

DISTRICT OF COLUMBIA BILINGUAL PUBLIC CHARTER SCHOOL, INC.

**FINANCIAL STATEMENTS AND SCHEDULES
IN ACCORDANCE WITH OMB CIRCULAR A-133**

With Reports of Independent Auditors

For the Years Ended June 30, 2015 and 2014



Walker & Co., LLP

Assurance, Business and Advisory Services

DISTRICT OF COLUMBIA BILINGUAL PUBLIC CHARTER SCHOOL, INC.

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Walker & Co., LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
District of Columbia Bilingual Public Charter School, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of District of Columbia Bilingual Public Charter School, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and change in net assets, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of District of Columbia Bilingual Public Charter School, Inc. 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.

Restatement and Prior Period Adjustment

As discussed in Note 12 to the financial statements, the 2014 financial statements have been restated for accounting corrections and a prior period adjustment made to opening net assets. Our opinion is not modified with respect to those matters.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis 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 information is fairly stated, in all material respects, in relation to the 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 30, 2015 on our consideration of District of Columbia Bilingual Public Charter School, 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 District of Columbia Bilingual Public Charter School, Inc.'s internal control over financial reporting and compliance.

Walker & Co., LLP

Washington, D.C
November 30, 2015

DISTRICT OF COLUMBIA BILINGUAL PUBLIC CHARTER SCHOOL, INC.
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2015	Restated 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 157,951	\$ 178,633
Grants and contracts receivable	208,259	360,681
Accounts receivable	56,094	31,780
Prepaid expense	20,586	74,031
Other assets	84,200	276,621
Total current assets	527,090	921,746
Property and equipment, net	1,802	34,911
Total Assets	\$ 528,892	\$ 956,657
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 126,317	\$ 102,310
Accrued payroll and related liabilities	420,986	387,884
Other liabilities	-	156,173
Deferred rent, current portion	-	16,942
Total current liabilities	547,303	663,309
Net Assets (Deficit)		
Unrestricted	(18,411)	293,348
Total Liabilities and Net Assets	\$ 528,892	\$ 956,657

See notes to financial statements.

DISTRICT OF COLUMBIA BILINGUAL PUBLIC CHARTER SCHOOL, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

	Year Ended June 30,	
	2015	Restated 2014
SUPPORT AND REVENUE		
D.C. per-pupil funding	\$ 7,089,729	\$ 7,042,352
Federal grants revenue	560,855	608,293
National school lunch program	243,631	238,960
Other grants	145,293	68,924
Contributions	48,274	14,749
Other revenue	96,511	129,521
Total Support and Revenue	8,184,293	8,102,799
EXPENSES		
Program services	6,810,189	6,301,966
General and administrative	1,547,853	1,586,234
Fundraising	138,010	100,248
Total Expenses	8,496,052	7,988,448
CHANGE IN NET ASSETS	(311,759)	114,351
NET ASSETS, Beginning of Year	293,348	456,334
Prior period adjustment	-	(277,337)
Net Assets, Beginning of Year after Prior Period Adjustment	293,348	178,997
NET ASSETS (DEFICIT), End of Year	\$ (18,411)	\$ 293,348

See notes to financial statements.

DISTRICT OF COLUMBIA BILINGUAL PUBLIC CHARTER SCHOOL, INC.
STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2015	Restated 2014
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ (311,759)	\$ 114,351
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	33,109	59,857
Bad debt expense	8,229	31,201
Amounts due to CentroNia written off, net	(48,601)	-
Change in grants and contracts receivable	144,193	(87,135)
Change in accounts receivable	(24,314)	25,423
Change in prepaid expenses and other assets	233,468	(267,870)
Change in accounts payable and other liabilities	(71,167)	(23,929)
Change in accrued payroll and related liabilities	33,102	30,310
Change in deferred rent	(16,942)	(31,545)
Net Cash Used in Operating Activities	(20,682)	(149,337)
Net Change in Cash and Cash Equivalents	(20,682)	(149,337)
CASH AND CASH EQUIVALENTS, Beginning of Year	178,633	327,970
CASH AND CASH EQUIVALENTS, End of Year	\$ 157,951	\$ 178,633

See notes to financial statements.

