CARLOS ROSARIO INTERNATIONAL PUBLIC CHARTER SCHOOL

STAND-ALONE FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Years Ended June 30, 2015 and 2014

TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Carlos Rosario International Public Charter School

Report on the Stand-Alone Financial Statements

We have audited the accompanying stand-alone financial statements of Carlos Rosario International Public Charter School (a nonprofit organization) which comprise the stand-alone statements of financial position as of June 30, 2015 and 2014, and the related stand-alone statements of activities 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 stand-alone 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 stand-alone financial statements referred to above present fairly, in all material respects, the financial position of Carlos Rosario International Public Charter School as of June 30, 2015 and 2014, 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 Matter – Consolidated Financial Statements

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated statement of financial position of Carlos Rosario International Public Charter School and Affiliates as of June 30, 2015, and the related consolidated statements of activities and cash flows for the year then ended (none of which is presented herein), and we expressed an unmodified opinion on those financial statements. Such consolidated financial statements are the general-purpose financial statements of Carlos Rosario International Public Charter School and Affiliates, and the financial statements of Carlos Rosario International Public Charter School presented herein are not a valid substitute for those consolidated financial statements.

Other Matter – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the stand-alone financial statements as a whole. The schedules of functional expenses and average cost per student are presented for purposes of additional analysis and are not required parts of the stand-alone 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 information is fairly stated in all material respects in relation to the stand-alone financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2015, on our considerations of the Carlos Rosario International Public Charter School's internal control over financial reporting and 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 the Carlos Rosario International Public Charter School's internal control over financial reporting and compliance.

Rubino & Company

November 25, 2015
Bethesda, Maryland

CARLOS ROSARIO INTERNATIONAL PUBLIC CHARTER SCHOOL
(STAND-ALONE)
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 10,266,645	$ 9,698,591
Due from Community Capital Corporation	469,380	257,974
Due from Carlos Rosario Educational Foundation	-	110,442
Grant receivable	97,505	-
Other receivables	-	6,785
Prepaid expenses	366,971	255,033
Total current assets	11,200,501	10,328,825
Certificates of deposit	3,048,000	3,036,000
Property and equipment, net	22,211,347	23,397,738
Facility repair and improvements reserve fund	1,578,624	560,153
Other assets	1,570,324	1,287,422
Deposits	127,440	127,440
Total assets	$ 39,736,236	$ 38,737,578
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 424,930	$ 293,048
Accrued salaries and related expenses	2,525,047	738,503
Deferred revenue	33,311	28,940
Current portion of capital lease obligations	130,619	134,565
Total current liabilities	3,113,907	1,195,056
Deferred rent	2,344,776	2,407,280
Capital lease obligations	13,179,592	13,310,211
Other liabilities	289,868	1,287,422
Total liabilities	18,928,143	18,199,969
Net assets		
Unrestricted	20,674,237	20,537,609
Temporarily restricted	133,856	-
Total net assets	20,808,093	20,537,609
Total liabilities and net assets	$ 39,736,236	$ 38,737,578

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

CARLOS ROSARIO INTERNATIONAL PUBLIC CHARTER SCHOOL
(STAND-ALONE)
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2015 and 2014

	2015	2014
Changes in unrestricted net assets		
Revenue and support		
Charter per pupil allotment	$ 23,000,863	$ 19,937,995
Grants and contributions	256,862	195,915
Culinary arts sales	389,900	412,038
Student fees and other income	198,138	152,084
Investment gain	23,922	19,023
Total revenue and support	23,869,685	20,717,055
Net assets released from restrictions	8,707	46,908
Total revenue, support and other increases	23,878,392	20,763,963
Expenses		
Educational programs	20,287,125	18,803,943
General and administrative	3,311,501	2,660,240
Fundraising	143,138	-
Total expenses	23,741,764	21,464,183
Increase (decrease) increase in unrestricted net assets	136,628	(700,220)
Changes in temporarily restricted net assets		
Contributions	142,563	-
Net assets released from restrictions	(8,707)	(46,908)
Increase (decrease) in temporarily restricted net assets	133,856	(46,908)
Change in net assets	270,484	(747,128)
Net assets, beginning of year	20,537,609	21,284,737
Net assets, end of year	$ 20,808,093	$ 20,537,609

