

**JOHN V. LINDSAY WILDCAT CHARTER SCHOOL  
REPORTS TO FINANCIAL STATEMENTS,  
FEDERAL FINANCIAL ASSISTANCE,  
INTERNAL CONTROL AND COMPLIANCE  
YEARS ENDED JUNE 30, 2008 AND 2007**

**TCBA WATSON RICE LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

**JOHN V. LINDSAY WILDCAT CHARTER SCHOOL  
JUNE 30, 2008 AND 2007**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Trustees of  
John V. Lindsay Wildcat Charter School

We have audited the accompanying statements of financial position of John V. Lindsay Wildcat Charter School (the "School") as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the fiscal years then ended. These financial statements are the responsibility of the School's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2008 and 2007 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2008, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

New York, New York  
October 3, 2008

**TCBA Watson Rice LLP**

**JOHN V. LINDSAY WILDCAT CHARTER SCHOOL  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents (Notes 2 and 3)	\$ 2,024,351	\$ 2,203,529
Grants receivable (Note 4)	226,864	334,067
Other receivables (Note 5)	231,558	288,975
Other assets (Note 6)	343,911	2,451
Total current assets	<u>2,826,684</u>	<u>2,829,022</u>
Property and equipment (Note 7)		
Self acquired, net	167,804	32,771
Donated and restricted by grantor, net	<u>60,642</u>	<u>123,627</u>
Total equipment and leasehold improvements, net	<u>228,446</u>	<u>156,398</u>
Total Assets	<u>\$ 3,055,130</u>	<u>\$ 2,985,420</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 93,221	\$ 22,702
Accrued expenses (Note 8)	487,604	465,159
Refundable advances (Note 9)	<u>5,172</u>	<u>162,074</u>
Total Liabilities	<u>585,997</u>	<u>649,935</u>
Net Assets:		
Unrestricted	2,408,491	2,211,858
Temporarily restricted	<u>60,642</u>	<u>123,627</u>
Total Net Assets	<u>2,469,133</u>	<u>2,335,485</u>
Total Liabilities and Net Assets	<u>\$ 3,055,130</u>	<u>\$ 2,985,420</u>

See notes to financial statements.



JOHN V. LINDSAY WILDCAT CHARTER SCHOOL  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 YEAR ENDED JUNE 30, 2008

	Program Services			Management and General	Total
	General Education	Special Education	Other Program		
<b>Personnel Costs:</b>					
Salaries	\$ 2,572,215	\$ 300,740	\$ -	\$ 433,963	\$ 3,306,918
Employee benefits and payroll taxes	838,399	111,136	-	121,505	1,071,040
	3,410,614	411,876	-	555,468	4,377,958
<b>Other than Personnel Costs:</b>					
Rent	862,675	138,028	-	149,530	1,150,233
Student incentives	194,604	-	-	-	194,604
Consultants-education	68,597	28,246	-	34,883	131,726
Utilities	90,479	14,477	-	15,683	120,639
Bad debts expense	-	-	-	101,290	101,290
Insurance	32,772	8,301	-	4,151	45,224
Educational supplies	34,410	8,520	-	-	42,930
Maintenance	23,347	4,238	-	1,926	29,511
Equipment rental	19,487	5,413	-	2,165	27,065
Audit	-	-	-	25,500	25,500
Staff development	19,010	2,607	-	111	21,728
Telephone	14,498	4,142	-	2,071	20,711
Copying	9,447	2,624	-	1,050	13,121
Travel	8,846	-	-	-	8,846
Office supplies, postage and printing	3,483	995	-	3,200	7,678
Equipment	4,328	-	-	938	5,266
Water	2,474	687	-	275	3,436
Bank charges	-	-	-	459	459
Miscellaneous	2,971	324	-	6,648	9,943
Total before depreciation and amortization	4,802,042	630,478	-	905,348	6,337,868
<b>Depreciation and amortization</b>	83,894	-	-	-	83,894
<b>Total Expenses</b>	\$ 4,885,936	\$ 630,478	\$ -	\$ 905,348	\$ 6,421,762

See notes to financial statements.

