

GENESEE COMMUNITY CHARTER SCHOOL

FINANCIAL STATEMENTS

June 30, 2018



TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Balance Sheets	3
Statements of Activities	4
Statements of Cash Flows	5
Statement of Functional Expenses	7
Notes to Financial Statements	8
SUPPLEMENTARY INFORMATION	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16



INDEPENDENT AUDITORS' REPORT

To The Board of Trustees
Genesee Community Charter School
Rochester, New York

We have audited the accompanying financial statements of Genesee Community Charter School (a nonprofit organization), which comprise the balance sheets as of June 30, 2018 and 2017, the related statements of activities and cash flows for the years then ended, the statement of functional expenses for the year ended June 30, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

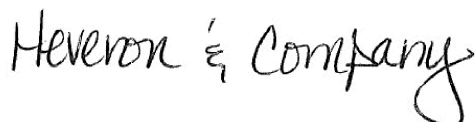
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Genesee Community Charter School as of June 30, 2018 and 2017 and the changes in net assets and cash flows for the years then ended, and the functional expenses for the year ended June 30, 2018 in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Genesee Community Charter School's statement of functional expenses for the year ended June 30, 2017, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 11, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2018 on our consideration of Genesee Community Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Genesee Community Charter School's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Heveron & Company".

Heveron & Company CPAs

Rochester, New York

October 10, 2018

**GENESEE COMMUNITY CHARTER SCHOOL
BALANCE SHEETS
June 30, 2018 and 2017**

ASSETS		
	<u>2018</u>	<u>2017</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 161,207	\$ 152,386
Accounts Receivable	22,229	56,922
Grants Receivable	196,081	155,046
Prepaid Expenses	106,769	114,930
Total Current Assets	486,286	479,284
<u>Fixed Assets</u>		
Leasehold Improvements and Equipment, Net	956,750	1,064,889
<u>Other Assets</u>		
Investments	944,427	890,606
Deposits	3,478	2,760
Total Other Assets	947,905	893,366
TOTAL ASSETS	2,390,941	2,437,539

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts Payable	77,715	14,610
Accrued Payroll	204,824	209,915
Accrued Liabilities	200,193	215,436
Deferred Revenue	-	19,862
Total Current Liabilities	482,732	459,823
<u>Net Assets</u>		
Unrestricted		
Operating	1,833,209	1,902,716
Board Designated	75,000	75,000
Total Unrestricted Net Assets	1,908,209	1,977,716
Total Net Assets	1,908,209	1,977,716
TOTAL LIABILITIES AND NET ASSETS	\$ 2,390,941	\$ 2,437,539

See Independent Auditors' Report and Notes to Financial Statements.

GENESEE COMMUNITY CHARTER SCHOOL
STATEMENTS OF ACTIVITIES
For The Years Ended June 30, 2018 and 2017

	2018	2017
<u>Revenues, Gains and Other Support:</u>		
Public School District:		
Revenue - Resident Student Enrollment	\$ 2,853,023	\$ 2,734,846
Special Charter School Aid	-	92,399
Federal Grants	242,999	107,050
State Grants	18,575	18,994
Contributions	11,223	15,180
Food Service Fees	75,043	77,682
Field Study Fees	44,851	29,325
Other Income	18,128	20,258
Interest/Dividends Income	26,710	17,979
Unrealized Gain on Investments	27,091	65,212
Total Revenues, Gains and Other Support	3,317,643	3,178,925
<u>Expenses:</u>		
<u>Program Services:</u>		
Regular Education	2,708,178	2,490,790
Special Education	91,888	70,444
Food Services	81,940	81,525
Total Program Services Expense	2,882,006	2,642,759
<u>Supporting Services:</u>		
Management and General	505,144	435,459
Total Expenses	3,387,150	3,078,218
Change in Net Assets	(69,507)	100,707
Net Assets - Beginning of Year	1,977,716	1,877,009
Net Assets - End of Year	\$ 1,908,209	\$ 1,977,716

See Independent Auditors' Report and Notes to Financial Statements.

