

**NATIONAL COLLEGIATE PREPARATORY  
PUBLIC CHARTER HIGH SCHOOL**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2015 AND 2014**

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## Independent Auditor's Report

The Board of Directors  
National Collegiate Preparatory Public Charter High School  
Washington, DC

### **Report on the Financial Statements**

We have audited the accompanying financial statements of National Collegiate Preparatory Public Charter High School (the "School"), which comprise the statements of financial position as of June 30, 2015 and 2014, 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.

### ***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 2015 financial statements referred to above present fairly, in all material respects, the financial position of National Collegiate Preparatory Public Charter High School as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Prior Period Financial Statements**

The financial statements as of June 30, 2014, were audited by McQuade, Brennan, LLP, who merged with Jones, Maresca & McQuade, P.A. as of February 1, 2015, and whose report dated October 30, 2014, expressed an unmodified opinion on those statements.

**Other Matters**

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 10, 2015 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 School's internal control over financial reporting and compliance.

*Jane Maresca & McQuade PA*

Washington, DC  
November 10, 2015

**NATIONAL COLLEGIATE PREPARATORY  
PUBLIC CHARTER HIGH SCHOOL  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2015 AND 2014**

	2015	2014
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 261,716	\$ 233,347
Accounts and grants receivable	428,787	85,861
Prepaid expenses	115,652	114,192
Total current assets	806,155	433,400
<b>PROPERTY AND EQUIPMENT, NET</b>	251,373	303,278
<b>OTHER ASSETS</b>		
Security deposit	5,000	5,000
<b>TOTAL ASSETS</b>	1,062,528	741,678
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 86,391	\$ 101,292
Accrued expenses	28,365	38,054
Deferred revenue	35,282	190,217
Short-term loan	-	165,000
Line of credit	150,000	100,000
Total current liabilities	300,038	594,563
<b>NET ASSETS</b>		
Unrestricted	762,490	147,115
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 1,062,528	\$ 741,678

See independent auditor's report and accompanying notes to the financial statements

**NATIONAL COLLEGIATE PREPARATORY  
PUBLIC CHARTER HIGH SCHOOL  
STATEMENTS OF ACTIVITIES  
JUNE 30, 2015 AND 2014**

	2015	2014
<b>UNRESTRICTED REVENUES AND SUPPORT</b>		
Per pupil appropriations	\$ 5,096,199	\$ 4,467,059
Per pupil facility allowance	940,032	990,000
Federal entitlements and grants	506,386	490,624
Activity fees	34,004	38,714
Other grants and contributions	33,906	53,580
In-kind contributions	2,725	6,159
Other income	2,849	4,080
Total Revenue and Support	6,616,101	6,050,216
<b>EXPENSES</b>		
Program Services	5,449,315	5,594,800
Support Services		
General and administrative	520,796	491,113
Fundraising	30,615	156,532
Total support services	551,411	647,645
Total expenses	6,000,726	6,242,445
<b>CHANGE IN NET ASSETS</b>	615,375	(192,229)
<b>NET ASSETS, Beginning of year</b>	147,115	339,344
<b>NET ASSETS, End of year</b>	\$ 762,490	\$ 147,115

See independent auditor's report and accompanying notes to the financial statements

