

**HOWARD UNIVERSITY PUBLIC CHARTER MIDDLE SCHOOL OF
MATHEMATICS AND SCIENCE**

FINANCIAL STATEMENTS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

With Reports of Independent Auditors

For the Years Ended June 30, 2015 and 2014



Walker & Co., LLP

Assurance, Business and Advisory Services

**HOWARD UNIVERSITY PUBLIC CHARTER MIDDLE SCHOOL
OF MATHEMATICS AND SCIENCE**

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Walker & Co., LLP
Assurance, Business and Advisory Services

REPORT OF INDEPENDENT AUDITORS

Board of Trustees
Howard University Public Charter Middle
School of Mathematics and Science

We have audited the accompanying financial statements of Howard University Public Charter Middle School of Mathematics and Science (the School), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, change in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Howard University Public Charter Middle School of Mathematics and Science as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, on our consideration of the 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 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.

Walker & Co., LLP

December 23, 2015

**HOWARD UNIVERSITY PUBLIC CHARTER MIDDLE SCHOOL
OF MATHEMATICS AND SCIENCE
STATEMENTS OF FINANCIAL POSITION**

	June 30,	
	2015	2014
ASSETS		
Current Assets		
Cash	\$ 858,739	\$ 310,647
Investments	102,272	700,000
Federal grants receivable	267,657	233,592
Other grants and contributions receivable, net of allowance of \$0 in 2015 and \$90,000 in 2014	133,902	178,244
Prepaid expenses and other assets	15,359	45,350
Total current assets	1,377,929	1,467,833
Property and equipment, net	312,739	330,959
Total Assets	\$ 1,690,668	\$ 1,798,792
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 81,896	\$ 80,047
Accrued expenses	242,923	378,829
Deferred revenue	-	207,629
Total current liabilities	324,819	666,505
Net Assets		
Unrestricted	1,365,849	1,132,287
Total Liabilities and Net Assets	\$ 1,690,668	\$ 1,798,792

See notes to financial statements.

**HOWARD UNIVERSITY PUBLIC CHARTER MIDDLE SCHOOL
OF MATHEMATICS AND SCIENCE
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS**

	Year ended June 30,	
	2015	2014
SUPPORT AND REVENUE		
Support		
Grants and contributions	\$ 1,066,729	\$ 983,428
Federal entitlements	309,698	299,733
Donated facilities	1,009,000	1,009,000
	2,385,427	2,292,161
 Revenue		
Per pupil allotments	4,523,902	4,445,962
Food service	5,472	11,975
Other	58,475	26,472
Total revenue	4,587,849	4,484,409
Total Support and Revenue	6,973,276	6,776,570
 EXPENSES		
Program services	5,854,298	5,663,589
Management and general	609,899	689,556
Fundraising	275,517	300,849
Total Expenses	6,739,714	6,653,994
 CHANGE IN NET ASSETS	233,562	122,576
NET ASSETS, Beginning of Year	1,132,287	1,009,711
NET ASSETS, End of Year	\$ 1,365,849	\$ 1,132,287

See notes to financial statements.

**HOWARD UNIVERSITY PUBLIC CHARTER MIDDLE SCHOOL
OF MATHEMATICS AND SCIENCE
STATEMENTS OF CASH FLOWS**

	Year ended June 30,	
	2015	2014
NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 233,562	\$ 122,576
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	159,751	177,496
Bad debt expense	-	90,000
Change in federal grants receivable	(34,065)	(78,012)
Change in other grants and contributions receivable	44,342	(160,088)
Change in prepaid expenses and other assets	29,991	43,387
Change in accounts payable	1,849	21,311
Change in accrued expenses	(135,906)	53,596
Change in deferred revenue	(207,629)	95,410
Net Cash Provided by Operating Activities	91,895	365,676
NET CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (Purchases) of investments	597,728	(700,000)
Purchase of property and equipment	(141,531)	(47,797)
Net Cash Used in Investing Activities	456,197	(747,797)
Total Change in Cash	548,092	(382,121)
CASH, Beginning of Year	310,647	692,768
CASH, End of Year	\$ 858,739	\$ 310,647

See notes to financial statements.

**HOWARD UNIVERSITY PUBLIC CHARTER MIDDLE SCHOOL
OF MATHEMATICS AND SCIENCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014**

NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS

Howard University Public Charter Middle School of Mathematics and Science (the School or HUPCMS) is a District of Columbia (District or DC) not-for-profit entity incorporated in December 2003. The School provides an academic model designed to prepare middle school students for college and careers in math, science, and engineering. HUPCMS is a technology-enabled school designed specifically for middle school students with the benefit of being located on an elite college campus.