DISTRICT OF COLUMBIA BILINGUAL PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS

The District of Columbia Bilingual Public Charter School, Inc. (D.C. Bilingual or the School) is a non-profit organization incorporated in Washington, D.C. (the District). D.C. Bilingual is a non-boarding public charter school offering educational services in the District. The School's mission is to expand educational opportunities and choices by implementing a dual language program that will enable students to meet high academic expectations and develop critical thinking, problem-solving skills and a joy of learning for children from pre-kindergarten to grade five.

D.C. Bilingual serves 385 students and its activities are primarily funded by local appropriations through the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies utilized in the preparation of the financial statements is as follows:

D.C. Bilingual prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). In accordance with GAAP, revenue and support are recognized when earned and expenses and related liabilities are recorded when the obligations are incurred. Revenue from government grants is recognized as related expenses are incurred.

Basis of presentation

D.C. Bilingual's financial statement presentation follows the recommendations of the Financial Accounting Standards Board, Accounting Standards Codification (FASB ASC) No. 958-205, *Not-for Profit Entities, Presentation of Financial Statements*. Under FASB ASC No. 958-205, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted based on the existence or absence of donor-imposed restrictions. The School does not have temporarily or permanently restricted net assets.

Use of estimates

The preparation of the 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 at the date of the financial statements and the reported amounts of support, revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

DISTRICT OF COLUMBIA BILINGUAL PUBLIC CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

D.C. Bilingual considers all cash and other highly liquid investments with initial maturities of three months or less to be cash and cash equivalents.

Grants, contracts and accounts receivable

Grants, contracts and accounts receivable are recorded at net realizable value and approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Property and equipment

Property and equipment valued at \$1,000 and greater are capitalized and recorded at cost, if purchased, or estimated fair value at the date of gift, if donated. Leasehold improvements in excess of \$1,000 are capitalized and stated at cost. Equipment is depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

Deferred rent

In accordance with GAAP, D.C. Bilingual records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease term. The difference between rent expense recorded and the monthly payment is charged to a deferred rent obligation, which is reflected as a separate line item in the accompanying statements of financial position.

Fair value of financial instruments

FASB ASC No. 825-10-50, *Disclosures of Fair Value of Financial Instruments*, requires the School to disclose estimated fair values of its financial instruments. Fair value estimates, methods, and assumptions are set forth below for D.C. Bilingual financial instruments.

The carrying amounts of cash and accrued expenses approximate fair value because of the relatively short maturity of those instruments.

Reclassification

Certain amounts in the prior year have been reclassified to conform to the current year presentation.

DISTRICT OF COLUMBIA BILINGUAL PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets classification

Unrestricted net assets include unrestricted support received without donor-imposed restrictions. These net assets are available for the operation of D.C. Bilingual and include both internally designated and undesignated resources.

Contributions and grants

Contributions are recorded as support in the year notification is received from the donor. Temporarily restricted contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

Revenues from federal grants are recognized when direct costs associated with the sponsored program are incurred.

Donated services

As required by FASB ASC No. 958-605-25, *Accounting for Contributions Received and Contributions Made*, donated services include assistance which creates or enhances non-financial assets or requires specialized skills which would typically need to be purchased if not provided by donation. D.C. Bilingual records those services at fair value in the period they are received. During the year ended June 30, 2015, the School received donated legal services in the amount of \$8,415 in support of its activities and functions. These services are recorded as contributions with a corresponding expense in the statements of activities.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 3 INCOME TAXES

D.C. Bilingual is exempt from Federal and District income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. D.C. Bilingual is not a private foundation.

