

**NATIONAL COLLEGIATE PREPARATORY  
PUBLIC CHARTER HIGH SCHOOL**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2016 AND 2015**

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## Independent Auditor's Report

The Board of Trustees  
National Collegiate Preparatory Public Charter High School  
Washington, DC

### **Report on the Financial Statements**

We have audited the accompanying financial statements of National Collegiate Preparatory Public Charter High School, a nonprofit organization, which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Collegiate Preparatory Public Charter High School as of June 30, 2016 and 2015, 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated xxx, 2016 on our consideration of National Collegiate Preparatory Public Charter High 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 National Collegiate Preparatory Public Charter High School's internal control over financial reporting and compliance.

*Jane Marusa & McQuade PA*

Washington, DC  
December 2, 2016

**NATIONAL COLLEGIATE PREPARATORY  
PUBLIC CHARTER HIGH SCHOOL  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2016 AND 2015**

	2016	2015
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 609,518	\$ 255,388
Accounts and grants receivable	191,695	428,787
Prepaid expenses	36,751	115,652
Total Current Assets	837,964	799,827
<b>PROPERTY AND EQUIPMENT, NET</b>	192,897	251,373
<b>OTHER ASSETS</b>		
Certificate of deposit	6,333	6,328
Security deposit	15,000	5,000
Total Other Assets	21,333	11,328
<b>TOTAL ASSETS</b>	\$ 1,052,194	\$ 1,062,528
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 207,691	\$ 86,391
Accrued expenses	6,609	28,365
Deferred revenue	29,126	35,282
Line of credit	-	150,000
Total Current Liabilities	243,426	300,038
<b>NET ASSETS</b>		
Unrestricted	808,768	762,490
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 1,052,194	\$ 1,062,528

The accompanying notes are an integral part of the financial statements

**NATIONAL COLLEGIATE PREPARATORY  
PUBLIC CHARTER HIGH SCHOOL  
STATEMENTS OF ACTIVITIES  
JUNE 30, 2016 AND 2015**

	2016	2015
<b>UNRESTRICTED REVENUE AND SUPPORT</b>		
Per pupil appropriations	\$ 4,613,889	\$ 5,096,199
Per pupil facility allowance	871,596	940,032
Federal entitlements and grants	493,177	506,386
Activity fees	49,672	34,004
Other grants and contributions	85,908	33,906
In-kind contributions	250	2,725
Other income	1,542	2,849
Total Revenue and Support	6,116,034	6,616,101
<b>EXPENSES</b>		
Program services	5,556,839	5,436,124
Support services		
General and administrative	494,690	533,987
Fundraising	18,227	30,615
Total Support Services	512,917	564,602
Total Expenses	6,069,756	6,000,726
<b>CHANGE IN NET ASSETS</b>	46,278	615,375
<b>NET ASSETS, Beginning of year</b>	762,490	147,115
<b>NET ASSETS, End of year</b>	\$ 808,768	\$ 762,490