JOHN V. LINDSAY WILDCAT CHARTER SCHOOL  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 YEAR ENDED JUNE 30, 2007

	Program Services			Management and General	Total
	General Education	Special Education	Other Program		
<b>Personnel Costs:</b>					
Salaries	\$ 2,226,526	\$ 497,626	\$ -	\$ 252,781	\$ 2,976,933
Employee benefits and payroll taxes	579,636	129,692	-	135,323	844,651
	<u>2,806,162</u>	<u>627,318</u>	<u>-</u>	<u>388,104</u>	<u>3,821,584</u>
<b>Other than Personnel Costs:</b>					
Rent	844,539	45,899	-	27,539	917,977
Student incentives	195,180	-	32,156	-	227,336
Consultants-education	226,716	-	-	243,693	470,409
Utilities	86,782	4,716	-	2,830	94,328
Bad debts expense	-	-	-	-	-
Insurance	72,106	-	-	-	72,106
Educational supplies	60,366	-	-	-	60,366
Maintenance	23,384	-	-	-	23,384
Equipment rental	24,429	-	-	-	24,429
Audit	-	-	-	40,546	40,546
Staff development	14,532	-	-	-	14,532
Telephone	17,126	-	-	-	17,126
Copying	12,867	-	-	-	12,867
Travel	12,640	-	-	-	12,640
Office supplies, postage and printing	-	-	-	34,914	34,914
Equipment	-	-	-	-	-
Water	2,593	-	-	-	2,593
Bank charges	-	-	-	2,120	2,120
Miscellaneous	-	-	-	16,025	16,025
Total before depreciation and amortization	<u>4,399,422</u>	<u>677,933</u>	<u>32,156</u>	<u>755,771</u>	<u>5,865,282</u>
<b>Depreciation and amortization</b>	<u>63,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,935</u>
<b>Total Expenses</b>	<u>\$ 4,463,357</u>	<u>\$ 677,933</u>	<u>\$ 32,156</u>	<u>\$ 755,771</u>	<u>\$ 5,929,217</u>

See notes to financial statements.

**JOHN V. LINDSAY WILDCAT CHARTER SCHOOL  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 133,648	\$ (159,661)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	83,894	63,935
Changes in operating assets and liabilities:		
Grant receivable	107,203	5,686
Other receivables	57,417	(56,250)
Other assets	(341,460)	1,938
Accounts payable	70,519	10,048
Accrued expenses	22,445	78,896
Refundable advances	(156,902)	150,082
Net cash provided by (used in) operating activities	<u>(23,236)</u>	<u>94,674</u>
<b>NET CASH FROM INVESTING ACTIVITIES:</b>		
Acquisition of equipment and leasehold improvements	<u>(155,942)</u>	<u>(24,117)</u>
<b>NET CASH FROM FINANCING ACTIVITIES:</b>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(179,178)	70,557
Cash and cash equivalents, beginning of year	<u>2,203,529</u>	<u>2,132,972</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,024,351</u>	<u>\$ 2,203,529</u>

See notes to financial statements.

**JOHN. V. LINDSAY WILDCAT CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS**

**1. ORGANIZATION**

Effective September 1, 2000, John V. Lindsay Wildcat Charter School (the "School") was granted a charter valid for five years by the University of the State of New York, Education Department. The School's charter has since been renewed, most recently for a period of three years from July 31, 2008 through August 31, 2011. The School is an inner city high school serving adolescents who are at risk of failure due to poor attendance, disruptive behavior, criminal activity and poor academic achievement.

The School was organized under the Not-For-Profit Corporation Law of the State of New York and is qualified as a public foundation exempt from Federal income tax under certain provisions of the Internal Revenue Code.

On July 18, 2002, the School's Charter was amended to include a location in the Bronx, New York. This school will include an "8+" class. Prior to the amendment, the Corporation, under a contract with the New York City Human Recourse Administration, provided the activities of this location which are similar to the School.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Basis of Presentation**

The School's financial statements are presented in conformity with the Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the School is required to report 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; which are discussed below:

*Unrestricted net assets* – Consists of net assets that are neither permanently nor temporarily restricted by donor-imposed stipulations.

**JOHN. V. LINDSAY WILDCAT CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –CONTINUED**

*Temporarily restricted net assets* – Consists of assets whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization. The temporarily restricted assets include all revenues and contributions designated for program activities.

*Permanently restricted net assets* – Consists of assets whose use by the organization is subject to donor-imposed stipulations that the funds be maintained in perpetuity and only the interests earned from the investment of such funds may be released from restrictions and used in the School’s operations.

As of June 30, 2008 and 2007, the School has no permanently restricted net assets.

**Revenue and Support**

Pursuant to SFAS No. 116, “Accounting for Contributions Received and Contributions Made,” contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending upon the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose of the restrictions.

Unconditional promises to give cash or other assets are recorded as contributions when the unconditional promise is made. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

*Recognition of revenue:*

**Cost recovery grant income:**

The terms under which cost recovery grants are awarded provide for reimbursements of budgeted expenditures within the grant period. These funds are received in either pre-determined installments or increments based upon expenses incurred. Accordingly, grant income is recognized in amounts equal to expenditures incurred.

**JOHN. V. LINDSAY WILDCAT CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED**

Any excess or deficiency of cash receipts over expenditures incurred is reported as deferred revenue or accounts receivable. Upon termination of operations under each grant, the unexpended funds received under the terms of the grant revert to the grantor.

