

**AMANI PUBLIC CHARTER SCHOOL**

**MOUNT VERNON, NEW YORK**

**AUDITED FINANCIAL STATEMENTS**

**REPORT REQUIRED BY**  
**GOVERNMENT AUDITING STANDARDS**

**AND**

**INDEPENDENT AUDITOR'S REPORTS**

**JUNE 30, 2018**

**(With Comparative Totals for 2017)**



**MENGEL METZGER BARR & CO. LLP**

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Amani Public Charter School

**Report on the Financial Statements**

We have audited the accompanying financial statements of Amani Public Charter School, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 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 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 Amani Public Charter School as of June 30, 2018 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 Amani Public Charter School's June 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 26, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Report Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2018 on our consideration of Amani Public Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Amani Public Charter School's internal control over financial reporting and compliance.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 16, 2018

AMANI PUBLIC CHARTER SCHOOL  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2018  
(With Comparative Totals for June 30, 2017)

<u>ASSETS</u>	June 30,	
	2018	2017
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 2,142,351	\$ 2,565,033
Certificate of deposit	757,025	-
Cash in escrow	75,000	75,000
Grants and other receivables	252,161	198,742
Prepaid expenses and other current assets	23,923	85,730
TOTAL CURRENT ASSETS	3,250,460	2,924,505
<u>PROPERTY AND EQUIPMENT, net</u>	529,664	561,293
TOTAL ASSETS	\$ 3,780,124	\$ 3,485,798
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 103,313	\$ 50,615
Accrued expenses	55,358	74,604
Accrued payroll and benefits	292,201	297,827
Deferred revenue	295,331	294,449
Deferred lease incentive	168	1,509
TOTAL CURRENT LIABILITIES	746,371	719,004
<u>LONG-TERM LIABILITIES</u>		
Deferred lease liability	744,981	623,226
TOTAL LIABILITIES	1,491,352	1,342,230
<u>NET ASSETS</u>		
Unrestricted	2,258,572	2,126,088
Temporarily restricted	30,200	17,480
TOTAL NET ASSETS	2,288,772	2,143,568
TOTAL LIABILITIES AND NET ASSETS	\$ 3,780,124	\$ 3,485,798

The accompanying notes are an integral part of the financial statements.

AMANI PUBLIC CHARTER SCHOOL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2018  
(With Comparative Totals for June 30, 2017)

	Year Ended June 30,			
	2018			2017
	Unrestricted	Temporarily restricted	Total	Total
Operating revenue and support:				
State and local per pupil operating revenue	\$ 6,555,340	\$ -	\$ 6,555,340	\$ 6,227,683
Governmental grants	483,135	-	483,135	383,638
Contributions	4,329		4,329	465
Contributed legal and educational services	102,724	-	102,724	151,647
Special events	17,943	21,093	39,036	11,145
Net assets released from restriction	8,373	(8,373)	-	-
TOTAL OPERATING REVENUE AND SUPPORT	7,171,844	12,720	7,184,564	6,774,578
Expenses:				
Program:				
Regular education	4,633,082	-	4,633,082	4,424,755
Special education	1,172,407	-	1,172,407	1,305,160
Management and general	1,227,581	-	1,227,581	1,325,896
Fundraising and special events	6,290	-	6,290	4,071
TOTAL EXPENSES	7,039,360	-	7,039,360	7,059,882
CHANGE IN NET ASSETS	132,484	12,720	145,204	(285,304)
Net assets at beginning of year	2,126,088	17,480	2,143,568	2,428,872
NET ASSETS AT END OF YEAR	<u>\$ 2,258,572</u>	<u>\$ 30,200</u>	<u>\$ 2,288,772</u>	<u>\$ 2,143,568</u>

The accompanying notes are an integral part of the financial statements.

