



Stamford Academy, Inc.

Financial Statements and
Independent Auditors' Reports

June 30, 2016 and 2015

Stamford Academy, Inc.

Financial Statements and
Independent Auditors' Reports
June 30, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Stamford Academy, Inc.

We have audited the accompanying financial statements of Stamford Academy, Inc., which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 auditors' 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 Stamford Academy, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2016, on our consideration of Stamford Academy, Inc.'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 Stamford Academy, Inc.'s internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Stamford, Connecticut
December 16, 2016

Stamford Academy, Inc.

Statements of Financial Position

	June 30,	
	2016	2015
ASSETS		
Cash	\$ 567,317	\$ 543,839
Accounts and grants receivable	14,727	66,739
Prepaid expenses	-	778
Property and equipment, net	<u>52,073</u>	<u>12,450</u>
	<u>\$ 634,117</u>	<u>\$ 623,806</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 15,945	\$ 26,137
Accrued payroll and related expenses	191,224	139,593
Due to affiliates	<u>178,497</u>	<u>233,506</u>
Total Liabilities	<u>385,666</u>	<u>399,236</u>
Net Assets		
Unrestricted	186,253	161,293
Temporarily restricted	<u>62,198</u>	<u>63,277</u>
Total Net Assets	<u>248,451</u>	<u>224,570</u>
	<u>\$ 634,117</u>	<u>\$ 623,806</u>

See notes to financial statements

Stamford Academy, Inc.

Statements of Activities

	For the Year Ended June 30, 2016			For the Year Ended June 30, 2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Government grants and contracts	\$ 2,333,992	\$ -	\$ 2,333,992	\$ 2,244,860	\$ -	\$ 2,244,860
Contributions	537,568	1,032	538,600	394,378	1,000	395,378
In-kind rent	200,368	-	200,368	200,368	-	200,368
Foundation grants	83,788	20,437	104,225	135,595	61,627	197,222
Other income	5,329	-	5,329	7,174	650	7,824
Net assets released from restrictions	22,548	(22,548)	-	24,500	(24,500)	-
Total Revenue and Support	3,183,593	(1,079)	3,182,514	3,006,875	38,777	3,045,652
EXPENSES						
Program services	2,768,362	-	2,768,362	2,608,282	-	2,608,282
Management and general	353,722	-	353,722	341,000	-	341,000
Fundraising	36,549	-	36,549	38,534	-	38,534
Total Expenses	3,158,633	-	3,158,633	2,987,816	-	2,987,816
Change in Net Assets	24,960	(1,079)	23,881	19,059	38,777	57,836
NET ASSETS						
Beginning of year	161,293	63,277	224,570	142,234	24,500	166,734
End of year	\$ 186,253	\$ 62,198	\$ 248,451	\$ 161,293	\$ 63,277	\$ 224,570

See notes to financial statements

Stamford Academy, Inc.

Statements of Functional Expenses

	For the Year Ended June 30, 2016				For the Year Ended June 30, 2015			
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Fundraising	Total Expenses
Personnel costs	\$ 1,834,313	\$ 257,988	\$ 36,549	\$ 2,128,850	\$ 1,687,277	\$ 248,145	\$ 38,534	\$ 1,973,956
Professional and consulting fees	394,283	54,371	-	448,654	324,553	46,666	-	371,219
Facilities costs	202,256	27,891	-	230,147	205,336	29,524	-	234,860
Student support services	172,150	-	-	172,150	214,159	-	-	214,159
Insurance expense	51,563	7,110	-	58,673	67,799	9,749	-	77,548
Transportation expense	62,684	-	-	62,684	59,106	-	-	59,106
Office expenses	43,608	6,013	-	49,621	47,138	6,778	-	53,916
Depreciation and amortization expense	2,528	349	-	2,877	968	138	-	1,106
Other program expenses	4,977	-	-	4,977	1,946	-	-	1,946
Total Expenses	\$ 2,768,362	\$ 353,722	\$ 36,549	\$ 3,158,633	\$ 2,608,282	\$ 341,000	\$ 38,534	\$ 2,987,816

Stamford Academy, Inc.