**Nonrefundable grant income:**

The terms under which these grants are awarded impose no limitation on the use of the funds or the period to which the funds may be applied. Accordingly, revenue is recorded over the term of the school year.

**Contributed Services and Property**

Pursuant to SFAS No. 116, "Accounting for Contributions Received and Contributions Made", contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period services are provided.

**Cash and Cash Equivalents**

For financial statement purposes, the School considers all cash and other highly liquid instruments with original maturities of three months or less to be cash equivalents.

**Property and Equipment**

Property and equipment are recorded at cost. Depreciation is recorded on the straight-line method over their estimated useful lives. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset. The School's depreciation or amortization periods are as follows:

	<b><u>Life in Years</u></b>
Office equipment	3
Furniture and Fixtures	5 to 7
Leasehold Improvements	2 to 7.5

**JOHN. V. LINDSAY WILDCAT CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED**

**Functional Expenses Allocation**

The costs of providing for the School’s programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services that are 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 estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes**

The School is a not-for-profit entity that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**3. CASH AND CASH EQUIVALENTS**

As of June 30, the account consists of:

	<u>2008</u>	<u>2007</u>
Operating	\$ 6,952	\$ 72,475
Payroll	50,965	57,525
Student Incentives	23,580	3,891
Savings	1,867,658	2,019,377
Escrow	75,196	50,161
Other	-	100
Total	<u>\$ 2,024,351</u>	<u>\$ 2,203,529</u>

**JOHN. V. LINDSAY WILDCAT CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**3. CASH AND CASH EQUIVALENTS – CONTINUED**

The savings account has an annual yield rate of 4.0%; interest income earned on the account amounted to \$73,056 and \$101,475 for the fiscal years ended June 30, 2008 and 2007, respectively.

The School maintains its deposits in banks and its temporary investments in financial institutions that, at times, may exceed federally insured limits. At June 30, 2008 and 2007, the School has cash and cash equivalent balances that exceeded federally insured limits in the amount of \$1,924,350 and \$2,103,429, respectively.

**4. GRANTS RECEIVABLE**

The account represents Federal Title I, II, and V Funds receivable from the State of New York of \$140,162 and \$334,067 as of June 30, 2008 and 2007, respectively.

As of June 30, 2008, the School also has a receivable of \$86,702 from the Universal Service Administrative Company (USAC); an independent, not-for-profit corporation designated as the administrator of the federal Universal Service Fund by the Federal Communications Commission (FCC); for its participation in USAC’s E-Rate Program.

**5. OTHER RECEIVABLES**

As of June 30, the account consists of:

<u>Receivable from</u>	<u>2008</u>	<u>2007</u>
Wildcat Service Corporation	\$ 213,911	\$ 163,015
New Era Transitions, Inc.	15,793	125,960
Others	1,854	-
Total	<u>\$ 231,558</u>	<u>\$ 288,975</u>

As of June 30, 2008, the receivable from Wildcat Service Corporation (“WCS”) represents fees and other amounts owed to the School for its administration of the after school program. During the fiscal year ended June 30, 2008, the \$350,000 civil dispute between the School and WCS has been resolved by the execution of a three way agreement between the School, WCS and the Lessor of the School’s Manhattan Location.

**JOHN. V. LINDSAY WILDCAT CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**5. OTHER RECEIVABLES - CONTINUED**

The June 30, 2008 and 2007 receivable from the New Era Transitions, Inc. (NETS), a non-profit organization incorporated in the City of New York, represents start-up costs and funds advanced by the School. NETS is a related entity by affiliation, since three of its board members are also serving on the Board of the School. The School's compliance officer is also serving on the Board of NETS.

**6. OTHER ASSETS**

As of June 30, the account consists of:

	<u>2008</u>	<u>2007</u>
Security deposit	\$ 291,810	\$ 1,125
Prepaid insurance	33,730	-
Others	<u>18,371</u>	<u>1,326</u>
Totals	<u>\$ 343,911</u>	<u>\$ 2,451</u>

**7. PROPERTY AND EQUIPMENT**

As of June 30, the account consists of:

	<u>2008</u>	<u>2007</u>
Furniture	\$ 13,140	\$ 9,010
Equipment	400,194	287,049
Leasehold improvement	<u>79,759</u>	<u>41,089</u>
Subtotal	493,093	337,148
Less: Accumulated depreciation	<u>(264,647)</u>	<u>(180,750)</u>
Net Book Value	<u>\$ 228,446</u>	<u>\$ 156,398</u>

Depreciation charges for the years ended June 30, 2008 and 2007 amounted to \$83,897 and \$63,935, respectively.