**NATIONAL COLLEGIATE PREPARATORY  
PUBLIC CHARTER HIGH SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2015**

	<b>SUPPORT SERVICES</b>			<b>Total</b>
	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	
<b>Personnel, Salaries, and Related Expenses:</b>				
Salaries	\$ 2,767,585	\$ 333,462	\$ -	\$ 3,101,047
Employee Benefits	205,798	25,103	-	230,901
Payroll taxes	224,077	27,332	-	251,409
Professional development	32,160	-	-	32,160
Travel and meetings	5,091	-	-	5,091
Other staff expenses	23,315	-	-	23,315
Total personnel, salaries and related expenses	<u>3,258,026</u>	<u>385,897</u>	<u>-</u>	<u>3,643,923</u>
<b>Direct Student Costs:</b>				
Supplies and materials	20,747	-	-	20,747
Contracted instruction fees	154,815	-	-	154,815
Textbooks	34,500	-	-	34,500
Student Assessments	59,261	-	-	59,261
Other student costs	310,891	-	-	310,891
Total direct student costs	<u>580,214</u>	<u>-</u>	<u>-</u>	<u>580,214</u>
<b>Occupancy:</b>				
Rent	845,808	3,968	-	849,776
Maintenance and repairs	1,682	8	-	1,690
Total occupancy expenses	<u>847,490</u>	<u>3,976</u>	<u>-</u>	<u>851,466</u>
<b>Office Expenses:</b>				
Office supplies and materials	12,932	58	-	12,990
Equipment rental	38,591	181	-	38,772
Telecommunications	20,299	95	-	20,394
Professional fees	21,674	129,555	-	151,229
Printing and publications	7,211	34	-	7,245
Postage and shipping	3,843	18	-	3,861
Computer and related	51,022	239	-	51,261
Other office expenses	1,407	7	-	1,414
Total office expenses	<u>156,979</u>	<u>130,187</u>	<u>-</u>	<u>287,166</u>
<b>General Expenses:</b>				
Insurance	17,222	81	-	17,303
Interest	2,675	13	-	2,688
Administration fees	66,021	-	-	66,021
Depreciation and amortization	120,411	565	-	120,976
Fees and licenses	13,729	64	-	13,793
Food service/catering	165,787	-	-	165,787
Other general expenses	218,049	-	30,615	248,664
Donated services/products	2,712	13	-	2,725
Total general expenses	<u>606,606</u>	<u>736</u>	<u>30,615</u>	<u>637,957</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 5,449,315</u></u>	<u><u>\$ 520,796</u></u>	<u><u>\$ 30,615</u></u>	<u><u>\$ 6,000,726</u></u>

See independent auditor's report and accompanying notes to the financial statements

**NATIONAL COLLEGIATE PREPARATORY  
PUBLIC CHARTER HIGH SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2014**

	Program Services	SUPPORT SERVICES		Total Expenses
		General and Administrative	Fundraising	
<b>Personnel, Salaries, and Related Expenses:</b>				
Salaries	\$ 2,758,429	\$ 311,507	\$ -	\$ 3,069,936
Employee Benefits	221,210	25,271	-	246,481
Payroll taxes	227,217	25,957	-	253,174
Professional development	51,980	-	-	51,980
Travel and meetings	1,047	-	-	1,047
Other staff expenses	30,058	-	-	30,058
Total personnel, salaries and related expenses	3,289,941	362,735	-	3,652,676
<b>Direct Student Costs:</b>				
Supplies and materials	36,981	-	-	36,981
Contracted instruction fees	158,425	-	-	158,425
Textbooks	38,589	-	-	38,589
Student Assessments	60,031	-	-	60,031
Other student costs	419,562	-	-	419,562
Total Direct student costs	713,588	-	-	713,588
<b>Occupancy:</b>				
Rent	881,912	4,138	-	886,050
Maintenance and repairs	2,533	12	-	2,545
Contracted building services	6,204	29	-	6,233
Total occupancy expenses	890,649	4,179	-	894,828
<b>Office Expenses:</b>				
Office supplies and materials	24,566	116	-	24,682
Equipment rental	39,548	186	-	39,734
Telecommunications	18,199	85	-	18,284
Professional fees	23,155	122,827	-	145,982
Printing and publications	5,271	25	-	5,296
Postage and shipping	6,754	31	-	6,785
Computer and related	50,147	235	-	50,382
Other office expenses	1,069	7	-	1,076
Total office expenses	168,709	123,512	-	292,221
<b>General Expenses:</b>				
Insurance	15,812	74	-	15,886
Interest	3,744	17	-	3,761
Administration fees	30,003	-	-	30,003
Depreciation and amortization	107,235	503	-	107,738
Fees and licenses	13,714	64	-	13,778
Food service/catering	153,342	-	-	153,342
Other general expenses	201,933	-	156,532	358,465
Donated services/products	6,130	29	-	6,159
Total general expenses	531,913	687	156,532	689,132
<b>TOTAL EXPENSES</b>	<b>\$ 5,594,800</b>	<b>\$ 491,113</b>	<b>\$ 156,532</b>	<b>\$ 6,242,445</b>

See independent auditor's report and accompanying notes to the financial statements