Statements of Cash Flows

	For the Year Ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 23,881	\$ 57,836
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	2,877	1,106
Changes in operating assets and liabilities		
Accounts and grants receivable	52,012	(44,446)
Due to/from affiliates	(55,009)	189,976
Prepaid expenses	778	14,291
Accounts payable and accrued expenses	(10,192)	11,500
Accrued payroll and related expenses	51,631	(11,342)
Net Cash from Operating Activities	65,978	218,921
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(42,500)	-
Net Change in Cash	23,478	218,921
CASH		
Beginning of year	543,839	324,918
End of year	\$ 567,317	\$ 543,839

See notes to financial statements

Stamford Academy, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

1. Organization

Stamford Academy, Inc. ("Stamford Academy"), a not-for-profit organization, is recognized by the State of Connecticut as a charter school in accordance with the provisions of Section 10-66bb of the Connecticut General Statutes. Stamford Academy was granted a charter to operate a public high school located in the City of Stamford through June 30, 2018. The mission of Stamford Academy is to create a positive learning environment for students who have been unsuccessful in the traditional public school setting. Stamford Academy pursues this mission by, among other things, lowering class size, lengthening the school day, providing more structure and developing strong relationships with each student and family.

Stamford Academy shares corporate office space and other general and administrative costs and services with Domus Kids, Inc. ("Domus Kids") and Trailblazers Academy, Inc. ("Trailblazers Academy"), which are affiliated through common management but are each governed by a separate Board of Directors.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which 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. Accordingly, actual results could differ from those estimates. Some of the more significant estimates required to be made by management include the allowance for uncollectible receivables and allocation of certain functional expenses.

Net assets are classified as unrestricted, temporarily restricted or permanently restricted based upon the existence or absence of donor-imposed restrictions limiting the use of the contributed assets as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that either expire by the passage of time or can be fulfilled or otherwise removed by actions of Stamford Academy.

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Stamford Academy.

Stamford Academy did not have any permanently restricted net assets at June 30, 2016 and 2015.

Stamford Academy, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Allowance for Uncollectible Receivables

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specifically known troubled accounts. Management has concluded that an allowance is not required at June 30, 2016 and 2015.

Property and Equipment

Property and equipment is stated at cost, or, if donated, at fair value at the date of donation. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives, which are generally between three and seven years. Purchases or donations of property and equipment of less than \$5,000 are generally expensed.

Contributions

Contributions are recognized when the donor makes a promise to give to Stamford Academy that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are received. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires or is otherwise satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

Revenue Recognition

Stamford Academy recognizes revenue from government grants, which are treated as exchange transactions, in the period in which the services are provided.

Contributed Goods and Services

Donated goods and services are recognized as contributions if the services either: a) create or enhance non-financial assets, or b) require specialized skills, are performed by people with those skills and would otherwise be purchased by Stamford Academy if not donated. Numerous volunteers have donated time to Stamford Academy's programs. However, the general volunteer services did not meet the criteria for recognition in the financial statements for the years ended June 30, 2016 and 2015.

Impairment or Disposal of Long-lived Assets

U.S. GAAP requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. No impairment losses have been recorded to date.

Stamford Academy, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

2. Summary of Significant Accounting Policies *(continued)*

Functional Expenses

Stamford Academy allocates its expenses on a functional basis among its program, management and general and fundraising activities. Expenses that can be specifically identified with a program or support service are allocated directly according to their natural classifications. Other expenses that are common to several functions are allocated based on estimates made by management. Stamford Academy has adopted and follows a cost allocation plan in accordance with Connecticut state regulations.

Accounting for Uncertainty in Income Taxes

Stamford Academy is generally exempt from income tax under section 501(c)(3) of the U.S. Internal Revenue Code. Stamford Academy recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that Stamford Academy had no uncertain tax positions that would require financial statement recognition or disclosure. Stamford Academy is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to July 1, 2013.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date the financial statements were available to be issued, which date is December 16, 2016.

3. Concentration of Risk

Financial instruments that potentially subject Stamford Academy to significant concentrations of credit risk consist principally of cash. At times, cash balances held at financial institutions may be in excess of federally insured limits. Stamford Academy has not experienced any losses in its cash deposits.

A significant portion of Stamford Academy's support and revenue is from government agencies. As with all government funding, these grants may be subject to reduction or termination in future years. Any significant reduction in these grants could have a negative impact on Stamford Academy's program services.