**JOHN. V. LINDSAY WILDCAT CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**8. ACCRUED EXPENSES**

As of June 30, the account consists of:

	<u>2008</u>	<u>2007</u>
Payroll	\$ 473,304	\$ 450,659
Other	<u>14,300</u>	<u>14,500</u>
Total	<u>\$ 487,604</u>	<u>\$ 465,159</u>

**9. REFUNDABLE ADVANCES**

The account represents excess funds received from the State of New York for the School's operating budget for the fiscal years ended June 30, 2008 and 2007. See Cost Recovery Grant Revenue under Note 2.

**10. PENSION**

All union members are covered under a retirement plan administered by the New York City Teachers Retirement System. The plan is partially contributory. The School's contribution amounted to \$397,577 and \$202,889 for the years ended June 30, 2008 and 2007, respectively.

**11. LEASE COMMITMENTS**

The School occupies space at the lower Manhattan location under a lease agreement until the end of the School's current Charter, or through October 31, 2017, the end of the current lease contract. Rent is charged on a square foot basis at the rate charged by the landlord for space the School utilizes in the Manhattan location.

**JOHN. V. LINDSAY WILDCAT CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**11. LEASE COMMITMENTS - CONTINUED**

Minimum lease payments on the contract for the next five years follow:

<u>Year</u>		<u>Amount</u>
2009	\$	1,371,332
2010		1,139,141
2011		965,659
2012		992,810
2013		1,012,666



**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***

To the Board of Trustees of  
John V. Lindsay Wildcat Charter School

We have audited the financial statements of John V. Lindsay Wildcat Charter School (the "School") as of and for the year ended June 30, 2008, and have issued our report thereon, dated October 3, 2008. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

**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 – CONTINUED**

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Board of Trustees of John V. Lindsay Wildcat Charter School and others within the entity and is not intended to be and should not be used by anyone other than those specified parties.

New York, New York  
October 3, 2008

TCBA Watson Rice LLP

**JOHN V. LINDSAY WILDCAT CHARTER SCHOOL  
SUMMARY OF FINDINGS AND RECOMMENDATIONS**

**Section I – Current Year Findings**

**Internal Control Over Financial Reporting**

None noted.

**Compliance and Other Matters**

None noted.

**Section II – Summary of Prior Year’s Findings and Recommendations**

**Internal Control Over Financial Reporting**

***07-1. Limitations in Personnel that Contribute to the Performance of Incompatible Functions***

**Condition**

During the conduct of interviews and observations over the School’s business processes, we noted the following incompatible functions:

- a. The person who has the primary function of processing and encoding transactions into the accounting system also performs the following functions:
  1. Makes deposits to the bank
  2. Updates the manual cash receipts log
- b. The person who can serve as the alternate accountant also performs the following functions:
  1. Signs the checks from one bank account that only requires one signatory; and
  2. Serves as one of the alternate signatories for the other bank accounts
  3. Prepares the monthly bank reconciliations

**Current Year Status**

The condition no longer exists.

**JOHN V. LINDSAY WILDCAT CHARTER SCHOOL  
SUMMARY OF FINDINGS AND RECOMMENDATIONS - CONTINUED**

**Section II – Summary of Prior Year’s Findings and Recommendations - Continued**

**Internal Control Over Financial Reporting - Continued**

**07-2. *Presence of Significant Idle Cash Balances***

**Condition**

The School has over \$2.0M in cash balances that are presently placed in a high yield savings account. This exposes the School to the risk of loss because the account is not sufficiently covered by the FDIC insured limit of \$100,000 per bank, per depositor.

**Current Year Status**

The condition still exists, see separate management letter.

**07-3. *Absence of Capitalization Threshold***

**Condition**

The School does not have capitalization threshold and currently capitalizes small valued items that have estimated lives of more than one year.

**Current Year Status**

The condition no longer exists.

**07-4. *Absence of Formal Policies and Procedures Manual for Accounting and IT Functions***

**Condition**

It was noted during the audit that the School has no formal policies and procedures manual in place over the IT functions.

**Current Year Status**

The condition still exists, see separate management letter.

**JOHN V. LINDSAY WILDCAT CHARTER SCHOOL  
SUMMARY OF FINDINGS AND RECOMMENDATIONS - CONTINUED**

**Internal Control Over Financial Reporting - Continued**

***07-5. File Maintenance***

**Condition**

The following deficiencies in documentation were noted during the test of 111 cash disbursement transactions:

- a. Four (4) of the samples amounting to \$30,242 were not supported with invoices, two (2) of which were paid based on the notation in the payment request form that invoices were to be provided, but none were subsequently attached;
- b. Six (6) of the samples amounting to \$4,289 were insufficiently supported by invoices. These samples were also expense reimbursements for an employee. Aggregate value of expense charges without supporting documents is \$218; and
- c. One (1) of the samples amounting to \$106,255 was not supported by any other documentation other than a copy of a check issued upon payment.

**Current Year Status**

The condition no longer exists.

**Compliance and Other Matters**

None noted.