DISTRICT OF COLUMBIA BILINGUAL PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 4 UNCERTAIN TAX POSITIONS

For the years ended June 30, 2015 and 2014, D.C. Bilingual has considered FASB ASC 740-10, *Income Taxes*, and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. The School's Federal Form 990, *Return of Organization Exempt from Income Tax*, is no longer subject to examination from federal, state, and local taxing authorities for fiscal years prior to 2012.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2015	2014
Furniture and equipment	\$ 336,550	\$ 336,550
Leasehold improvements	353,240	353,240
Total	689,790	689,790
Less: Accumulated depreciation and amortization	(687,988)	(654,879)
Property and equipment, net	\$ 1,802	\$ 34,911

Depreciation and amortization expense for the years ended June 30, 2015 and 2014 was \$33,109 and \$59,857, respectively.

NOTE 6 LEASE COMMITMENTS

D.C. Bilingual leased classroom and office space under a five-year agreement with CentroNía, Inc. (CentroNía) (see Note 7) that commenced December 1, 2009. The lease contained a provision for an annual escalation increase equal to the lesser of 3% or the increase in the Consumer Price Index as defined in the lease agreement. The lease required D.C. Bilingual to pay a pro rata share of all operating costs such as taxes, utilities, and maintenance. Upon expiration of the lease on November 30, 2014, the arrangement was on a month-to-month basis and, as per the lease agreement, rental monthly payments increased by 50%. The School leased two other spaces on month to month arrangements and at June 30, 2015, DC Bilingual terminated all lease arrangements and entered into an occupancy license agreement with the District consolidating the School's premises at a new location (see Note 11).

Rent expense for the years ended June 30, 2015 and 2014 was \$1,172,682 and \$992,649, respectively, which included an amount for the School's proportionate share of property taxes.

DISTRICT OF COLUMBIA BILINGUAL PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 7 RELATED PARTY

In 2004, D.C. Bilingual was established under the auspices of CentroNía, a not-for-profit educational organization providing education, professional development and family-support services in a bilingual, multicultural environment.

In fiscal 2015 and 2014, CentroNía provided management services to D.C. Bilingual and paid personnel costs and certain direct expenses on the School's behalf that were reimbursed to CentroNía. In addition, as discussed in Note 6, D.C. Bilingual leased classroom and office space from CentroNía. During the years ended June 30, 2015 and 2014, the School paid management fees of \$1,106,203 and \$1,033,043, to CentroNía and reimbursed CentroNía \$3,194,740 and \$4,781,722, for personnel and other direct costs paid by CentroNía on behalf of the School. D.C. Bilingual subsequently terminated the management agreement with CentroNía (see Note 13).

At June 30, 2015 amounts due to and from CentroNía were \$60,999 and \$96,598, respectively. Settlement of these amounts was finalized under terms of an agreement (see Note 13). The School recognized revenue of \$60,999 to eliminate the amount payable to CentroNía and recorded an expense of \$12,398 to write off the balance due from CentroNía. The School received \$84,200 of the amount due from CentroNía prior to execution of the settlement agreement.

At June 30, 2014, other assets of \$276,621 consisted of advances to CentroNía to cover subsequent payrolls. Other liabilities of \$156,173 were amounts due to CentroNía for reimbursable expenses and management fees.

NOTE 8 PENSION PLAN

D.C. Bilingual participates in CentroNía's employer-sponsored defined contribution plan under section 401(k) of the Internal Revenue Code (the Plan). All employees, including part-time employees working at least twenty hours per week are eligible to participate in the Plan. The Plan provides for discretionary employer match and any such employer match is determined annually based on the financial resources of the School. D.C. Bilingual did not make any matching contributions to the Plan during the years ended June 30, 2015 and 2014.

NOTE 9 CONCENTRATIONS OF RISK

D.C. Bilingual maintains its cash and cash equivalents in financial institutions which, at times, may exceed the federally insured limit of \$250,000. D.C. Bilingual had no balances in excess of the insured limit as of June 30, 2015 and 2014.