The accompanying notes are an integral part of the financial statements

**NATIONAL COLLEGIATE PREPARATORY  
PUBLIC CHARTER HIGH SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2016**

	<b>SUPPORT SERVICES</b>			<b>Total</b>
	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	
<b>Personnel, Salaries, and Related Expenses:</b>				
Salaries	\$ 2,808,294	\$ 323,088	\$ -	\$ 3,131,382
Employee benefits	227,258	26,763	-	254,021
Payroll taxes	231,477	27,261	-	258,738
Professional development	35,389	-	-	35,389
Travel and meetings	1,360	-	-	1,360
Contracted services	240,910	-	-	240,910
Other staff expenses	60,387	-	-	60,387
Total Personnel, Salaries and Related Expenses	<u>3,605,075</u>	<u>377,112</u>	<u>-</u>	<u>3,982,187</u>
<b>Direct Student Costs:</b>				
Supplies and materials	9,993	-	-	9,993
Contracted instruction fees	124,083	-	-	124,083
Textbooks	20,380	-	-	20,380
Student assessments	46,814	-	-	46,814
Food service	150,864	-	-	150,864
Other student costs	319,807	-	-	319,807
Total Direct Student Costs	<u>671,941</u>	<u>-</u>	<u>-</u>	<u>671,941</u>
<b>Occupancy:</b>				
Rent	853,744	4,006	-	857,750
Maintenance and repairs	2,245	10	-	2,255
Total Occupancy Expenses	<u>855,989</u>	<u>4,016</u>	<u>-</u>	<u>860,005</u>
<b>Office Expenses:</b>				
Office supplies and materials	11,206	52	-	11,258
Equipment rental	33,884	159	-	34,043
Telecommunications	26,424	124	-	26,548
Professional fees	86,755	112,268	-	199,023
Printing and publications	9,642	45	-	9,687
Postage and shipping	3,859	18	-	3,877
Computer and related	51,435	242	-	51,677
Other office expenses	1,793	9	-	1,802
Total Office Expenses	<u>224,998</u>	<u>112,917</u>	<u>-</u>	<u>337,915</u>
<b>General Expenses:</b>				
Insurance	20,873	98	-	20,971
Interest	2,633	13	-	2,646
Administration fees	61,175	-	-	61,175
Depreciation	98,102	460	-	98,562
Fees and licenses	15,803	74	-	15,877
Other general expenses	-	-	18,227	18,227
Donated services/products	250	-	-	250
Total General Expenses	<u>198,836</u>	<u>645</u>	<u>18,227</u>	<u>217,708</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 5,556,839</u></u>	<u><u>\$ 494,690</u></u>	<u><u>\$ 18,227</u></u>	<u><u>\$ 6,069,756</u></u>

The accompanying notes are an integral part of the financial statements

**NATIONAL COLLEGIATE PREPARATORY  
PUBLIC CHARTER HIGH SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2015**

	Program Services	SUPPORT SERVICES		Total
		General and Administrative	Fundraising	
<b>Personnel, Salaries, and Related Expenses:</b>				
Salaries	\$ 2,767,585	\$ 333,462	\$ -	\$ 3,101,047
Employee benefits	205,798	25,103	-	230,901
Payroll taxes	224,077	27,332	-	251,409
Professional development	32,160	-	-	32,160
Travel and meetings	5,091	-	-	5,091
Contracted services	218,049	-	-	218,049
Other staff expenses	23,315	-	-	23,315
Total Personnel, Salaries and Related Expenses	3,476,075	385,897	-	3,861,972
<b>Direct Student Costs:</b>				
Supplies and materials	16,807	-	-	16,807
Contracted instruction fees	152,930	-	-	152,930
Textbooks	34,500	-	-	34,500
Student assessments	59,261	-	-	59,261
Food service	165,787	-	-	165,787
Other student costs	316,716	-	-	316,716
Total Direct Student Costs	746,001	-	-	746,001
<b>Occupancy:</b>				
Rent	845,808	3,968	-	849,776
Maintenance and repairs	1,682	8	-	1,690
Total Occupancy Expenses	847,490	3,976	-	851,466
<b>Office Expenses:</b>				
Office supplies and materials	12,932	58	-	12,990
Equipment rental	38,591	181	-	38,772
Telecommunications	20,299	95	-	20,394
Professional fees	21,674	129,555	-	151,229
Printing and publications	7,211	34	-	7,245
Postage and shipping	3,843	18	-	3,861
Computer and related	51,022	239	-	51,261
Other office expenses	1,407	7	-	1,414
Total Office Expenses	156,979	130,187	-	287,166
<b>General Expenses:</b>				
Insurance	17,222	81	-	17,303
Interest	2,675	13	-	2,688
Administration fees	66,021	-	-	66,021
Depreciation	107,235	13,741	-	120,976
Fees and licenses	13,714	79	-	13,793
Other general expenses	-	-	30,615	30,615
Donated services/products	2,712	13	-	2,725
Total General Expenses	209,579	13,927	30,615	254,121
<b>TOTAL EXPENSES</b>	<b>\$ 5,436,124</b>	<b>\$ 533,987</b>	<b>\$ 30,615</b>	<b>\$ 6,000,726</b>