Stamford Academy, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

4. Due To/From Affiliates

Due to/from affiliates consisted of the following at June 30:

	<u>2016</u>	<u>2015</u>
Due from (to) Domus Kids		
Grant	\$ 175,000	\$ -
For shared services	<u>(299,508)</u>	<u>(139,777)</u>
	(124,508)	(139,777)
Due (to) Trailblazers Academy		
For shared services	<u>(53,989)</u>	<u>(93,729)</u>
Total Due from Affiliates, net	<u>\$ (178,497)</u>	<u>\$ (233,506)</u>

During the years ended June 30, 2016 and 2015 Domus Kids granted Stamford Academy \$425,000 and \$270,000, which is included in contribution revenue in the accompanying statements of activities. The grant due from Domus Kids was received subsequent to June 30, 2016.

The amounts due to Domus Kids and Trailblazers Academy for shared services were paid subsequent to June 30, 2016 and 2015.

Beginning July 1, 2015, Stamford Academy entered into a service agreement with Domus Kids, Inc. that expires on June 30, 2018. Under the service agreement Domus Kids provides Stamford Academy with certain administrative and family advocacy services. The fees for these services charged to Stamford Academy are calculated by Domus Kids and approved by Stamford Academy's Board of Directors on an annual basis at or prior to the start of each fiscal year. Fees charged to Stamford Academy for these services during the year ended June 30, 2016 totaled \$706,297, of which \$405,135 and \$301,162 are included in professional fees and personnel costs in the statements of functional expenses.

Prior to the agreements entered into on July 1, 2015, Domus Kids allocated shares service costs related to administrative and family advocacy services directly to Stamford Academy based on of actual costs, as incurred, rather than based on a fee for services arrangement.

Stamford Academy, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

5. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 29,200	\$ 29,200
Furniture and fixtures	1,028	1,028
Computer equipment	70,262	70,262
School busses	84,362	41,862
Software	<u>34,705</u>	<u>34,705</u>
	219,557	177,057
Less accumulated depreciation and amortization	<u>(167,484)</u>	<u>(164,607)</u>
Property and Equipment, net	<u>\$ 52,073</u>	<u>\$ 12,450</u>

6. Lease Commitments

Stamford Academy maintains its teaching facility within a facility owned by the City of Stamford and is currently operating on a month-to-month agreement, pending a new lease. The agreement allows Stamford Academy to lease the facility for \$2 per year in addition to paying for its share of the facility's internet access fees. The estimated fair value of this lease has been recorded as in-kind rent of \$200,368 for the years ended June 30, 2016 and 2015.

Stamford Academy has various non cancellable operating leases for office equipment, which expire in January 2017. Monthly lease payments range from \$531 to \$778.

7. In-Kind Rent

In-kind rent was as follows for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Included in Revenue and Support School space	<u>\$ 200,368</u>	<u>\$ 200,368</u>
Included in Functional Expenses Facilities costs	<u>\$ 200,368</u>	<u>\$ 200,368</u>

Stamford Academy, Inc.

Notes to Financial Statements
June 30, 2016 and 2015

8. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at June 30:

	<u>2016</u>	<u>2015</u>
School bus	\$ 40,729	\$ 42,500
Tutoring programs	15,437	5,627
For use in subsequent fiscal year	6,032	14,150
Software program	<u>-</u>	<u>1,000</u>
	<u>\$ 62,198</u>	<u>\$ 63,277</u>

Net assets were released from restrictions by incurring expenses satisfying the following purpose restrictions for the years ended June 30:

	<u>2016</u>	<u>2015</u>
For use in subsequent fiscal year	\$ 19,777	\$ -
School bus	1,771	
School programs	<u>1,000</u>	<u>24,500</u>
	<u>\$ 22,548</u>	<u>\$ 24,500</u>

9. Retirement Plan

The teachers who work for Stamford Academy participate in the State of Connecticut sponsored major employee retirement system, which is administered by the Teachers' Retirement Board. Teachers are required to contribute 7.25% of their annual salary, while the State of Connecticut is required to contribute at an actuarially determined rate, which may be reduced by an act of State Legislature. Administrative costs of the plan are funded by the State of Connecticut. Stamford Academy has no obligation under this plan.

Stamford Academy maintains a defined contribution retirement plan as defined under Section 403(b) of the Internal Revenue Code. All employees over twenty-one years of age who work a minimum of 1,000 hours per year become eligible to participate immediately upon hire. Employees may make optional contributions to the plan on a tax-deferred basis up to the maximum amount allowed by the Internal Revenue Service. Stamford Academy matches up to 4% of each eligible employee's compensation following one year of service for employees who contributed to the plan. Stamford Academy's contributions to the plan were \$25,484 and \$32,382 for the years ended June 30, 2016 and 2015.