DISTRICT OF COLUMBIA BILINGUAL PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 10 COMMITMENTS AND CONTINGENCIES

Reimbursement of federal funds

D.C. Bilingual receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of OMB Circular A-133. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of annual audits.

Audits in accordance with the provisions of OMB Circular A-133 have been completed for all required fiscal years through 2015. Until such audits have been accepted by the United States Government, a contingency to refund any amount received in excess of allowable costs exists. Management is of the opinion that no material liability will result from such audits.

NOTE 11 LICENSE TO OCCUPY SPACE

On June 29, 2015, the School entered into an agreement with the District of Columbia and signed a one-year license to occupy space at 33 Riggs Road N.E. The space is used to operate its charter school and related administrative services. The license term runs from July 1, 2015 through June 30, 2016 and the School is obligated to make monthly payments of \$16,133 for an annual total cost of \$193,600. Under this license agreement the School is responsible for repairs and utilities.

NOTE 12 RESTATEMENT AND PRIOR PERIOD ADJUSTMENT

During fiscal year 2015 certain errors were discovered in the fiscal year 2014 financial statements.

Restatement

Amounts totaling \$30,513 recorded as grants receivable and revenue for fiscal year 2014 were subsequently transferred forward into fiscal year 2015 grants by Office of the State Superintendent of Education. D.C. Bilingual requested reimbursement of these amounts using fiscal year 2015 expenses. Accordingly, amounts reported for grants receivable and grants revenue have been restated in the 2014 financial statements to correct the error which resulted in a decrease in grants receivable and the related revenue.

D.C. Bilingual also recorded management fees totaling \$30,566 for fiscal year 2014 in fiscal year 2015. The School restated fiscal year 2014 to increase management fees and other liabilities with offsetting decreases to such fees in the same amount for fiscal year 2015.

DISTRICT OF COLUMBIA BILINGUAL PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 12 RESTATEMENT AND PRIOR PERIOD ADJUSTMENT (Continued)

Prior period adjustment

During fiscal 2015, DC Bilingual determined that since the inception of the School, accrued salaries for its ten-month employees, who elected to be paid over twelve months, were not correctly reported each fiscal year end in the statements of financial position. To record the accrued salaries at its estimated value as of June 30, 2015, the School restated its 2014 financial statements to increase accrued salaries by \$285,048, additional salary expense of \$7,711 for fiscal year 2014 and recorded a prior period adjustment to reduce fiscal year 2014 opening net assets by \$277,337.

NOTE 13 SUBSEQUENT EVENTS

In preparing these financial statements, D.C. Bilingual has evaluated events and transactions for potential recognition or disclosure through November 25, 2015, the date the financial statements were available to be issued.

Line of credit

On July 23, 2015, the School obtained a revolving line of credit facility to cover short term working capital needs including relocation expenses. The line of credit has a borrowing limit of \$500,000 with an annual interest rate floating monthly at 4% above the prevailing 30 day LIBOR and a floor of 4.50%. The collateral on the line includes all the School's assets and an assignment of the School's facilities allowance.

Termination of management agreement

On November 9, 2015, the School entered into a mutually binding agreement with CentroNía, its management company, to terminate the management agreement with CentroNía effective November 16, 2015. CentroNía and the School have agreed to resolve all claims against each other (see Note 7). CentroNía has also agreed to discharge D.C. Bilingual, its board members and employees of all claims of any kind, except those arising under the food services agreement.

As a result of the termination of the management agreement and the underlying terms of the settlement, DC Bilingual adjusted the related receivable and payable balances. This resulted in a net benefit to the School of \$48,601 through the elimination of \$60,999 due to CentroNía and write off of \$12,398 due from CentroNía.