The School served 317 and 296 students during fiscal years 2014 and 2015 respectively. The School's activities are primarily funded through local appropriations received from the District. The School received its charter in July 2005 from the District of Columbia Public Charter School Board (the Board).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies utilized in the preparation of the financial statements is as follows:

Basis of accounting

The financial statements of the School have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP). In accordance with GAAP, support and revenue are recognized when unconditionally awarded, pledged, transferred or earned and expenses are recorded when the obligations are incurred.

Basis of presentation

The School's financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 958-205-05 *Not-for-Profit Entities, Presentation of Financial Statements*. Under this standard, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted based on the existence or absence of donor-imposed restrictions.

The School has neither temporarily nor permanently restricted net assets.

**HOWARD UNIVERSITY PUBLIC CHARTER MIDDLE SCHOOL
OF MATHEMATICS AND SCIENCE
NOTES TO FINANCIAL STATEMENTS**

June 30, 2015 and 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains, and expenses and losses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Cash

Cash is comprised of amounts on hand and in financial institutions. The School maintains its cash balances in federally insured financial institutions.

Investments and fair value measurements

The School records investments at fair value in accordance with Accounting Standards Codification (ASC) 820 (formerly Statement of Financial Accounting Standards No. 157), Fair Value Measurements and Disclosures. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1—Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2—Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S.

**HOWARD UNIVERSITY PUBLIC CHARTER MIDDLE SCHOOL
OF MATHEMATICS AND SCIENCE
NOTES TO FINANCIAL STATEMENTS**

June 30, 2015 and 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and fair value measurements (continued)

Government and agency mortgage-backed debt securities, corporate debt securities, and certain alternative investments.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity instruments and alternative investments.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Grants and contributions receivable

Grants and contributions receivable are stated at net realizable value. On a periodic basis, management evaluates its receivable balances and establishes an allowance for doubtful accounts based on management's analysis of possible bad debts. It is the School's policy to write off uncollectible balances receivable when management determines that the receivable will not be collected.

Property and equipment

Property and equipment valued in excess of \$1,000 are capitalized and recorded at cost, if purchased, or estimated fair value at the date of gift, if donated. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets ranging from three to five years. Equipment under capital leases is amortized using the straight-line method over the lesser of the estimated useful lives of the equipment or the lives of the leases. Repairs, maintenance and minor replacements are expensed as incurred while major replacements and improvements are capitalized.

**HOWARD UNIVERSITY PUBLIC CHARTER MIDDLE SCHOOL
OF MATHEMATICS AND SCIENCE
NOTES TO FINANCIAL STATEMENTS**

June 30, 2015 and 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts payable

Accounts payable include amounts due to suppliers relating to purchase of goods and services.

Accrued expenses

Accrued expenses include accrued compensation, retirement liabilities and all other expenses recognized but not paid.

Deferred revenue

The School receives money in advance for each operating period. Funds received prior to June 30 for summer school, which is held in July and August, are recorded as deferred revenue and recognized as revenue in the subsequent year.

Accounting for grants and contributions

Grants and contributions are recorded when pledged or awarded and classified as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor or grantor imposed restrictions.

Revenue recognition

Per pupil allotments are recognized in the period earned. Amounts received that have not been earned through the end of the fiscal year are recorded as deferred revenue.

Donated goods and services

As required by FASB ASC No. 958-605-25, *Accounting for Contributions Received and Contributions Made*, donated goods and services include materials and assistance which create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills.

Those skills would typically need to be purchased if not provided by donation, and are recorded by the School at fair value as revenue with corresponding expense in the period such services are delivered.

**HOWARD UNIVERSITY PUBLIC CHARTER MIDDLE SCHOOL
OF MATHEMATICS AND SCIENCE
NOTES TO FINANCIAL STATEMENTS**

June 30, 2015 and 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and change in net assets. Accordingly, certain costs have been allocated among programs and supporting services benefited. Management and general expenses include those expenses not directly identifiable with any other specific function but providing for the overall support and direction of the School.

Financial information on federal programs is summarized in the School's accounting records according to the name of each program. The School records both accrued and received federal revenue and the related expenditures for federal assistance according to programmatic activity. The respective portions of the School's costs incurred to support federal funded programs are allocated to various programs as federal program costs. HUPCMS charges as direct expenditures, those costs specifically attributable to federal funded activities.

NOTE 3 INCOME TAXES

The School received a determination letter from the Internal Revenue Service exempting the School from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code). The School is also exempt from applicable income tax laws and regulations of the District and is classified as other than a private foundation within the meaning of Section 509(a)(1) of the Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

In accordance with FASB ASC 740, *Income Taxes*, management evaluated its activities and determined that the School had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the accounting standard. Accordingly, there are no unrecognized benefits or applicable interest and penalties that should be recorded. In general, the School's tax returns for the 2012, 2011 and 2010 tax years are subject to examination by federal, state and local authorities.

