SYRACUSE ACADEMY OF SCIENCE
CHARTER SCHOOL

FINANCIAL STATEMENTS

June 30, 2017

Heveron&Company
CERTIFIED PUBLIC ACCOUNTANTS

INPACT

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Syracuse Academy of Science Charter School
Syracuse, New York

We have audited the accompanying financial statements of Syracuse Academy of Science Charter School (a nonprofit organization), which comprise the balance sheets as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, the related statement of functional expenses for the year ended June 30, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit 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.

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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 Syracuse Academy of Science Charter School as of June 30, 2017 and 2016 and the changes in net assets and its cash flows for the years then ended, and functional expenses for the year ended June 30, 2017 in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Syracuse Academy of Science Charter School's statement of functional expenses for the year ended June 30, 2016, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 11, 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 a report dated October 10, 2017 on our consideration of Syracuse Academy of Science Charter School's internal control over financial reporting, and 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 Syracuse Academy of Science Charter School's internal control over financial reporting and compliance.

Heveron & Company

Heveron & Company
Certified Public Accountants

Rochester, New York
October 10, 2017

SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL
BALANCE SHEETS
June 30, 2017 and 2016

ASSETS

	2017	2016
Current Assets		
Cash and Cash Equivalents	$5,804,526	$4,821,158
Restricted Cash - Extra Classroom Funds	58,860	33,502
Accounts Receivable	21,299	19,815
Grants Receivable	356,308	59,684
Due from Related Party	2,282	417
Prepaid Expenses	214,436	30,474
Inventory	13,157	13,157
Total Current Assets	6,470,868	4,978,207
Property and Equipment		
Leasehold Improvements	2,263,592	2,025,476
Furniture, Fixtures and Equipment	1,032,926	1,005,114
Computer Software and Hardware	806,979	740,217
Vehicles	215,398	202,951
Less: Accumulated Depreciation and Amortization	(1,932,384)	(1,587,700)
Net Property and Equipment	2,386,511	2,386,058
Other Assets		
Security Deposits	117,151	117,151
TOTAL ASSETS	$8,974,530	$7,481,416

LIABILITIES AND NET ASSETS

	2017	2016
Current Liabilities		
Accounts Payable	$ 179,960	$ 81,102
Accrued Payroll and Benefits	996,525	1,046,336
Extra Classroom Funds	58,860	33,502
Total Current Liabilities	1,235,345	1,160,940
Net Assets		
Unrestricted	7,634,826	6,320,476
Temporarily Restricted	104,359	-
Total Net Assets	7,739,185	6,320,476
TOTAL LIABILITIES AND NET ASSETS	$8,974,530	$7,481,416

See Independent Auditors' Report and Notes to Financial Statements.

SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL
STATEMENTS OF ACTIVITIES
For The Years Ended June 30, 2017 and 2016

	Unrestricted	Temporarily Restricted	2017	2016
Revenues and Other Support:				
Public School District:				
Revenue - Resident Student Enrollment	$11,275,657	$ -	$11,275,657	$10,563,108
Revenue - Students with Disabilities	409,635	-	409,635	374,680
Special Charter School Aid	188,665	-	188,665	-
Food Service	439,610	-	439,610	375,070
Federal Grants	538,551	-	538,551	389,087
State Grants	107,590	-	107,590	110,503
Other Grants and Contributions	45,898	104,359	150,257	8,654
Other Income	109,123	-	109,123	137,801
Total Revenues and Other Support	13,114,729	104,359	13,219,088	11,958,903
Expenses:				
Program Services:				
Regular Education	8,398,680	-	8,398,680	7,823,547
Special Education	473,597	-	473,597	421,365
Other Programs	832,939	-	832,939	706,981
Total Program Services Expense	9,705,216	-	9,705,216	8,951,893
Supporting Services:				
Management and General	2,095,163	-	2,095,163	1,980,203
Total Expenses	11,800,379	-	11,800,379	10,932,096
Excess of Revenues and Other Support Over Expenses	1,314,350	104,359	1,418,709	1,026,807
Net Assets - Beginning of Year	6,320,476	-	6,320,476	5,293,669
Net Assets - End of Year	$ 7,634,826	$ 104,359	$ 7,739,185	$ 6,320,476

See Independent Auditors' Report and Notes to Financial Statements.

SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2017
(With Comparative Totals For The Year Ended June 30, 2016)

		Program Services				Totals	
	No. of Positions	Regular Education	Special Education	Other Programs	Management and General	2017	2016
Personnel Service Costs							
Instructional Personnel	124	$ 3,983,293	$ 205,818	$ 91,591	$ 46,404	$ 4,327,106	$ 3,854,288
Non-Instructional Personnel	54	144,918	-	-	281,469	426,387	291,056
Administrative Personnel	30	107,209	-	-	1,113,651	1,220,860	995,109
Total Salaries and Wages	208	4,235,420	205,818	91,591	1,441,524	5,974,353	5,140,453
Retirement		502,159	6,742	-	55,308	564,209	538,082
Fringe Benefits and Payroll Taxes		1,134,510	17,090	7,007	184,998	1,343,605	1,272,962
Total Personnel Services		5,872,089	229,650	98,598	1,681,830	7,882,167	6,951,497
Building Rent and Taxes		775,961	90,580	-	87,559	954,100	922,919
Repairs and Maintenance		352,077	40,573	-	54,758	447,408	547,244
Food		-	-	415,374	-	415,374	350,004
Depreciation and Amortization		302,428	35,580	-	17,790	355,798	352,255
Other Professional Services		295,249	26,743	-	26,495	348,487	324,548
Technology		174,272	10,420	-	37,968	222,660	314,629
Supplies and Materials		187,102	11,567	-	17,153	215,822	283,379
Student Services		-	-	208,892	-	208,892	268,019
Utilities		118,573	13,861	-	15,438	147,872	130,522
Other Expenses		68,728	1,502	-	43,977	114,207	112,057
Professional Development		88,133	433	-	23,234	111,800	71,409

SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2017
(With Comparative Totals For The Year Ended June 30, 2016)
(Continued)

	Program Services				Totals	
	Regular Education	Special Education	Other Programs	Management and General	2017	2016
Start Up Expenses	-	-	110,075	-	110,075	-
Equipment and Furnishings	67,211	5,107	-	26,728	99,046	112,579
Insurance	67,469	5,700	-	14,146	87,315	85,411
Legal Services	-	-	-	24,670	24,670	61,968
Marketing and Recruitment	17,721	650	-	5,358	23,729	15,961
Office Expense	11,667	1,231	-	2,609	15,507	15,464
Accounting and Auditing Fees	-	-	-	15,450	15,450	12,231
Total Expenses	$ 8,398,680	$ 473,597	$ 832,939	$ 2,095,163	$11,800,379	$10,932,096

See Independent Auditors' Report and Notes to Financial Statements.

SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flow From Operating Activities		
Revenue from School Districts	$11,667,176	$10,956,442
Grant Revenues	430,592	598,029
Food Service Fees	439,610	375,070
Other Sources	113,252	146,455
Payments to Vendors for Goods and Services Rendered	(3,505,782)	(3,040,683)
Payments to Charter School Personnel for Services Rendered	(7,804,631)	(7,013,403)
Net Cash Flow Provided By Operating Activities	1,340,217	2,021,910
Cash Flow From Investing Activities		
Purchase of Property and Equipment	(356,849)	(358,182)
Cash Flow Used By Investing Activities	(356,849)	(358,182)
Net Increase in Cash and Cash Equivalents	983,368	1,663,728
Cash and Cash Equivalents - Beginning of Year	4,821,158	3,157,430
Cash and Cash Equivalents - End of Year	$ 5,804,526	$ 4,821,158

SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2017 and 2016
(Continued)

	2017	2016
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Excess of Support and Revenue Over Expenses	$ 1,418,709	$ 1,026,807
Adjustments to Reconcile Excess of Support and Revenue Over Expenses to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	355,798	352,255
Loss on Sale of Property and Equipment	598	-
(Increase)/Decrease In:		
Accounts Receivable	(1,484)	42,051
Grants Receivable	(296,624)	208,942
Inventory	-	10,921
Prepaid Expenses	(183,962)	130,820
Due From Related Party	(1,865)	204,167
Increase/(Decrease) In:		
Accounts Payable	98,858	(21,799)
Accrued Payroll and Benefits	(49,811)	67,746
Net Cash Flow Provided By Operating Activities	$ 1,340,217	$ 2,021,910

See Independent Auditors' Report and Notes to Financial Statements.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Syracuse Academy of Science Charter School (the School) is a not-for-profit education corporation that operates a K-12 public charter school with special emphasis on math, science, and technology in Syracuse, New York. The School is also in the process of setting up a new public charter school named the Syracuse Academy of Science Citizenship Charter School. This new School will be open for the 17-18 school year. The School seeks to empower students through high intellectual standards, preparing them for college, career, and citizenship. The School obtains its revenue mainly from Charter School Basic Tuition from the Syracuse City School District and a few other surrounding school districts, in addition to food service, and state and federal grants.