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

CARLOS ROSARIO INTERNATIONAL PUBLIC CHARTER SCHOOL
(STAND-ALONE)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Change in net assets	$ 270,484	$ (747,128)
Reconciling adjustments		
Depreciation and amortization	1,985,225	1,725,226
Changes in operating assets and liabilities		
Grant receivables	(97,505)	-
Other receivables	6,785	(4,953)
Prepaid expenses and other assets	(394,840)	(383,790)
Facility reserve fund	(1,018,471)	132,500
Deposits	-	19,129
Accounts payable	89,248	(313,975)
Accrued salaries and related expenses	1,786,544	225,581
Due to/from Community Capital Corporation	(211,406)	(150,105)
Deferred revenue	4,371	(880)
Due to/from Carlos Rosario Educational Foundation	110,442	(75,805)
Other liabilities	(997,554)	314,144
Deferred rent	(62,504)	22,010
Net cash provided by operating activities	1,470,819	761,954
Cash flows from investing activities		
Decrease of facility reserve fund	-	2,200,000
Purchase of certificates of deposit	(1,317,000)	(1,743,000)
Proceeds from certificates of deposit	1,305,000	1,743,000
Purchase of property and equipment	(756,200)	(1,578,189)
Net cash (used) provided by investing activities	(768,200)	621,811
Cash flows from financing activities		
Payments on capital lease obligations	(134,565)	(102,116)
Net increase in cash and cash equivalents	568,054	1,281,649
Cash and cash equivalents, beginning of year	9,698,591	8,416,942
Cash and cash equivalents, end of year	$ 10,266,645	$ 9,698,591

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

CARLOS ROSARIO INTERNATIONAL PUBLIC CHARTER SCHOOL
(STAND-ALONE)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

1. Organization

The Carlos Rosario International Public Charter School (the School) was organized in September 1998 under the District of Columbia School Reform Act of 1995. The petition to establish the School was prepared by the Carlos Rosario International Career Center (the Career Center). Both the School and the Career Center operated as separate tax-exempt organizations until May 8, 2008, at which time in connection with an agreement of merger, the Career Center was dissolved and its net assets were contributed to the School, the surviving entity.

The School's mission is to provide education that prepares the diverse adult immigrant population of Washington, DC to become invested, productive citizens and members of the American society who give back to family and community. The School accomplishes this through excellence in teaching and learning in partnership with the community by fostering a safe and compassionate learning environment.

The School offers classes to adults in subjects including English, U.S. Citizenship, GED preparation, computer literacy, culinary arts, and family literacy. The School's enrollment for the school year 2015 was approximately 2,025 full-time equivalent students.

2. Summary of Significant Accounting Policies

Basis of Presentation

These statements present the stand-alone statements of financial position, activities, and cash flows of the School only. Separate consolidated financial statements have been issued for the School and Community Capital Corporation and its Affiliate. Reference should be made to those separate consolidated financial statements for the year ended June 30, 2015, which serve as the School's general-purpose financial statements and are intended to present the School's consolidated financial position, results of operations, and cash flows in accordance with accounting principles generally accepted in the United States of America.

2. Summary of Significant Accounting Policies (continued)

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 disclosure 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.

Tax Status

Under the provision of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the District of Columbia, the School is exempt from taxes on income other than unrelated business income. No provision for income taxes is required for either 2015 or 2014. However, tax years ended June 30, 2012 through 2014 remain open to examination by the taxing jurisdictions to which the School is subject, and they have not been extended beyond the applicable statute of limitations.