DISTRICT OF COLUMBIA BILINGUAL PUBLIC CHARTER SCHOOL, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year ended June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014, restated

	2015				2014
	Program Services	General and Administrative	Fundraising	Total	Restated Total
Personnel, Salaries and Benefits					
Salaries	\$ 3,705,918	\$ 271,000	\$ -	\$ 3,976,918	\$ 3,893,944
Payroll taxes	282,913	31,083	-	313,996	288,592
Employee benefits	184,470	37,282	-	221,752	185,207
Staff training	104,504	-	-	104,504	107,911
Meeting expenses and stipends	10,316	-	-	10,316	10,182
Total personnel costs	<u>4,288,121</u>	<u>339,365</u>	<u>-</u>	<u>4,627,486</u>	<u>4,485,836</u>
Direct Student Costs					
Consultants	561,688	-	-	561,688	386,719
Books, materials and media center	137,964	-	-	137,964	166,947
Travel, transportation and field trips	91,006	-	-	91,006	61,688
Student supplies, materials and assessment	46,213	-	-	46,213	49,403
Food service	182,314	-	-	182,314	168,792
Total direct student cost	<u>1,019,185</u>	<u>-</u>	<u>-</u>	<u>1,019,185</u>	<u>833,549</u>
Office Expenses					
Furnishing, computer equipment and supplies	3,399	-	-	3,399	6,549
Printing, copying and equipment rental	30,634	3,404	-	34,038	29,078
Total office expenses	<u>34,033</u>	<u>3,404</u>	<u>-</u>	<u>37,437</u>	<u>35,627</u>
Occupancy Expenses					
Rent and property taxes	1,172,682	-	-	1,172,682	992,649
Utilities	102,755	-	-	102,755	99,551
Maintenance and repairs	56,291	-	-	56,291	81,467
Total occupancy expenses	<u>1,331,728</u>	<u>-</u>	<u>-</u>	<u>1,331,728</u>	<u>1,173,667</u>
Communication					
Postage and shipping	1,315	146	-	1,461	2,224
Telephone	22,610	2,512	-	25,122	39,218
Total communication	<u>23,925</u>	<u>2,658</u>	<u>-</u>	<u>26,583</u>	<u>41,442</u>
General Expenses					
Professional fees	-	104,690	-	104,690	141,861
Management fees	-	968,193	138,010	1,106,203	1,033,043
Depreciation and amortization	33,109	-	-	33,109	59,857
Charter School Board fee	80,088	-	-	80,088	34,933
Dues and subscription	-	21,621	-	21,621	13,622
Bank service fees	-	1,398	-	1,398	974
Other expenses	-	106,524	-	106,524	134,037
Total general expenses	<u>113,197</u>	<u>1,202,426</u>	<u>138,010</u>	<u>1,453,633</u>	<u>1,418,327</u>
Total Expenses	<u>\$ 6,810,189</u>	<u>\$ 1,547,853</u>	<u>\$ 138,010</u>	<u>\$ 8,496,052</u>	<u>\$ 7,988,448</u>

See notes to financial statements.

SINGLE AUDIT

DISTRICT OF COLUMBIA BILINGUAL PUBLIC CHARTER SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Entity Identifying Number	Federal Expenditures
U.S. Department of Education:			
<i>Pass-through programs from the District of Columbia Office of the State Superintendent of Education</i>			
School Wide Program (Title I, II & III)	84.010		\$ 285,567
Title III Part A	84.365		<u>1,608</u>
Total Title Funds			<u>287,175</u>
State Fiscal Stabilization Fund (SFSF)			
Race-to-the-Top Incentives Grants, Recovery Act	84.395A		<u>13,598</u>
Scholarships for Opportunity and Results (SOAR) Act			
Increasing Academic Quality	84.370		177,350
Special Populations	84.370		<u>3,771</u>
Total SOAR Cluster			<u>181,121</u>
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027		77,793
Special Education - Preschool Grants	84.173		<u>1,167</u>
Total Special Education Cluster			<u>78,960</u>
<i>Total U.S. Department of Education</i>			<u>560,854</u>
U.S. Department of Agriculture:			
<i>Pass-through programs from the District of Columbia Office</i>			
National School Lunch and breakfast Program	10.553 & 10.555		<u>243,631</u>
<i>Total U.S. Department of Agriculture</i>			<u>243,631</u>
Total Expenditures of Federal Awards			\$ <u>804,485</u>

The accompanying notes are an integral part of this schedule.