The main programs of the School are as follows:

REGULAR EDUCATION: The School's curriculum is focused on mathematics, science, and technology. The School seeks to graduate students who can think critically and creatively, who are committed to a lifetime of learning and civic involvement, and who are conscious of local, global, and environmental issues. All courses align with the New York State Learning Standards.

SPECIAL EDUCATION: The School is open to all children and does not discriminate on the basis of ethnicity, national origin, gender, disability, or any other grounds that would be unlawful or deny the civil rights of any individual. In accordance with the Individuals with Disabilities Education Act, the Rehabilitation Act, Section 504, and the Americans with Disabilities Act, the School provides a free and appropriate education, in the least restrictive environment to students with disabilities. The primary service delivery for students with special needs is inclusion. Services for students requiring supplemental services are provided by the Syracuse City School District.

OTHER PROGRAMS: Other programs include food services, athletics, start up costs for the new school and extra-curricular activities.

Basis of Accounting

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

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

Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America, the School reports information regarding its financial position and activities according to the existence and nature of donor restrictions in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. There were no permanently restricted net assets at June 30, 2017 and 2016.

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

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

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

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

Temporarily Restricted Net Assets: Temporarily restricted net assets result from contributions subject to donor's restrictions that expire with the passage of time, or by actions of the School. There was $104,359 of temporarily restricted net asset at June 30, 2017 restricted for rent. There were no temporarily restricted net assets at June 30, 2016.

When donor restrictions from prior years expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition

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

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

Revenue Recognition (Continued)

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

Accounts and Grants Receivable

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

Contributions

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

Income Taxes

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

Advertising

Advertising costs are expensed as incurred.

Inventories

Inventories consist of school uniforms and are recorded at cost.

Functional Expenses

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

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

Property and Equipment

Property and equipment are stated at cost. The School capitalizes property and equipment with an estimated life of 3 years or more as follows:

	Cost
Leasehold Improvements	$5,000
Furniture, Fixtures and Equipment	$2,000
Computer Software and Hardware	$2,000

Furniture, fixtures, and equipment purchased as a bundle greater than $25,000 will also be capitalized, and all land and vehicle acquisitions are capitalized. Depreciation and amortization is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Leasehold Improvements	5-40
Furniture, Fixtures and Equipment	5-10
Computer Software and Hardware	3-10
Vehicles	5-10

Depreciation and amortization expense amounted to $355,798 and $352,255 for the years ended June 30, 2017 and 2016, respectively.

Cash and Cash Equivalents

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

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

	2017	2016
Checking	$3,558,078	$4,172,907
Savings	2,246,448	648,251
Total	$5,804,526	$4,821,158

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

Use of Estimates in the Preparation of Financial Statements

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

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2016 from which the summarized information was derived.

NOTE 2 - PENSION EXPENSE

The School participates in the New York State Teachers' Retirement System (System), a cost-sharing, multiple-employer, defined benefit pension plan administered by the New York State Teachers' Retirement Board. The System 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.

Plan members who joined the System before July 27, 1976 are not required to make contributions. Those joining after that date and before January 1, 2010, who have less than ten years of service or membership are required to contribute 3% of their annual salary. Those joining on or after January 1, 2010 and before April 1, 2012 are required to contribute 3.5% of their annual salary for their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career.

Employers are required to contribute at an actuarially determined rate. Rates applicable to the fiscal years ended June 30, 2017 and 2016 were 11.72% and 13.26%, respectively. The total retirement contribution expense for the System was $559,709 and $537,458 for the years ended June 30, 2017 and 2016, respectively.

NOTE 2 - PENSION EXPENSE (Continued)

The School also has a 403(b) annuity retirement plan for its employees. Employees that are not eligible for the New York State Teachers' Retirement System, and who work more than 20 hours per week, are made eligible immediately upon employment and may contribute a portion of their taxable salary not to exceed the statutory limits each year. Eligible employees may also receive discretionary amounts the School contributes. The School matches contributions up to $100 per month and $1,000 per year. The total 403(b) contribution expense was $4,500 and $624 for the years ended June 30, 2017 and 2016, respectively.