**HOWARD UNIVERSITY PUBLIC CHARTER MIDDLE SCHOOL
OF MATHEMATICS AND SCIENCE
NOTES TO FINANCIAL STATEMENTS**

June 30, 2015 and 2014

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Overall Investment Objective

The overall investment objective of the School is to emphasize preservation of principal over the return on investments, limiting its securities purchases to short-term cash investments and FDIC-insured certificates of deposit. Major investment decisions are authorized by the Board's Finance Committee, which oversees the School's investment program in accordance with established guidelines.

Basis of reporting

The School's investments are valued based on other than quoted market prices and are therefore reported as Level 2.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	2015	2014
Equipment and software	\$ 1,047,440	\$ 905,909
Leasehold improvements	59,923	59,923
	\$1,107,363	965,833
Less: Accumulated depreciation and amortization	(794,624)	(634,873)
Property and equipment, net	\$ 312,739	\$ 333,959

In fiscal year 2014, the school disposed assets costing \$837,591 and related accumulated depreciation of \$837,591.

Depreciation and amortization expense for the fiscal years ended June 30, 2015 and 2014, totaled \$159,751 and \$177,496, respectively.

NOTE 6 DEFERRED REVENUE

At June 30, 2014, the School recorded part of its per pupil funding as deferred revenue to reflect an advance for cash received prior to the beginning of its summer school programs. At June 30, 2015 and 2014, deferred revenue for the summer school program was \$0 and \$207,629, respectively.

**HOWARD UNIVERSITY PUBLIC CHARTER MIDDLE SCHOOL
OF MATHEMATICS AND SCIENCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014**

NOTE 7 OPERATING LEASES

The School operates from premises leased from the University at no cost. Beginning August 2007, this lease was renegotiated to renew automatically each year for ten years. The School recorded \$1,009,000 as an in-kind contribution and rental expense in the statements of activities and change in net assets for the fiscal years ended June 30, 2015 and 2014, based upon the University's estimate of the fair value of a lease for the premises.

Included in office equipment rental and maintenance expenses are assets leased under an agreement that has been classified as an operating lease. The following is a schedule of minimum future rentals, excluding applicable sales and use taxes, under the non-cancelable operating lease as of June 30, 2015.

FY 2016	14,654
FY 2017	<u>6,106</u>
Total	<u>\$ 20,760</u>

NOTE 8 RELATED PARTY TRANSACTIONS

The founders of the School are the University's Board of Trustees and, accordingly, the University contributes to the School's operations at its discretion. During the fiscal years 2015 and 2014, the University made cash contributions of \$1,000,000 and \$900,000, respectively, to the School. These amounts are included in grants and contributions in the statements of activities and change in net assets.

NOTE 9 CONCENTRATIONS OF RISK

Support

A substantial amount of the School's annual revenue is received from the District under a fifteen-year charter agreement with the Board. Under the terms of the charter agreement, the Board will review the School's performance every five years beginning July 1, 2010. The Board may revoke the School's charter for material violations of law and the terms of its charter agreement or if the School fails to meet the goals and student academic achievement expectations.

Cash

The School maintains its cash and short-term investments in financial institutions where, at times, balances may exceed the federally insured limit of \$250,000. At June 30, 2015 and 2014, the uninsured cash balances totaled \$365,876 and \$0, respectively. The School has not experienced losses on such accounts and management believes that the risk of loss, if any, is minimal.

**HOWARD UNIVERSITY PUBLIC CHARTER MIDDLE SCHOOL
OF MATHEMATICS AND SCIENCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014**

NOTE 10 RETIREMENT PLAN

All full-time employees having attained the age of eighteen are eligible to participate in the School's retirement plan (Plan). The Plan is a tax-deferred annuity plan under Section 401(k) of the Code and is administered by a retirement planning company. The School matches 100% of participating employees' contributions up to six percent of the contributing participant's salary.

For the fiscal years ended June 30, 2015 and 2014, the School's matching contributions were \$101,307 and \$85,086, respectively.

NOTE 11 SUBSEQUENT EVENTS

In preparing these financial statements, the School has evaluated events and transactions through December 22, 2015, the date the financial statements were available to be issued, for potential recognition or disclosure in the financial statements for the year ended June 30, 2015.