GENESEE COMMUNITY CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Cash Flows From Operating Activities</u>		
Receipts from School Districts	\$ 2,907,113	\$ 2,731,337
Other Sources	135,091	147,728
Contributions	11,223	15,180
Grants	201,963	91,515
Payments to Vendors for Goods and Services Rendered	(712,328)	(700,905)
Payments to Charter School Personnel for Services Rendered	<u>(2,466,629)</u>	<u>(2,279,943)</u>
Net Cash Flows Provided By Operating Activities	<u>76,433</u>	<u>4,912</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of Fixed Assets	(40,889)	(120,506)
Purchase of Investments	<u>(26,723)</u>	<u>(17,916)</u>
Net Cash Flows Used By Investing Activities	<u>(67,612)</u>	<u>(138,422)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	8,821	(133,510)
Cash and Cash Equivalents - Beginning of Year	<u>152,386</u>	<u>285,896</u>
Cash and Cash Equivalents - End of Year	<u>\$ 161,207</u>	<u>\$ 152,386</u>

GENESEE COMMUNITY CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2018 and 2017
(Continued)

	<u>2018</u>	<u>2017</u>
<u>Reconciliation of Change in Net Assets to Net Cash</u>		
<u>Provided by Operating Activities</u>		
Change in Net Assets	\$ (69,507)	\$ 100,707
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	149,026	132,797
Unrealized Gain on Investments	(27,091)	(65,212)
(Increase)/Decrease In:		
Accounts Receivable	34,688	(12,810)
Grants Receivable	(41,035)	(107,937)
Deposits	(718)	-
Prepaid Expenses	8,161	(99,974)
Increase/(Decrease) In:		
Accounts Payable	63,105	8,070
Accrued Payroll	(5,091)	62,921
Accrued Liabilities	(15,243)	(25,439)
Deferred Revenue	<u>(19,862)</u>	<u>11,789</u>
Net Cash Flows Provided By Operating Activities	<u>\$ 76,433</u>	<u>\$ 4,912</u>

See Independent Auditors' Report and Notes to Financial Statements.

**GENESEE COMMUNITY CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES**

For The Year Ended June 30, 2018

(With Comparative Totals For The Year Ended June 30, 2017)

	No. of Positions	Program Services				Totals	
		Regular Education	Special Education	Food Services	Management and General	2018	2017
Personnel Services Costs							
Instructional Personnel	27	\$ 1,525,582	\$ -	\$ -	\$ -	\$ 1,525,582	\$ 1,443,085
Administrative Staff Personnel	6	-	62,098	-	250,628	312,726	274,401
Non-Instructional Personnel	1	-	-	6,772	-	6,772	4,345
Total Salaries	34	1,525,582	62,098	6,772	250,628	1,845,080	1,721,831
Employee Benefits and Payroll Taxes		351,484	14,307	1,560	57,743	425,094	416,935
Retirement Expense		145,624	5,928	646	23,924	176,122	183,154
Total Personnel Services		2,022,690	82,333	8,978	332,295	2,446,296	2,321,920
Rent		154,887	4,095	-	13,806	172,788	151,400
Depreciation and Amortization		145,181	3,845	-	-	149,026	132,797
Student Services		122,747	-	-	-	122,747	94,215
Staff Development		110,879	-	-	-	110,879	83,759
Other Purchased Services		26,106	-	-	83,523	109,629	64,499
Food Service		-	-	71,674	-	71,674	69,649
Office Expense		27,410	-	188	38,840	66,438	44,423
Technology		46,885	-	-	-	46,885	8,207
Supplies and Materials		41,637	-	-	-	41,637	37,085
Insurance		9,250	1,615	1,100	19,332	31,297	30,369
Accounting and Auditing Fees		-	-	-	10,685	10,685	10,375
Legal		-	-	-	6,663	6,663	9,184
Repairs and Maintenance		506	-	-	-	506	20,336
Total Expenses		<u>\$ 2,708,178</u>	<u>\$ 91,888</u>	<u>\$ 81,940</u>	<u>\$ 505,144</u>	<u>\$ 3,387,150</u>	<u>\$ 3,078,218</u>

See Independent Auditors' Report and Notes to Financial Statements.

GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Genesee Community Charter School (the School) is a nonprofit organization, that was formed to provide a rich educational experience that values intellectual rigor, respect for diversity, and community responsibility. The School's local history-based and globally-connected programs immerse the children in investigation and discovery, extensively using the cultural and natural resources of the Rochester, NY community. The School focuses on nurturing the children's natural abilities to be reflective questioners, articulate communicators, critical thinkers, and skilled problem solvers, enabling them to reach exemplary standards. The School's revenue is predominantly Charter School Basic Tuition from the Rochester City School District and a few other surrounding school districts.