Support and Funding

The School receives funding from the District of Columbia in the form of per-pupil educational and facility allotments. This funding is based on the equivalent number of full-time students and is determined annually.

Grant Revenue and Support

Revenue and support from government contracts and grants that provide for cost reimbursement is recognized when the related direct and allocated indirect expenses are incurred, deliverables are met, or per-diem services are provided. Revenue recognized in excess of cash received is reported as a grant receivable. Cash received in excess of revenue recognized is reported as deferred revenue.

Grants Receivable

Grants receivable are stated at fair value, net of any applicable discounts. An allowance for bad debt is recorded for any uncollectible amounts in the period such a determination is made.

2. Summary of Significant Accounting Policies (continued)

Investments

Investments in certificates of deposit are recorded at fair value, which approximates cost. The fair values of certificates of deposit are based on the custodian's analysis of interest rates, credit risk, investment terms, and other factors.

Contributions and Net Assets

Contributions and unconditional promises to give are recorded as support, at fair value, when received. Contributions and unconditional promises to give that are restricted by the donor as to time or purpose, are reported as an increase in temporarily restricted net assets. When a time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

The School maintains cash balances at various financial institutions which, at times, may exceed federally insured limits. Cash equivalents at June 30, 2015 and 2014, include money market accounts. The School has not experienced any losses related to these accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents. For the purposes of the statement of cash flows, the School considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Facility Reserve Funds

The facility reserve funds are segregated cash that the School is required to maintain under a guarantee agreement of a related party obligation (Note 4).

Property and Equipment

The School capitalizes all property and equipment purchased in excess of $5,000. Property and equipment is recorded at cost, and donated property is recorded at fair market value. Maintenance and repairs are expensed as incurred. Significant renewals and betterments are capitalized.

2. Summary of Significant Accounting Policies (continued)

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from three to twenty years. The statements of financial position also reflect assets obtained under capital lease agreements. Amortization for capital leased assets is calculated as depreciable equipment. The amortization of leasehold improvements is recorded over the shorter of the lease term or the estimated useful life of the improvements. At the time assets are retired or otherwise disposed of, the property and related accumulated depreciation and amortization accounts are relieved of the applicable amounts and any gain or loss is credited or charged to income.

Functional Allocation of Expenses

The costs of providing the programs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated to the appropriate programs and administrative services based on the functions they directly benefit or upon management's estimates of the proportion of the expenses applicable to each function.

Subsequent Events

Management has evaluated subsequent events through November 25, 2015, which is the date the financial statements were available to be issued.

3. Property and Equipment

The following summarizes property and equipment by major asset categories:

	2015	2014
Computers and software	$ 2,775,094	$ 2,271,267
Furniture and fixtures	660,314	608,121
Equipment	1,163,848	1,081,875
Capital leased equipment	81,315	81,315
Capital leased property	17,514,350	17,514,350
Vehicles	391,596	281,601
Leasehold improvements	8,169,735	8,118,890
Total	30,756,252	29,957,419
Less: accumulated depreciation and amortization	(8,544,905)	(6,559,681)
Property and equipment, net	$ 22,211,347	$ 23,397,738

The School has capitalized costs for leasehold improvements at the Harvard Street location. The capitalized balance as of June 30, 2015 and 2014, was $8,169,735 and $8,118,890, respectively, and is being amortized as discussed in Note 2. See Notes 4 and 6 for further information regarding the related party leases.

The School entered into a capital lease for classroom and office space with CCC. See Note 6 for further information regarding the lease agreement.

Total depreciation and amortization expense for the years ended June 30, 2015 and 2014, was $1,985,225 and $1,725,226, respectively.

