the operating lease for the five years following June 30, 2017 and thereafter are as follows:

2018		\$ 564,313
2019		564,313
2020		564,313
2021		564,313
2022		564,313
Thereafter		<u>2,257,253</u>
		<u>\$ 5,078,818</u>

(b) Transportation Services Obligations

The School has an agreement for bus transportation with a private carrier for its students. The agreement commenced on July 1, 2016 and shall expire on June 30, 2021.

Minimum future transportation payments under the operating lease for the four years following June 30, 2017 are as follows:

2018		\$ 348,558
2019		348,558
2020		348,558
2021		<u>348,558</u>
		<u>\$ 1,394,232</u>

(4) Pension Plans

The School participates in the New York State Teachers' Retirement System (NYSTRS), which is a cost-sharing multiple employer, public employees retirement system. NYSTRS offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

NYSTRS is administered by the New York State Teachers' Retirement Board and provides retirement, disability, withdrawal and death benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

NIAGARA CHARTER SCHOOL
Notes to Financial Statements, Continued

(4) Pension Plans, Continued

NYSTRS is noncontributory, except for employees who joined the System after July 27, 1976 and prior to January 1, 2010, who contribute 3% of their salary, except that employees in NYSTRS more than ten years are no longer required to contribute. Those joining NYSTRS on or after January 1, 2010 are required to contribute 3.5% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The School is required to contribute an actuarially determined rate. The rates for NYSTRS were 11.72% and 13.26% of the annual covered payroll as of June 30, 2017 and 2016, respectively. Required annual contributions of \$202,200 and \$223,585 were paid to NYSTRS by the School for the years ended June 30, 2017 and 2016, respectively.

(5) Contingency

The School has received grants which are subject to audit by agencies of the state and Federal government. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the School's administration believes that disallowances, if any will be immaterial.

(6) Escrow Account

As set forth in its charter, the School established an escrow account in September 2013 in the amount of \$75,000 for the purpose of funding legal and audit fees in the event of dissolution. The amount in escrow was \$76,009 and \$75,369 as of June 30, 2017 and 2016, respectively.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Trustees
Niagara 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 Niagara Charter School (the School), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated October 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Niagara 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.

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.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 30, 2017