NOTE 3 - COMMITMENTS

The School is obligated under operating leases for four buildings. The leases can be terminated with a ten month notice. For each lease the School is responsible for payment of utilities, maintenance, and real property taxes.

The first lease term ends June 30, 2026. Rent is payable in monthly installments of $32,658 with an escalation clause equal to the greater of 4% or the Consumer Price Index percentage figure relating to the Northeast region of the United States.

The second lease term ends June 30, 2026. Rent is payable in monthly installments of $27,837 with an escalation clause equal to the greater of 4% or the Consumer Price Index percentage figure relating to the Northeast region of the United States.

The third lease term ends June 30, 2029. Rent is payable in monthly installments of $18,176 with an escalation clause equal to the greater of 4% or the Consumer Price Index percentage figure relating to the Northeast region of the United States.

The fourth lease term ends June 30, 2032. Rent is payable in monthly installments of $16,065 for the year ended June 30, 2018 and $18,935 for the year ended June 30, 2019. Beginning July 1, 2019, the rent is escalated to an amount equal to the greater of 4% or the Consumer Price Index percentage figure relating to the Northeast region of the United States. There is donated rent related to this lease. See Note 6 for more information.

Total rental expense for June 30, 2017 and 2016 totaled $907,750 and $872,833, respectively.

Future minimum lease payment commitments are as follows:

Year	Amount
2018	$1,136,839
2019	1,209,045
2020	1,288,416
2021	1,339,953
2022	1,393,551

NOTE 4 - DONATED SERVICES AND GOODS

The School receives donated services that, although substantial, do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America.

In March 2017, Terra Science and Education, Inc., donated rent to the School to assist with start up expenses for Syracuse Academy of Science Citizenship Charter School as outlined in Note 6 of the financial statements.

NOTE 5 - SPECIAL EDUCATION AND OTHER SUPPORT

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

The School receives State Aid in the form of textbooks, computer hardware, computer software, and library materials through the Syracuse City School District. The total aid received for the years ended June 30, 2017 and 2016 was $107,590 and $110,503, respectively.

NOTE 6 - RELATED PARTY TRANSACTIONS

The School began leasing school and office space from Terra Science and Education, Inc. ("Terra") during the year ended June 30, 2011. Terra and the School share one common board member. This board member abstains from voting matters affecting both the School and Terra and is not paid a salary from Terra nor the School. Total rent expense paid to Terra for the years ended June 30, 2017 and 2016 was $907,750 and $872,833, respectively. Terra also holds $117,151 of security deposits due to the School at the termination of the building leases.

During the year ended June 30, 2017, the School began leasing school space from Terra for a new school. The lease was discounted for the first 27 months to assist with start-up expenses. The total discount for donated rent was recorded as a contribution in the amount of $146,081 for the year ended June 30, 2017. Of the total contribution, $41,722 was expensed this year and $104,359 was recorded as prepaid rent. The prepaid rent will be expensed over the next 24 months.

NOTE 6 - RELATED PARTY TRANSACTIONS (Continued)

The School shares common board members with the Utica Academy of Science Charter School's ("Utica") Board of Trustees. The School provides services to Utica for business office operations, human resource services, information technology consultation, and academic and curriculum-related matters. Total revenue billed to Utica for the years ended June 30, 2017 and 2016 was $92,829 and $91,236, respectively. Additionally, the School paid expenses on Utica's behalf to assist with Utica's operational costs. Amounts due from Utica at June 30, 2017 and 2016 were $2,282 and $692, respectively.

NOTE 7 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 10, 2017, which is the date the statements were available for issuance.

Subsequent to the year ended June 30, 2017, the School was merged with Utica Academy of Science Charter School under an educational corporation. The name of the new educational corporation is Science Academies of New York Charter Schools.

SYRACUSE ACADEMY OF SCIENCE CHARTER SCHOOL

SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2017

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CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditors' Report

To the Board of Trustees
Syracuse Academy of Science Charter School
Syracuse, New York

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 Syracuse Academy of Science Charter School as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Syracuse Academy of Science Charter School's basic financial statements, and have issued our report thereon dated October 10, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Syracuse Academy of Science 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 Syracuse Academy of Science Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Syracuse Academy of Science 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.

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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 Syracuse Academy of Science Charter School's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heveron & Company

Heveron & Company
Certified Public Accountants

Rochester, New York
October 10, 2017