4. Related Party Transactions

Community Capital Corporation (CCC)

In 2002, CCC was formed as a 501(c)(3) non-profit organization, whose purpose is to assist other non-profit organizations in securing facilities in which to operate. CCC has a long-term prime lease agreement with the District of Columbia to lease a property on Harvard Street that required substantial building improvements. The School, in turn, entered into a long-term sublease agreement with CCC for office and classroom space in this property.

The costs of the building improvements were originally financed by the issuance of a tax exempt bond. The financing agreement supporting the bond required the School to guarantee CCC's financial obligations to the lending institution. This guarantee covered assets and contracts. As of June 30, 2013, the outstanding balance of the bonds was approximately $5,950,000. In August 2013, CCC refinanced the Harvard Street property, entered into a new term loan for $6,107,104 with Bank of America, and used its proceeds to pay off the tax exempt bond balance. The School is the guarantor of the term loan and is subject to certain financial covenants, with which the School is in compliance.

Community Capital Corporation-Sonia Gutierrez Campus (CCC-SGC) was incorporated on October 10, 2012, as a nonprofit 501(c)(2) title holding corporation under the laws of the District of Columbia. The organization was formed to hold the real estate property located at 514 V Street, NE, Washington D.C., which has been developed for educational uses on behalf of its parent, Community Capital Corporation (CCC).

During December 2011, CCC purchased land for approximately $2 million, and the title to the property was transferred to CCC-SGC during 2013. The School entered into a long-term sublease agreement for classroom and office space for a term of twenty-five years. The lease has been accounted as a capital lease (Note 6). The land has been developed to build the additional campus. The development costs, including furniture and fixtures, are approximately $21 million.

The land acquisition has been financed by a grant from the District of Columbia's Office of the State Superintendent of Education (OSSE). The construction and equipment purchase is being financed with Banc of America CDE V, LLC, a North Carolina limited liability company (BOA CDE), and ESIC New Markets Partners Limited Partnership, a Maryland limited partnership (ESIC CDE) (collectively referred to as the lenders).

4. Related Party Transactions (continued)

During the fiscal year 2014, construction in progress totaling approximately $4,004,938 was transferred to leasehold improvements and is being depreciated.

CCC shares personnel, administrative, and equipment costs with the School. Salary and benefit expense is allocated based on employees' actual time worked for each organization. The School also processes other payments for shared expenses. CCC reimburses the School for its portion of shared costs. Shared operating costs were allocated based on labor dollars until 2014. In 2015, the School and CCC entered into an agreement, which established a fixed monthly fee not to exceed $10,000 to cover for operating costs. Total amounts allocated to CCC were $2,355,023 and $745,437 for the years ended June 30, 2015 and 2014, respectively. The balance owed from CCC related to these expenses as of June 30, 2015 and 2014, totaled $469,380 and $257,974 respectively. Cash payments to CCC totaled $6,907,487 and $4,851,324 in 2015 and 2014, respectively.

Carlos Rosario Educational Foundation (the Foundation)

In 2010, the Foundation was formed as a 501(c)(3) non-profit organization, whose purpose was to provide funding and support for charitable and educational activities and programs including, but not limited to, the School.

Starting in 2012, the Foundation shared personnel and administrative costs with the School. Salary and benefit expense was allocated based on employees' actual time worked for each organization. The total amount allocated to the Foundation for the year ended June 30, 2014 was approximately $82,000. There were no shared costs during 2015. The Foundation was dissolved on September 30, 2014 and its net assets, preserving the donor intent, were contributed to the School.

Consolidation

The accompanying stand-alone financial statements reflect only the activities and net assets of the School. Separate consolidated statements have been issued for the School and Community Capital Corporation and its Affiliate (Note 2.)

5. Net Assets

Temporarily restricted net assets at June 30, 2015, were available for the following purposes:

Student scholarships	$	123,856
IME BECAS - Scholarship		10,000
Temporarily restricted net assets	$	133,856

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes.