AMANI PUBLIC CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018  
 (With Comparative Totals for June 30, 2017)

	Year ended June 30, 2018							Year Ended June 30, 2017 Total	
	No. of positions	Program Services			Supporting Services				
		Regular Education	Special Education	Sub-total	Management and general	Fundraising and special events	Sub-total		Total
Personnel Service Costs:									
Administrative Staff	12	\$ 259,595	\$ 49,712	\$ 309,307	\$ 507,821	\$ -	\$ 507,821	\$ 817,128	\$ 821,522
Instructional Personnel	36	1,819,542	569,537	2,389,079	-	-	-	2,389,079	2,348,540
Non-instructional Personnel	12	360,051	24,474	384,525	1,377	-	1,377	385,902	397,655
Total Salaries and Wages	60	2,439,188	643,723	3,082,911	509,198	-	509,198	3,592,109	3,567,717
Fringe benefits & payroll taxes		496,518	131,034	627,552	103,651	-	103,651	731,203	755,359
Retirement		26,743	7,058	33,801	5,583	-	5,583	39,384	36,614
Legal service		-	-	-	50,186	-	50,186	50,186	98,239
Accounting / Audit services		-	-	-	104,420	-	104,420	104,420	107,245
Other Purchased / Professional / Consulting services		346,143	111,774	457,917	146,602	-	146,602	604,519	541,179
Building and land rent / Lease		714,644	188,600	903,244	149,187	-	149,187	1,052,431	1,059,769
Repairs and maintenance		75,148	19,832	94,980	15,687	-	15,687	110,667	111,078
Insurance		19,367	5,111	24,478	4,043	-	4,043	28,521	32,316
Utilities		63,493	16,756	80,249	13,255	-	13,255	93,504	109,475
Supplies / Materials		143,101	8,612	151,713	-	1,625	1,625	153,338	152,630
Equipment / Furnishings		11,915	3,145	15,060	2,488	-	2,488	17,548	21,617
Staff development		36,020	2,168	38,188	6,929	-	6,929	45,117	42,841
Marketing / Recruitment		12,658	1,509	14,167	766	-	766	14,933	8,808
Technology		11,202	2,679	13,881	2,054	-	2,054	15,935	18,072
Food service		101,323	6,098	107,421	-	-	-	107,421	97,755
Student services		56,368	3,392	59,760	-	-	-	59,760	47,636
Office expense		78,697	20,769	99,466	16,429	-	16,429	115,895	148,759
Depreciation and amortization		-	-	-	91,826	-	91,826	91,826	92,838
Other		554	147	701	5,277	4,665	9,942	10,643	9,935
		<u>\$ 4,633,082</u>	<u>\$ 1,172,407</u>	<u>\$ 5,805,489</u>	<u>\$ 1,227,581</u>	<u>\$ 6,290</u>	<u>\$ 1,233,871</u>	<u>\$ 7,039,360</u>	<u>\$ 7,059,882</u>

The accompanying notes are an integral part of the financial statements.

AMANI PUBLIC CHARTER SCHOOL

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018  
(With Comparative Totals for June 30, 2017)

	<u>Year Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 145,204	\$ (285,304)
Adjustments to reconcile change in net assets to net cash provided from (used for) operating activities:		
Depreciation and amortization	91,826	92,838
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	(53,419)	(24,000)
Prepaid expenses and other current assets	61,807	(71,116)
Accounts payable	52,698	(121,644)
Accrued expenses	(19,246)	11,215
Accrued payroll and benefits	(5,626)	60,634
Deferred revenue	882	(20,881)
Deferred lease incentive	(1,341)	(1,341)
Deferred lease liability	<u>121,755</u>	<u>148,861</u>
NET CASH PROVIDED FROM (USED FOR) OPERATING ACTIVITIES	394,540	(210,738)
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchase of certificate of deposit	(757,025)	-
Purchases of property and equipment	<u>(60,197)</u>	<u>(41,011)</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(817,222)</u>	<u>(41,011)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(422,682)	(251,749)
Cash and cash equivalents at beginning of year	<u>2,565,033</u>	<u>2,816,782</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,142,351</u>	<u>\$ 2,565,033</u>

The accompanying notes are an integral part of the financial statements.



AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(With Comparative Totals for June 30, 2017)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter School

Amani Public Charter School (“the Charter School”) is an educational corporation that operates as a charter school in Mount Vernon, New York. On December 14, 2010, the Board of Regents of the University of the State of New York granted the Charter School a provisional charter valid for a term of five years and renewable upon expiration. The charter was renewed in April 2016 for a term of three years. The Charter School was established to provide its students in grades 5-8 with the academic skills necessary to succeed in competitive high school programs, college and career of their choice.

Financial Statement presentation

The financial statements of the Charter School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Charter 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.

These classes of net assets are defined as follows:

*Permanently restricted* – Net assets resulting from contributions and other inflows of assets whose use by the Charter School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Charter School. The Charter School had no permanently restricted net assets at June 30, 2018 or 2017.

*Temporarily restricted* – Net assets resulting from contributions and other inflows of assets whose use by the Charter School is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Charter School pursuant to those stipulations. At June 30, 2018 the Charter School had \$30,200 of temporarily restricted net assets, which were restricted for scholarships and school improvements. At June 30, 2017 the Charter School had \$17,480 of temporarily restricted net assets, which were restricted for scholarships and school improvements.

*Unrestricted* – The net assets over which the Governing Board has discretionary control to use in carrying on the Charter School’s operations in accordance with the guidelines established by the Charter School. The Board may designate portions of the current unrestricted net assets for specific purposes, projects or investment.

Revenue and support recognition

Revenue from state and local governments resulting from the Charter School’s charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement.

Revenue from federal, state and local government grants and contracts are recorded by the Charter School when qualifying expenditures are incurred and billable.

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2018

(With Comparative Totals for June 30, 2017)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Contributions

Contributions received are recorded as unrestricted, temporarily or permanently restricted support depending on the existence of any donor restrictions. A contribution that is received and expended in the same year for a specific purpose is classified as unrestricted revenue.

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Cash and cash equivalents

Cash and cash equivalents are maintained at financial institutions located in Mount Vernon, New York and are insured by the FDIC up to \$250,000 at each institution. The Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents consist of money market accounts. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Charter School has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash and cash equivalents.

Certificate of deposit

The Charter School maintains its certificate of deposit with a financial institution. The balance is insured at the financial institution up to \$250,000 by the FDIC. At times the Charter School's balance may exceed federally insured limits. The Organization has not experienced any losses in such account and does not believe it is exposed to any significant risk. The CD matured in July 2018 and was not renewed.

Cash in escrow

The Charter School maintained cash in an escrow account in accordance with the terms of its Charter agreement.

Grants and other receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2018 and 2017.

Property and equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from three to fifteen years.

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2018

(With Comparative Totals for June 30, 2017)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Deferred lease liability

The Charter School leases its facility. The lease contains pre-determined fixed escalations of the base rent. In accordance with GAAP, the Charter School recognizes the related rent expense on a straight-line basis and records the difference between the recognized rental expense and the amounts payable under the lease as a deferred lease liability.

Deferred revenue

The Charter School records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue.

Tax exempt status

The Charter School is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income. The Charter School has filed for and received income tax exemptions in the jurisdictions where it is required to do so.

The Charter School files Form 990 tax returns in the U.S. federal jurisdiction. The tax returns for the years ended June 30, 2015 through June 30, 2018 are still subject to potential audit by the IRS. Management of the Charter School believes it has no material uncertain tax positions and, accordingly it has not recognized any liability for unrecognized tax benefits.

Contributed services

The Charter School receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees. These services are not valued in the financial statements because they do not require "specialized skills" and would typically not be purchased if they were not contributed.