SUPPLEMENTAL INFORMATION

**HOWARD UNIVERSITY PUBLIC CHARTER MIDDLE SCHOOL
OF MATHEMATICS AND SCIENCE
SCHEDULES OF FUNCTIONAL EXPENSES**

	Year ended June 30,							
	2015				2014			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Personnel Salaries and Benefits								
Salaries	\$ 3,140,318	284,977	163,805	\$ 3,589,100	\$ 3,009,368	\$ 311,144	\$ 165,671	\$ 3,486,183
Employee benefits	354,767	30,125	17,634	402,526	364,524	36,009	19,793	420,326
Payroll taxes	290,345	24,359	4,259	318,963	273,054	26,209	14,991	314,254
Travel allowance of \$0 in 2015 and \$90,000 in 2014.	23,629	3,589	191	27,409	14,125	9,268	310	23,703
Professional development	35,382	2,069	-	37,451	32,953	254	924	34,131
Total personnel salaries and benefits	3,844,441	345,119	185,889	4,375,449	3,694,024	382,884	201,689	4,278,597
Direct Student Costs								
Contracted instructional services	223,471	-	-	223,471	170,854	-	-	170,854
Educational supplies and materials	106,516	-	-	106,516	140,242	-	-	140,242
Food service/catering	83,861	-	-	83,861	83,275	-	-	83,275
Other student costs	44,467	-	-	44,467	43,152	-	-	43,152
Student assessment materials	7,240	-	-	7,240	15,452	-	-	15,452
Total direct student costs	465,555	-	-	465,555	452,975	-	-	452,975
Occupancy Expenses								
Rent	871,776	84,756	52,468	1,009,000	873,794	83,747	51,459	1,009,000
Maintenance and repairs	47,565	2,176.00	1,332	51,073	9,103	830	510	10,443
Utilities	36,288	3,528	2,184	42,000	36,372	3,486	2,142	42,000
Building supplies/materials	32,216	2,891	1,790	36,897	21,910	1,461	897	24,268
Contracted building services	10,122	315	195	10,632	8,158	360	221	8,740
Total occupancy expenses	997,967	93,666	57,969	1,149,602	949,338	89,884	55,229	1,094,451
Office Expenses								
Office supplies and materials	24,978	2,669	443	28,090	11,894	1,242	867	14,003
Office equipment rental and maintenance	550	-	-	550	-	-	-	-
Telephone/telecommunications	20,548	1,929	1,194	23,671	23,092	2,944	1,327	27,363
Printing and copying	30,449	3,893	5,005	39,347	22,194	2,116	2,554	26,864
Postage and shipping	3,337	338	182	3,857	2,979	285	175	3,439
Computer and related	8,002	2,086	-	10,088	3,538	105	165	3,808
Memberships and subscriptions	460	180	-	640	2,915	9	6	2,930
Other office expense	1,582	6,633	2,846	11,061	1,676	2,455	17,500	21,631
Total office expenses	89,906	17,728	9,670	117,304	68,288	9,156	22,594	100,038
General Expenses								
Insurance	26,195	7,638.00	1,101	34,934	35,176	7,216	1,110	43,502
Transportation	380	-	-	380	4,286	-	-	4,286
Administration fee	-	42,368	-	42,368	-	31,275	-	31,275
Depreciation	155,880	2,550	1,321	159,751	173,976	2,264	1,256	177,496
Bad debt expense	90,875	-	3,854	94,729	-	90,000	-	90,000
Fees and licenses	1,561	4,831	72	6,464	4,111	11,792	88	15,991
Professional fees	181,538	96,000	13,876	291,414	251,077	64,480	18,077	333,634
Interest expense	-	-	-	-	346	10	6	362
Other general expense	-	-	1,764	1,764	29,992	596	800	31,388
Total general expenses	456,429	153,387	21,988	631,804	498,964	207,632	21,337	727,934
Total Expense	\$ 5,854,298	\$ 609,899	\$ 275,517	\$ 6,739,714	\$ 5,663,589	\$ 689,557	\$ 300,849	\$ 6,653,995

See notes to financial statements.

GOVERNMENT REPORT

**REPORT OF INDEPENDENT AUDITORS 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***

Board of Trustees
Howard University Public Charter Middle
School of Mathematics and Science

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 Howard University Public Charter Middle School of Mathematics and Science (the School) which comprise the statement of financial position as of June 30, 2015 and 2014, , and the related statements of activities change in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2015.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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*.

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.

Walker & Co., LLP

December 23, 2015

**HOWARD UNIVERSITY PUBLIC CHARTER MIDDLE SCHOOL
OF MATHEMATICS AND SCIENCE
SCHEDULE OF CURRENT YEAR FINDINGS
Year Ended June 30, 2015**

None noted.

**HOWARD UNIVERSITY PUBLIC CHARTER MIDDLE SCHOOL
OF MATHEMATICS AND SCIENCE
SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2015**

None noted.