6. Commitments and Contingencies

Capital Leases

The School has entered into lease agreements to finance certain equipment over periods ranging from 36 to 60 months. The lease agreements have been classified as capital leases which are generally accounted for as additions to property and equipment using lease financing.

As mentioned in Note 4, CCC-SGC has title to the V Street property. On October 31, 2012, CCC-SGC closed the financing with proceeds from loans enhanced by federal new market tax credits amounting approximately $21 million (Note 4). Under the master loan and disbursement agreement, the School has secured the debt with, among other things, the charter per pupil allotment and general revenues, subordinated only to the security interest of CCC as collateral for the School's rent obligations. Starting six months after the completion of the building construction, the School was required to comply with additional financial covenants. The School is in compliance with financial covenants at June 30, 2015.

6. Commitments and Contingencies (continued)

CCC-SGC entered into a master lease agreement with CCC on October 31, 2012, for 32 years in which CCC leases the building from CCC-SGC commencing on the delivery date, which was the date the certificate of occupancy was issued. In turn, the School signed a sublease agreement on October 12, 2012 with CCC for classroom and office space at V Street for a period of twenty-five years commencing on the delivery date, which was the date the certificate of occupancy was issued. This sublease agreement replaced the build-to-suit master lease agreement signed on June 1, 2012 (Note 4). Complying with the sublease terms, the School started paying rent on October 1, 2013, at which time the sublease was accounted for as a capital lease.

The following is a schedule of future minimum lease payments and interest as of June 30, 2015:

Year ending June 30, 2016	$	1,611,000
2017		1,659,000
2018		1,709,000
2019		1,760,000
2020		1,813,000
2021 and thereafter		44,495,000
Total minimum lease payments		53,047,000
Less: amount representing interest		(39,736,789)
Present value of minimum lease payments		13,310,211
Current portion of the obligation		(130,619)
Non-current portion of the obligation	$	13,179,592

Interest expense for the years ended June 30, 2015 and 2014, was $1,444,066 and $1,064,349, respectively. At June 30, 2015 and 2014, the book value of the capital lease assets is $16,251,476 and $13,125,498, respectively, net of accumulated amortization of $1,024,297 and $471,528, respectively.

6. Commitments and Contingencies (continued)

Operating Leases

As described in Note 4, the School entered into a long-term sublease agreement for classroom and office space at Harvard Street with CCC which expires in 2021. During 2011, the School and CCC signed the fourth addendum to the commercial sublease. Among the modifications are provisions for increase in rentable square feet, rental of the parking lot, minimum annual escalation increases, and a provision for an additional rent-assessment fee known as the facility repair and improvement reserve assessment fee (the reserve fund).

All terms and clauses of the master lease not amended by this addendum remain in full force. Under the terms of the addendum, the School was required to pay $1,000,000 to CCC to maintain in the reserve fund to be used for building repairs and improvements.

The addendum also requires CCC conducts an environmental facilities and building assessment study every three years to determine the sufficiency of the reserve. The School funded the reserve fund during 2011; $487,574 was paid in cash and the remainder of $512,426 was applied towards past due amounts CCC owed the School. The reserve fund is included in the statements of financial position.

This lease calls for monthly rent with annual increases until the expiration of the lease on June 31, 2021. The total lease payments are recorded as rent expense on a straight line basis over the lease period resulting in a deferred rent liability. The deferred rent balance at June 30, 2015 and 2014, totaled $2,344,776 and $2,407,280, respectively. Rent expense for years ended June 30, 2015 and 2014, was $3,137,679 and $3,270,842, respectively.

Future minimum lease payments under operating leases are as follows:

Year ending June 30, 2016	$ 3,272,000
2017	3,361,000
2018	3,453,000
2019	3,547,000
2020	3,644,000
2021 and thereafter	4,204,000
Total	$ 21,481,000

6. Commitments and Contingencies (continued)

Employment Contract

The School has an employment-transition contract with its former President, which provides for future payments as services are rendered. The transition period ends upon the Executive's retirement on December 31, 2017.