The Charter School received contributed educational services which were valued at approximately \$53,000 and \$51,000 which are included in the accompanying statements of activities and changes in net assets for the years ended June 30, 2018 and 2017, respectively. The Charter School received contributed legal services valued at approximately \$50,000 and \$98,000, which are included in the accompanying statements of activities and changes in net assets for the years ended June 30, 2018 and 2017, respectively.

Marketing and recruiting costs

The Charter School expenses marketing and recruiting costs as they are incurred. Total marketing and recruiting costs approximated \$15,000 and \$9,000 for the years ended June 30, 2018 and 2017, respectively.

Accounting/Audit services

Accounting/Audit services is made up of expenses for financial management services as well as professional service expenses related to the annual financial statement audit.

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2018

(With Comparative Totals for June 30, 2017)

NOTE A: THE SCHOOL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Other purchased/professional/consulting services

Other purchased/professional/consulting services primarily consists of professional service expenses related to technology, security, regular and special education consultants, and payroll services.

Deferred lease incentive

The Charter School leases its office equipment. The lease escalated the original lease payments and caused a buy-out from the prior lease. In accordance with GAAP, the Charter School recognizes the related buy-out credit on a straight-line basis and records the difference between the recognized lease credit and the amounts payable under the lease as a deferred lease incentive.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparatives for year ended June 30, 2017

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional classification. 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 Charter School's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Subsequent events

The Charter School has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 16, 2018, which is the date the financial statements are available to be issued. Except as described in Note I, no subsequent events requiring disclosure were noted.

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2018

(With Comparative Totals for June 30, 2017)

NOTE B: SCHOOL FACILITY

Beginning September 1, 2014, the Charter School leases facilities from T & Z Partners, Inc. through August 30, 2029 with the option to renew for an additional 15 years. Current monthly rental payments are \$79,288. Other expenses in excess of the first year's base costs will be paid for by the Charter School. Starting April 1, 2016, base rent will increase every year by the Per Pupil Funding rate increase up to 3%, as indicated by the New York State Education Department. In years where the Per Pupil Funding is below 3% the remaining amount will be deferred to a period where the rate is above 3% and be included in base rent for that lease year. Total rent expense paid for the years ended June 30, 2018 and 2017 was approximately \$1,052,000 and \$1,060,000, respectively. Total approximate square footage usage for all facilities as of June 30, 2018 and 2017 was 45,000.

The future minimum payments on these agreements, assuming a 3% increase per year, are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$ 958,595
2020	987,353
2021	1,016,974
2022	1,047,483
2023	1,078,907
Thereafter	<u>7,407,686</u>
	<u>\$ 12,496,998</u>

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Furniture and fixtures	\$ 269,825	\$ 255,991
Office equipment	266,568	228,170
Leasehold improvements	<u>544,942</u>	<u>536,977</u>
	1,081,335	1,021,138
Less accumulated depreciation and amortization	<u>551,671</u>	<u>459,845</u>
	<u>\$ 529,664</u>	<u>\$ 561,293</u>

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2018

(With Comparative Totals for June 30, 2017)

NOTE D: LINE OF CREDIT

During April 2013 the Charter School obtained a \$150,000 Line of Credit, which provides for interest at 1.5% over the Prime Rate (effective rate of 6.5% as of June 30, 2018). As of June 30, 2018 and 2017, there were no outstanding balances. The line is secured by all assets of the Charter School.

NOTE E: COMMITMENTS

During September 2013, the Charter School canceled its lease of office equipment under a lease agreement that would have expired November 2015. The Charter School entered into new leases for office equipment under a non-cancelable lease agreement that will expire August 2018. Associated with this new lease the Charter School received a buy-out for the remaining payments for its prior lease totaling \$6,705. The Charter School recorded the total buy-out amount as a deferred lease incentive and will recognize approximately \$100 per month for the duration of the new lease as other income. The Charter School recognized approximately \$1,300 for each of the years ended June 30, 2018 and 2017. The Charter School leases other office equipment under lease agreements that expire at various dates through July 2021. The future minimum payments on these agreements are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$ 60,936
2020	60,936
2021	52,946
2022	3,480
	<u>\$ 178,298</u>

The Charter School's landlord is currently making leasehold improvements to the Charter School's facility. In accordance with the terms of the lease, once construction is complete, the School will be required to reimburse the landlord for the leasehold improvements. Upon completion, the School expects to repay approximately \$3,000,000 to the landlord in monthly payments over 15 years plus interest at 7%. The amount and terms of the note have not yet been finalized.