The main programs of the School are as follows:

REGULAR EDUCATION: The School curriculum is organized around six historical time periods - Prehistory, Early People/Woodland Peoples, Indians/Explorers/Settlers, Village to City, City Grows, and Today and Tomorrow. The School integrates Math, Science, Social Studies, Language Arts, Art, Music, and Physical Education to provide a rich and challenging curriculum, while keeping in alignment with the New York State Learning Standards.

SPECIAL EDUCATION: The School is open to all children and does not discriminate on the basis of ethnicity, national origin, gender, disability, or any other grounds that would be unlawful or deny the civil rights of any individual. In accordance with the Individuals with Disabilities Education Act, the Rehabilitation Act, and Section 504, and the Americans with Disabilities Act, the School provides a free and appropriate education, in the least restrictive environment to students with disabilities. The primary service delivery for students with special needs is inclusion. For students requiring supplemental services, the School contracts with local individuals or agencies to provide the required services outlined in the student's Individual Education Plan or 504 Plan.

FOOD SERVICES: The School believes that healthy meals are an important part of a child's day. Breakfast and lunch are delivered and served "family style" every day, as the School does not have a cafeteria or kitchen facilities. The children eat and socialize with each other, parents, and teachers in their classrooms. All meals meet the required New York State Child Nutrition Standards, and the School subscribes to the New York State free and reduced priced meal program.

Accrual Basis

The financial statements of the School have been prepared on the accrual basis of accounting.

**GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018
(Continued)**

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

Financial Statement Presentation

The School reports information regarding its financial position and activities according to the existence and nature of donor restrictions in two classes of net assets: unrestricted and temporarily restricted. There were no temporarily restricted net assets as of June 30, 2018 and 2017.

Contributions

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

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

The assets, liabilities, operations, and net assets of the School are reported as follows:

- A. Unrestricted - the resources that the School has full discretion of as to use.
- B. Board Designated - those resources that are unrestricted; however, the board has designated for a specific purpose. As of June 30, 2018 and 2017, Board designated consisted of \$75,000 to be held in an escrow account in case of a future dissolution, as required by the New York State Department of Education.

Use of Estimates in the Preparation of Financial Statements

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

Accounts Receivable

Accounts receivable is stated at the amount management expects to collect. Amounts that management believes to be uncollectible after collection efforts have been completed are written off. In addition, if necessary, management provides an allowance to reduce receivables to amounts management expects will be collected. Management determined that no allowances were necessary at June 30, 2018 and 2017.

GENESEE COMMUNITY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

(Continued)

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

Determining Fair Value of Financial Assets and Liabilities

Accounting principles generally accepted in the United States of America established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements), and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation method are unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs to the valuation method include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3: Inputs to the valuation method are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used, need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Income Taxes

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

Deferred Revenue

Deferred revenue represents funds received related to the next school year.

GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Continued)

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

Cash and Cash Equivalents

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

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

	2018	2017
Undeposited Funds	\$ 125	\$ 21,623
Checking	31,629	49,327
Savings	75,826	75,766
Money Market	53,627	5,670
Total	\$ 161,207	\$ 152,386

Functional Expenses

The costs of providing the various program services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program, and management and general categories.

An immaterial amount of fund raising costs for the years ended June 30, 2018 and 2017 are included in management and general expenses.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2017 from which the summarized information was derived.

GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Continued)

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

Fixed Assets

Leasehold improvements and equipment are stated at cost, less accumulated depreciation and amortization. The School capitalizes property and equipment with a cost of over \$1,000 and an estimated life of three or more years. The cost and accumulated depreciation of property items sold or retired are eliminated from the accounts. Minor expenditures for maintenance, repairs, and renewals are expensed. Donated assets are recorded at their estimated fair market value at the time of donation.

Fixed assets consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Leasehold Improvements	\$ 2,020,999	\$ 2,010,703
Equipment	343,266	312,675
Less: Accumulated Depreciation and Amortization	<u>(1,407,515)</u>	<u>(1,258,489)</u>
Net Improvements and Equipment	<u>\$ 956,750</u>	<u>\$ 1,064,889</u>

Depreciation and amortization is computed on a straight-line basis over the estimated useful lives of assets. The ranges of estimated useful lives used in computing depreciation are as follows:

	<u>Years</u>
Leasehold Improvements	7-12
Equipment	3-10

Depreciation and amortization expense amounted to \$149,026 and \$132,797 for the years ended June 30, 2018 and 2017, respectively.

GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2018
(Continued)

NOTE 2 - INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair market value. Unrealized gains or losses on securities result from differences between the cost and fair market value of securities on a specified valuation date.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs 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 accompanying financial statements.

A summary of investments at market value at June 30, is as follows:

	2018	2017
Mutual Funds - Equities	\$ 487,754	\$ 436,600
Mutual Funds - Bonds	456,673	454,006
Total	\$ 944,427	\$ 890,606

Mutual fund investments are based on Level 1 inputs in the hierarchy as described in Note 1.

There were no changes in the valuation techniques during the year.

NOTE 3 - SPECIAL EDUCATION AND OTHER SERVICES

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

Occasionally, the School does need to offer special education services that are not provided through the Rochester City School District. The School uses contracted services at these times; the revenue and expense for these services have been included in the financial statements.

The School also receives State Aid in the form of textbooks, computer hardware, computer software, and library materials through the Rochester City School District. The total aid received for the years ended June 30, 2018 and 2017 was \$18,575 and \$18,994, respectively.

GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

June 30, 2018
(Continued)

NOTE 4 - COMMITMENTS

The School has entered into an operating lease for its facilities. The lease expires June 2021. Annual base rent during each year of the lease is \$172,500, including utility costs and janitorial labor. This year, the School paid additional rent to cover any increase in the lessor's utility costs and janitorial labor. During the year ended June 30, 2017, the School advanced the cost for HVAC and window upgrades totaling \$183,713. This cost will be recouped by the School in the form of an annual credit against the rent in an amount equal to 1/10 of 1/2 of the final expenditures. This discount will be applied beginning with the September 2016 payment. The School has the option to renew this lease for one additional five year term at a Consumer Price Index adjusted rent. Rent expense for the years ended June 30, 2018 and 2017 totaled \$172,788 and \$151,400, respectively.

Future minimum lease payments are as follows for the year ended June 30:

<u>Year</u>	<u>Amount</u>
2019	\$ 172,500
2020	172,500
2021	172,500

NOTE 5 - PENSION EXPENSE

The School participates in the New York State Teachers' Retirement System (System), a cost-sharing, multiple-employer, defined benefit pension plan administered by the New York State Teachers' Retirement Board. The System provides retirement, disability, withdrawal, and death benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York.

Plan members who joined the System before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010 with less than ten years of membership are required to contribute 3% of their annual salary. Those joining on or after January 1, 2010 and before April 1, 2012 are required to contribute 3.5% of their annual salary for their entire working career. Those joining after April 1, 2012 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. Employers are required to contribute at an actuarially determined rate. Rates applicable to the fiscal years ended June 30, 2018 and 2017 were 9.80% and 11.72%, respectively.

GENESEE COMMUNITY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

June 30, 2018
(Continued)

NOTE 5 - PENSION EXPENSE (Continued)

The retirement contribution expense totaled \$176,121 and \$183,154 for the years ended June 30, 2018 and 2017, respectively.

The School also has a 403(b) annuity retirement plan for its employees. After one year of service, employees at least 21 years of age that work a minimum of 1,000 hours annually, may contribute a portion of their taxable salary not to exceed the statutory limits each year. Eligible employees may also receive discretionary amounts the School contributes. The Board of Trustees voted not to make a discretionary contribution for the years ended June 30, 2018 and 2017.

NOTE 6 - DONATED SERVICES AND GOODS

The School receives donated services that do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America. During the years ended June 30, 2018 and 2017, approximately 150 families provided 5,942 and 3,141 hours of service, respectively. There were also 14 board members who donated 342 hours during the years ended June 30, 2018 and 2017. Volunteers help with many tasks at the School such as serving meals, chaperoning field studies, preparing classroom materials, and serving on the board.

NOTE 7 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 10, 2018, which is the date the statements were available for issuance.

GENESEE COMMUNITY CHARTER SCHOOL

SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2018



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

Independent Auditors' Report

To the Board of Trustees
Genesee Community Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Genesee Community Charter School (a nonprofit organization), which comprise the balance sheet as of June 30, 2018, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Genesee Community 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Genesee Community Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Genesee Community 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.



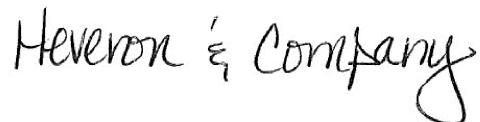
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Genesee Community Charter School's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Heveron & Company".

Heveron & Company CPAs

Rochester, New York

October 10, 2018