The accompanying notes are an integral part of the financial statements



**NATIONAL COLLEGIATE PREPARATORY  
PUBLIC CHARTER HIGH SCHOOL  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 46,278	\$ 615,375
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	98,562	120,976
(Increase) decrease in assets:		
Accounts and grants receivable	237,092	(342,926)
Prepaid expenses	78,901	(1,460)
Security deposit	(10,000)	-
Increase (decrease) in liabilities:		
Accounts payable	121,300	(14,901)
Accrued expenses	(21,756)	(9,689)
Deferred revenue	(6,156)	(154,935)
Net Cash Provided By Operating Activities	544,221	212,440
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(40,086)	(69,071)
Purchases and redemptions of certificate of deposit	(5)	(6,328)
Net Cash Used In Investing Activities	(40,091)	(75,399)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	-	50,000
Principal payments on short-term loan	-	(165,000)
Principal payments on line of credit	(150,000)	-
Net Cash Used In Financing Activities	(150,000)	(115,000)
<b>NET INCREASE IN CASH</b>	354,130	22,041
<b>CASH, beginning of year</b>	255,388	233,347
<b>CASH, end of year</b>	\$ 609,518	\$ 255,388
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash Paid for Interest	\$ 2,646	\$ 2,688

The accompanying notes are an integral part of the financial statements

**NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**NOTE A – NATURE OF THE ORGANIZATION**

The National Collegiate Preparatory Public Charter High School (the “School”) was incorporated in July 2008 as a public charter school located in Washington, D.C. The School is a 9th-12th grade college preparatory high school that serves students in Washington, DC. The School combines challenging academics with real-world experiences to prepare students for high school achievement, post-secondary success, and global citizenship.

As a D.C. public charter school, the School has a guaranteed funding stream from the District of Columbia (uniform per student funding) and the U.S. federal government (federal formula grants for education and other programs) provided it meets compliance requirements. A D.C. public charter school is considered a Local Educational Agency (LEA) under federal education programs. As a D.C. public charter school, the School enjoys significant freedom from the budget and operational restrictions placed on traditional public schools, allowing it to create a unique educational mission and approach.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The School’s financial statements are prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Financial Statement Presentation

Financial statement presentation follows Financial Standards Accounting Board (“FASB”) Accounting Standards Codification (“ASC”) Topic *Not-for-Profit-Entities*. In accordance with the topic, the School is required to report information regarding its financial position and activities according to three classes of net assets. Accordingly, the net assets of the School and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulations that may or will be met by either actions of the School and/or the passage of time. There were no temporarily restricted net assets as of June 30, 2016 or 2015.

*Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the School. There were no permanently restricted net assets as of June 30, 2016 or 2015.

**NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Accounts and Grants Receivable

Grants receivable consist of unsecured amounts due from public funding sources whose ability to pay are subject to appropriations. The School performs ongoing credit evaluations of its funding sources and generally does not require collateral. Grants receivable are reported net of an allowance for doubtful accounts, if any. The allowance, if any, is estimated based on historical collection trends, the age of outstanding receivable and existing economic conditions. If actual experience changes, revisions to the allowance may be necessary. Due to the nature of funding from the federal government and the District of Columbia, management believes that all receivables will be collected within one year. Therefore, no allowance for doubtful accounts has been recorded. Accounts receivables related to activity fees are recognized at the time the activity had occurred.

Property and Equipment

The School capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment acquired are recorded at cost or, if donated, at the approximate fair value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Maintenance and repairs which do not improve or extend the life of the respective asset are charged to expense when incurred.

Certificate of Deposit

Includes a certificate of deposit with an original maturity of thirteen months that is valued at cost.

Revenue Recognition

Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. When restrictions are met within the same year as restricted funds are contributed, they are classified as unrestricted contributions.

**NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Revenue Recognition - continued

Federal entitlements and grants are recognized during the period in which the work is performed. Accordingly, grant funds received in the current fiscal year, for work to be performed in the next fiscal year are recorded as deferred revenue.

Per pupil appropriated revenue is recognized during the period for which the associated education services are provided. Per pupil appropriations includes \$1,383,002 and \$1,552,646 for enhancements, such as special education and at risk students, for the years ended June 30, 2016 and 2015, respectively.

Activity fees are recognized at the time of the activity. This revenue represents amounts collected from students for, but not restricted to, field trips, meals, camps and other school related activities.

In-Kind Contributions

In-kind contributions are recorded at fair value of the services or items received. The School recognizes in-kind contributions that create or enhance non-financial assets or require specialized skills and are provided by individuals who possess those skills, and would typically need to be purchased if not provided by donation. In-kind services revenue totaled \$250 and \$2,725, respectively as of the years ending June 30, 2016 and 2015.