NOTE F: RETIREMENT PLAN

The Charter School sponsors a 401(k) retirement plan (the "Plan") for its employees. All employees of the Charter School are eligible to participate. The Plan allows for a discretionary employer match contribution. The Charter School made contributions of approximately \$35,000 and \$34,000 for the years ended June 30, 2018 and 2017, respectively.

AMANI PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2018

(With Comparative Totals for June 30, 2017)

NOTE G: CONTINGENCY

Certain grants and contracts may be subject to audit by funding sources. Such audits might result in disallowance of costs submitted for reimbursement by the Charter School. Management is of the opinion that such disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE H: CONCENTRATIONS

At June 30, 2018 and 2017, approximately 49% and 73%, respectively, of grants and other receivables were due from the New York State Department of Education, respectively, relating to a certain grant.

During both the years ended June 30, 2018 and 2017, 91% and 92%, respectively, of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Charter School's students are located.

NOTE I: SUBSEQUENT EVENT

In August 2018, the New York State Education Department (NYSED) notified the Charter School that it had over-allocated \$38,143 in Title IIA funding to the Charter School for the year ended June 30, 2018. NYSED will reduce the Charter School's future Title IIA funding for a period of up to five years to recoup the over-allocated funding. The Charter School has not accounted for this over-allocated funding as a liability as of June 30, 2018.

**AMANI PUBLIC CHARTER SCHOOL**

**REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS**



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  
Amani Public Charter School

We have audited, 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, the financial statements of Amani Public Charter School, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, 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 October 16, 2018.

**Internal Control over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Amani Public 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*.

We noted certain matters that we have reported to management of Amani Public Charter School in a separate letter dated October 16, 2018.

### **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.

*Mengel, Metzger, Baw & Co. LLP*

Rochester, New York  
October 16, 2018

AMANI PUBLIC CHARTER SCHOOL  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDING  
YEAR ENDED JUNE 30, 2018

**Finding 2017-001**

Statement of condition

The Board of Trustees did not operate pursuant to the Charter School's bylaws as required by the Charter School's Charter Agreement.

Criteria and effect of conditions

During our audit we noted the Board of Trustees met ten times over the course of the year ended June 30, 2017, however, a quorum was not present for four of these meetings. Paragraph 2.13(d) of the Charter School's First Renewal Charter states the Board shall operate pursuant to their bylaws with regards to governance. Article V paragraph C of the Charter School's bylaws state that a minimum of twelve meetings (inclusive of the June Annual Meeting and any Special Meetings) shall be held each year, including meeting at least monthly at the School facility. In addition, it was noted that no June Annual Meeting was held in June 2017.

Recommendation

We recommend the Charter School operate pursuant to its bylaws as stated in the Charter Agreement. If the bylaw requirements relating to frequency of meetings are unattainable for the Board then we recommend amending the bylaws to reduce the amount of times the board is required to meet.

Management response

We plan to amend the bylaws to change the frequency of meetings to "a minimum of (12) meetings shall be scheduled each year" and the timing of the Annual Meeting to "June of each year, or such other month as the Board may determine".

Status of Prior Finding

In June 2018, the Charter School amended the bylaws to change the frequency of meetings to "a minimum of (12) meetings shall be scheduled each year" and the timing of the Annual Meeting to "June of each year, or such other month as the Board may determine". There were twelve meetings scheduled for the year ended June 30, 2018 with nine of the meetings having a quorum present.