The School has an employment contract with its newly appointed Executive Director/CEO, which provides for future payments as services are rendered. The agreement is for a five-year period ending on August 1, 2019.

7. Retirement Plans

The School sponsored a 403(b) Plan for all employees that have completed 1,000 hours of eligible service. Under this plan, the School contributed 5% of an eligible employee's base compensation. Participants have the option to rollover their assets to the newly adopted 401(k) Plan or convert their accounts into an IRA. The School plans to terminate the 403(b) Plan when all assets are distributed, as employees rollover their balances to the new 401(k) Plan, or convert their balances into an IRA.

The School adopted a 401(k) Plan effective August 15, 2013 for all employees over 21 years of age who have completed six months of service working 17.5 hours weekly (which is equal to 408 hours for six months). This is a plan with salary deferral options (pre-tax and Roth), discretionary matching contributions, and a safe harbor non-elective contribution of 3% of employees' compensation. The matching contribution is 300% of the first 1% employees contribute from their compensation. Participants are immediately vested in all contributions. The School's pension expense for the years ended June 30, 2015 and 2014, totaled $504,657 and $431,393, respectively.

The School sponsors a nonqualified deferred compensation plan under the Internal Revenue Code Section 457(b). Funds are invested in certain money market funds and are included with other assets and other liabilities in the accompanying statements of financial position. The School's obligation is limited to the market value of the invested funds which approximated $283,923 and $172,169 at June 30, 2015 and 2014, respectively.

7. Retirement Plans (continued)

The School also sponsors a nonqualified deferred compensation plan under Internal Revenue Code Section 457(f). Funds are invested in certain money market funds and are included with other assets and other liabilities in the accompanying statements of financial position. The School's obligation is limited to the market value of the invested funds which approximated $1,286,401 and $1,115,253 at June 30, 2015 and 2014, respectively.

8. Postretirement Benefits – Healthcare and Dental

In addition to providing pension benefits, in fiscal year 2015, the School adopted a voluntary early retirement incentive program. The program will permit eligible employees, who desire to retire following the attainment of age sixty-two but prior to the attainment of age sixty-five, an opportunity to continue to receive medical insurance from the School for a specified period of time, at the same rate and level provided to actively employed employees of the School. In order to be eligible to participate, the employee must have reached the age of 62, have been enrolled in one of the three medical plans offered by the School for at least five years, and have 15 years of full time employment with the School. Surviving spouses are not covered.

The Plan's fiscal year-end and the Plan's valuation are June 30. The School has not contributed to the postretirement benefit plan in fiscal year 2015. There were no benefits paid by the Trust during the year ended June 30, 2015. The Plan is currently unfunded.

A summary of the net periodic postretirement benefit costs for the year ended June 30, 2015, is as follows:

Service cost	$ 32,266
Interest cost	1,331
Net periodic postretirement benefit cost	$ 33,597

8. Postretirement Benefits - Healthcare and Dental (continued)

The following table sets forth the financial status of the plan for the year ended June 30, 2015:

Accumulated postretirement benefit obligation (APBO):	
Active paticipants fully eligible	$ (18,974)
Active participants not fully eligible	(270,894)
Total APBO	(289,868)
Plan assets at fair value	-
Accrued postretirement benefit cost unfunded	$ (289,868)

The weighted average discount rate used to determine the APBO was 4.20% at June 30, 2015, and the long-term inflation rate was 4.50% in 2015. For measurement purposes, assumed healthcare cost trend rates of 7% in 2015 were used, trending down to 4.50%. This rate should be achieved in 2023.

If the assumed healthcare cost trend rate were increased by 1 percentage point, the rates would increase the aggregate of interest and service cost components of the NPPBC by 14.6% or $6,501. The APBO as of June 30, 2015, would increase 12.1% or $30,074.