Functional Allocation of Expenses

The costs of providing the School's various programs and supporting services have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs, fundraising and supporting services benefited.

Use of Estimates

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

**NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Reclassification

Certain amounts in the 2015 financial statements have been reclassified to confirm to present year presentation. Such reclassifications had no effect on previously reported net assets or change in net assets.

**NOTE C – INCOME TAXES**

The School is a 501(c)(3) tax-exempt organization under Section 501(a) of the Internal Revenue Code. The School is, however, subject to tax on business income unrelated to its exempt purpose. The School files information returns as required.

The School believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

The School’s information returns are subject to examination by the Internal Revenue Service (“IRS”) for a period of three years from the date they were filed, except under certain circumstances. The Form 990 information returns for the years 2012 through 2014 are open for a tax examination by the IRS, although no request has been made as of the date of these financial statements.

**NOTE D – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following for the years ending June 30, 2016 and 2015:

	2016	2015
Furniture and equipment	\$ 453,928	\$ 443,353
Computer equipment	294,239	264,728
Total	748,167	708,081
Less accumulated depreciation	(555,270)	(456,708)
Total Property and Equipment, Net	\$ 192,897	\$ 251,373

Depreciation expense for the years ended June 30, 2016 and 2015 totaled \$98,562 and \$120,976, respectively.

**NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**  
(continued)

**NOTE E – LINE OF CREDIT**

The School had a line of credit agreement with a bank for up to \$200,000 which expired on June 22, 2016. The line of credit agreement was not renewed at that time. The agreement had a variable interest rate equal to the U.S prime rate plus 1% per annum, with a floor of 5% per annum. The agreement was secured by all assets of the School. The outstanding balance under this agreement had to be reduced to, and remain at zero for a period of 30 consecutive days between the date of the agreement and the expiration date. The amounts outstanding on the line as of June 30, 2016 and 2015 were \$0 and \$150,000, respectively.

**NOTE F – CONCENTRATION OF RISK**

The School is supported primarily by local and federal appropriations and local grants. For the years ended June 30, 2016 and 2015, 91% and 90%, respectively of total revenue was provided by government agencies. Reduction of this source of support would have a significant impact on the School's programs and activities.

The School maintains cash balances at financial institutions deemed to be creditworthy. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution.

Cash balances may, at times exceed the federally insured limit; however, the School believes it is not exposed to any significant credit risk on cash or cash equivalents.

**NOTE G – LEASE COMMITMENTS**

The School entered into a lease agreement in August 2012 with the Charter School Incubator Initiative ending on June 30, 2017. The lease contains an option to extend and renew the term for three additional and consecutive five year option terms.

In accordance with the terms of the lease, the School is required to pay a usage fee, or rent, determined with respect to the number of students enrolled. The total annual usage fee is equal to the number of students enrolled on each census date (every October) multiplied by the per pupil facilities allowance received by the School from the District of Columbia, less amounts withheld under the terms of the lease. Accordingly, the School cannot reasonably estimate its future minimum lease liability under the terms of the lease; however, usage fees cannot exceed the facilities allowance received from the District of Columbia, a guaranteed funding source. Rent expense for the years ended June 30, 2016 and 2015 was \$857,750 and \$849,776, respectively.

**NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**  
(continued)

**NOTE H – COMMITMENTS AND CONTINGENT LIABILITIES**

The School receives revenue from government grants and contracts that are subject to inspection and audit by the appropriate funding agency. The purpose of those inspections or audits is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The School is of the opinion that disallowance, if any, arising from such inspections or audits will not have a material effect on the financial statements. The School has no provisions for possible disallowance of program costs on its financial statements.

**NOTE I – SUBSEQUENT EVENTS**

In preparing these financial statements, the School's management has evaluated events and transactions for potential recognition or disclosure through December 2, 2016, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required recognition or further disclosure.



**Independent Auditor's 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***

Board of Trustees  
National Collegiate Preparatory Public Charter High School  
Washington, DC

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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of National Collegiate Preparatory Public Charter High School (the "School") a nonprofit organization, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2016.

**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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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.



To the Board of Trustees  
National Collegiate Preparatory Public Charter High School

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free of 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 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Jane Marston & McQuade PA*

Washington, DC  
December 2, 2016