**Independent Auditors' 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***

**Board of Directors
Stamford Academy, Inc.**

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 Stamford Academy, Inc. (the "Stamford Academy"), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Stamford Academy, Inc.'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 Stamford Academy, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Stamford Academy'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 Stamford Academy, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

PKF O'Connor Davies, LLP

Stamford, Connecticut
December 16, 2016



**Report on Compliance for the Major State Program;
Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of
State Financial Assistance Required by the State Single Audit Act**

Independent Auditors' Report

**Board of Directors
Stamford Academy, Inc.**

Report on Compliance for the Major State Program

We have audited Stamford Academy, Inc.'s compliance with the types of compliance requirements described in the Office of Policy and Management *Compliance Supplement* that could have a direct and material effect on Stamford Academy, Inc.'s major state program for the year ended June 30, 2016. Stamford Academy, Inc.'s major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Stamford Academy, Inc.'s major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Stamford Academy, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state program. However, our audit does not provide a legal determination of Stamford Academy, Inc.'s compliance.

Opinion on the Major State Program

In our opinion, Stamford Academy, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of Stamford Academy, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Stamford Academy, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the

circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Stamford Academy, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of Stamford Academy, Inc., as of and for the year ended June 30, 2016 and have issued our report thereon dated December 16, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

PKF O'Connor Davies, LLP
Stamford, Connecticut
December 16, 2016

Stamford Academy, Inc.

Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2016

<u>State Grantor / Pass-Through / Grantor Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>State Expenditures</u>
Connecticut Department of Education		
Direct:		
Child Nutrition Program	11000-SDE64000-16211	\$ 714
School Breakfast	11000-SDE64000-17046	3,049
Pass-Through from:		
City of Stamford:		
Charter Schools	11000-SDE64000-17041-84179	<u>1,639,000</u>
 Total State Financial Assistance		 <u>\$ 1,642,763</u>

See notes to schedule of expenditures of state financial assistance and independent auditors' report

Stamford Academy, Inc.

Notes to Schedule of Expenditures of State Financial Assistance Year Ended June 30, 2016

1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the "Schedule") includes the state grant activity of Stamford Academy, Inc. under programs of the State of Connecticut for the year ended June 30, 2016. A department and agency of the State of Connecticut has provided financial assistance through grants and other authorizations in accordance with the general statutes of the State of Connecticut. Because the Schedule presents only a selected portion of the operations of Stamford Academy, it is not intended to and does not present the financial position, changes in net assets or cash flows of Stamford Academy.

2. Summary of Significant Accounting Policies

The accounting policies of Stamford Academy, Inc. conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. The information in the Schedule is presented based on regulations established by the State of Connecticut Office of Policy and Management.

The expenditures reported on the Schedule are presented on the accrual basis of accounting. For cost-reimbursement awards, expenditures have been recognized to the extent of allowable costs incurred. For performance-based awards, expenditures reported represent amounts earned.

Stamford Academy, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? ___ Yes X No
- Significant deficiency (ies) identified? ___ Yes X None reported
- Noncompliance material to financial statements noted? ___ Yes X No

State Financial Assistance

Internal control over major programs:

- Material weakness (es) identified? ___ Yes X No
- Significant deficiency (ies) identified? ___ Yes X None reported

Type of auditors' report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 4-236-24 of the regulations to the State Single Audit Act? ___ Yes X No

The following schedule reflects the major program included in the audit:

State Grantor And Program	State Core-CT Number	<u>Expenditures</u>
<u>Connecticut Department of Education:</u>		
Charter Schools	11000-SDE64000-17041-84179	\$1,639,000
<ul style="list-style-type: none"> • Dollar threshold used to distinguish between type A and type B programs 		\$200,000

Stamford Academy, Inc.

Schedule of Findings and Questioned Costs (*continued*)
Year Ended June 30, 2016

II. Financial Statement Findings

We issued reports, dated December 16, 2016, on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no reportable instances of noncompliance.

III. State Financial Assistance Findings and Questioned Costs

- No current year state financial assistance findings or questioned costs reported.

IV. Prior Financial Statement Findings, State Financial Assistance Findings and Questioned Costs

- No prior year state financial assistance findings or questioned costs reported.