DISTRICT OF COLUMBIA BILINGUAL PUBLIC CHARTER SCHOOL, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of D.C. Bilingual under programs of the federal government for the year ended June 30, 2014 and is presented on the accrual basis of accounting as described in Note 2 of D.C. Bilingual's basic financial statements. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of D.C. Bilingual.

OMB Circular A-133 requires that the Schedule reflect total expenditures for each federal financial assistance program as identified in the Catalog of Federal Domestic Assistance (CFDA).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 FEDERAL GRANTS

The following is a description of D.C. Bilingual's major federal programs for the year ended June 30, 2015:

Title I: Grants to Local Education Agencies (CFDA 84.010A)

The objective of this program is to facilitate the improvement of teaching and learning for children residing in areas with high concentrations of children from low-income families at risk of not meeting challenging academic standards.

Child Nutrition Cluster: School Breakfast Program (CFDA 10.553) and National School Lunch Program (CFDA 10.555)

The objectives of the child nutrition cluster programs are to: (1) assist States in administering food services that provide healthy, nutritious meals to eligible children in public and non-profit private schools, residential child care institutions, and summer recreation programs; and (2) encourage the domestic consumption of nutritious agricultural commodities.



Walker & Co., LLP
Assurance, Business and Advisory Services

**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 Auditor's Report

Board of Directors
District of Columbia Bilingual Public Charter School, 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 District of Columbia Bilingual Public Charter School, Inc., a nonprofit organization, which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered District of Columbia Bilingual Public Charter School, 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 District of Columbia Bilingual Public Charter School, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the District of Columbia Bilingual Public Charter School, Inc.'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 District of Columbia Bilingual Public Charter School, 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 the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Walker & Co., LLP

November 30, 2015



Walker & Co., LLP
Assurance, Business and Advisory Services

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
District of Columbia Bilingual Public Charter School, Inc.

Report on Compliance for Each Major Federal Program

We have audited District of Columbia Bilingual Public Charter School, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of District of Columbia Bilingual Public Charter School, Inc.'s major federal programs for the year ended June 30, 2015. District of Columbia Bilingual Public Charter School Inc.'s major federal programs are identified in the summary of auditor's 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 federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of District of Columbia Bilingual Public Charter School, Inc.'s major federal programs 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 federal program occurred. An audit includes examining, on a test basis, evidence about District of Columbia Bilingual Public Charter School, 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 each major federal program. However, our audit does not provide a legal determination of District of Columbia Bilingual Public Charter School, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, District of Columbia Bilingual Public Charter School, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of District of Columbia Bilingual Public Charter School, 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 District of Columbia Bilingual Public Charter School, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 District of Columbia Bilingual Public Charter School, 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 federal 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 federal 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 federal 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Walker & Co., LLP

Washington, D.C.
November 30, 2015

DISTRICT OF COLUMBIA BILINGUAL PUBLIC CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None identified

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None identified

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? No

Major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, II & III
10.553 and 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

DISTRICT OF COLUMBIA BILINGUAL PUBLIC CHARTER SCHOOL, INC.
SCHEDULE OF CURRENT YEAR FINDINGS
Year Ended June 30, 2015

Section II – Findings - Financial Statement Audit

None Noted

Section III- Findings and Questioned Costs- Major Federal Award Programs Audit

None Noted

DISTRICT OF COLUMBIA BILINGUAL PUBLIC CHARTER SCHOOL, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2015

NONE