If the assumed healthcare cost trend rate were decreased by 1 percentage point, the rates would decrease the aggregate of interest and service cost components of the NPPBC by 12.4% or $5,522. The APBO as of June 30, 2015, would decrease 10.4% or $30,146.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid over the next ten fiscal years:

Years ending June 30, 2016	$	-
2017	$	3,887
2018	$	11,387
2019	$	22,322
2020	$	19,103
2021-2025	$	124,132

9. Donated Services

In 2015 and 2014, the School received pro-bono legal services valued at $19,215 and $25,432, respectively. These amounts are reflected as revenue and expense in the accompanying financial statements.

10. Fair Value Measurements

The School reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, 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 fair value hierarchy is as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities that the School has the ability to access.

- Level 2: Inputs to the valuation methodology 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 other means.

  If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset's 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.

10. Fair Value Measurements (continued)

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported as of the end of the reporting period. For the years ended June 30, 2015 and 2014, there were no significant transfers in or out of levels 1, 2 or 3.

Following is a description of the valuation methodologies used for investments measured at fair value and their classification in the valuation hierarchy:

Investments in *money market funds* (Note 2) are valued at the net asset value of shares held by the School at year-end reported in the listing of the applicable major exchanges.

Investments in *certificates of deposit* (Note 2) are valued by discounting the related cash flows based on current yields of similar instruments with comparable derivatives considering the credit worthiness of the issuer.

Investments in *mutual funds* (Note 2) are valued at the net asset value of shares of funds selected by the participants of the 457(b) and 457(f) plans (Note 7) as reported at year-end in the listing of the applicable major exchanges.

The following summarizes information about the fair value measurements used as of June 30, 2015 and 2014:

2015	Total	Level 1	Level 2
Money Market Funds cash equivalents (Note 2)	$ 2,578,835	$ 2,578,835	$ -
Certificates of Deposit (Note 2)	3,048,000	-	3,048,000
Mutual funds - other assets 457(b) and 457(f) Plans	1,570,324	1,570,324	-
Total	$ 7,197,159	$ 4,149,159	$ 3,048,000

10. Fair Value Measurements (continued)

2014	Total	Level 1	Level 2
Money Market Funds cash equivalents (Note 2)	$ 2,578,567	$ 2,578,567	$ -
Certificates of Deposit (Note 2)	3,036,000	-	3,036,000
Mutual funds - other assets 457(b) and 457(f) Plans	1,287,422	1,287,422	-
Total	$ 6,901,989	$ 3,865,989	$ 3,036,000

11. Supplemental Cash Flow Information

Cash paid during the years 2015 and 2014 for interest was $1,443,587 and $1,064,349, respectively. In fiscal year 2015, the School entered into a capital lease arrangement for real estate property (Note 6) totaling $13,515,711. Property financed through accounts payable at June 30, 2015 and June 30, 2014, totaled $136,972 and $94,338, respectively.

CARLOS ROSARIO INTERNATIONAL PUBLIC CHARTER SCHOOL
(STAND-ALONE)
SUPPLEMENTAL SCHEDULES OF FUNCTIONAL EXPENSES
Years Ended June 30, 2015 and 2014

	Educational Programs	General and Administrative	Fundraising	2015 Total	Educational Programs	General and Administrative	Fundraising	2014 Total
PERSONNEL SALARIES AND BENEFITS								
Salaries	$ 9,251,646	$ 1,324,938	$ -	$ 10,576,584	$ 8,709,257	$ 1,034,146	$ -	$ 9,743,403
Employee benefits	2,436,194	668,272	-	3,104,466	1,968,774	487,877	-	2,456,651
Contracted staff	11,100	10,182	-	21,282	12,886	2,345	-	15,231
Professional development	80,900	35,554	-	116,454	113,963	27,039	-	141,002
Total personnel, salaries and benefits	11,779,840	2,038,946	-	13,818,786	10,804,880	1,551,407	-	12,356,287
DIRECT STUDENT COSTS								
Supplies and materials	293,419	-	-	293,419	273,874	-	-	273,874
Transportation	71,233	-	-	71,233	108,280	-	-	108,280
Contracted instruction fees	27,770	-	-	27,770	19,314	-	-	19,314
Student assessments	12,681	-	-	12,681	7,704	-	-	7,704
Food service/workforce program	250,758	-	-	250,758	187,769	-	-	187,769
Other student costs	53,351	-	-	53,351	61,963	-	-	61,963
Total direct student costs	709,212	-	-	709,212	658,904	-	-	658,904
OCCUPANCY EXPENSES								
Rent	2,773,851	363,828	-	3,137,679	2,924,313	346,529	-	3,270,842
Maintenance and repairs	4,694	128	-	4,822	11,505	2,135	-	13,640
Utilities	-	-	-	-	4,618	-	-	4,618
Contracted building services	377,522	54,408	53	431,983	473,632	57,630	-	531,262
Interest - facility	1,276,194	167,872	-	1,444,066	947,194	112,471	-	1,059,665
Total occupancy expenses	4,432,261	586,236	53	5,018,550	4,361,262	518,765	-	4,880,027
OFFICE EXPENSES								
Office supplies and materials	189,431	30,567	913	220,911	260,050	36,581	-	296,631
Equipment rental	416,818	12,961	-	429,779	332,108	9,566	-	341,674
Telecommunications	192,124	27,447	231	219,802	198,837	38,222	-	237,059
Professional fees	181,841	250,161	628	432,630	141,338	197,154	-	338,492
Printing and publications	90,470	8,187	106	98,763	95,726	15,591	-	111,317
Postage and shipping	4,427	487	-	4,914	6,389	1,293	-	7,682
Other office expense	19,107	18,324	325	37,756	17,803	16,975	-	34,778
Total office expenses	1,094,218	348,134	2,203	1,444,555	1,052,251	315,382	-	1,367,633
GENERAL EXPENSES								
Insurance	168,036	21,555	-	189,591	155,338	18,078	-	173,416
Interest	-	-	-	-	4,141	543	-	4,684
Administration fee	202,002	26,495	-	228,497	91,161	10,869	-	102,030
Depreciation	1,755,029	230,196	-	1,985,225	1,542,114	183,112	-	1,725,226
Other general expense	146,527	59,939	140,882	347,348	133,892	62,084	-	195,976
Total general expenses	2,271,594	338,185	140,882	2,750,661	1,926,646	274,686	-	2,201,332
TOTAL EXPENSES	$ 20,287,125	$ 3,311,501	$ 143,138	$ 23,741,764	$ 18,803,943	$ 2,660,240	$ -	$ 21,464,183

CARLOS ROSARIO INTERNATIONAL PUBLIC CHARTER SCHOOL
SUPPLEMENTAL SCHEDULE OF AVERAGE COST PER STUDENT
Year Ended June 30, 2015

Average Cost Per Student	
Total expenses for the year	23,741,764
Full-time equivalent students	1,950
Average cost per full-time equivalent student	$ 12,175

RUBINO & COMPANY CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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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*

To the Board of Trustees of
Carlos Rosario International Public 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 stand-alone financial statements of Carlos Rosario International Public Charter School (the School), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 25, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rubino & Company

November 25, 2015
Bethesda, Maryland

CARLOS ROSARIO INTERNATIONAL PUBLIC CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Carlos Rosario International Public Charter School.

2. No significant deficiencies related to the internal control of the Carlos Rosario International Public Charter School in Accordance with the District of Columbia School Reform Act, as Amended, were disclosed during the audit.

3. No instances of noncompliance material to the financial statements of Carlos Rosario International Public Charter School were disclosed during the audit.

B. AUDIT FINDINGS

None

C. SUMMARY OF PRIOR AUDIT FINDINGS

None