**NATIONAL COLLEGIATE PREPARATORY  
PUBLIC CHARTER HIGH SCHOOL  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 615,375	\$ (192,229)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	120,976	107,738
(Increase) decrease in assets:		
Accounts and Grants receivable	(342,926)	75,609
Prepaid expenses	(1,460)	(72,297)
Security deposit	-	2,606
Increase (decrease) in liabilities:		
Accounts payable	(14,901)	32,005
Accrued expenses	(9,689)	(18,016)
Deferred revenue	(154,935)	49,934
Net Cash Provided By (Used In) Operating Activities	212,440	(14,650)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(69,071)	(102,024)
Net Cash Used In Investing Activities	(69,071)	(102,024)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	50,000	100,000
Proceeds from short-term loan	-	165,000
Principal payments on short-term loan	(165,000)	-
Principal payments on line of credit	-	(60,000)
Net Cash Provided by (Used In) Financing Activities	(115,000)	205,000
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	28,369	88,326
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	233,347	145,021
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 261,716	\$ 233,347
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ 2,688	\$ 3,761

See independent auditor's report and accompanying notes to the financial statements

**NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**NOTE A – NATURE OF THE ORGANIZATION**

The National Collegiate Preparatory Public Charter High School (the “School”) was incorporated in July 2008 as a public charter school located in Washington, D.C. The School is a 9th-12th grade college preparatory high school that serves students in Washington, DC. The School combines challenging academics with real-world experiences to prepare students for high school achievement, post-secondary success, and global citizenship.

As a D.C. public charter school, the School has a guaranteed funding stream from the District of Columbia (uniform per student funding) and the U.S. federal government (federal formula grants for education and other programs) provided it meets compliance requirements. A D.C. public charter school is considered a Local Educational Agency (LEA) under federal education programs. As a D.C. public charter school, the School enjoys significant freedom from the budget and operational restrictions placed on traditional public schools, allowing it to create a unique educational mission and approach.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The School’s financial statements are prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Financial Statement Presentation

Financial statement presentation follows Financial Standards Accounting Board (“FASB”) Accounting Standards Codification (“ASC”) Topic *Not-for-Profit-Entities*. In accordance with the topic, the School is required to report information regarding its financial position and activities according to three classes of net assets. Accordingly, the net assets of the School and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulations that may or will be met by either actions of and/or the passage of time. There were no temporarily restricted net assets as of June 30, 2015 or 2014.

*Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the School. There were no permanently restricted net assets as of June 30, 2015 or 2014.

**NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Cash and Cash Equivalents

For purposes of the statements of cash flows, the School considers all highly liquid debt instruments and certificates of deposit purchased with an original maturity of three months or less to be cash equivalents.

Accounts and Grants Receivable

Grants receivable consist of unsecured amounts due from public funding sources whose ability to pay are subject to appropriations. The School performs ongoing credit evaluations of its funding sources and generally does not require collateral. Grants receivable are reported net of an allowance for doubtful accounts, if any. The allowance, if any, is estimated based on historical collection trends, the age of outstanding receivable and existing economic conditions. If actual experience changes, revisions to the allowance may be necessary. Due to the nature of funding from the federal government and the District of Columbia, management believes that all receivables will be collected. Therefore, no allowance for doubtful accounts has been recorded. Accounts receivables related to activity fees are recognized at the time the activity had occurred.

Property and Equipment

The school capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment acquired are recorded at cost or, if donated, at the approximate fair value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Maintenance and repairs which do not improve or extend the life of the respective asset are charged to expense when incurred.

Revenue Recognition

Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the 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. When restrictions are met within the same year as restricted funds are contributed, they are classified as unrestricted contributions. Federal entitlements and grants are recognized during the period in which the work is performed. Accordingly, grant funds received in the current fiscal year, for work to be performed in the next fiscal year are recorded as deferred revenue.

**NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Revenue Recognition - continued

Activity fees are recognized at the time of the activity. This revenue represents amounts collected from students for, but not restricted to, field trips, meals, camps and other school related activities.

In-Kind Contributions

In-kind contributions are recorded at fair value of the services or items received. The School recognizes in-kind contributions that create or enhance non-financial assets or require specialized skills and are provided by individuals who possess those skills, and would typically need to be purchased if not provided by donation. In-kind services revenue totaled \$2,725 and \$6,159, respectively as of the years ending June 30, 2015 and 2014.

Functional Allocation of Expenses

The costs of providing the School's various programs and supporting services have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs, fundraising and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. These estimates affect the reported amounts of assets and liabilities, the 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. Actual results could differ from these estimates.

Reclassifications

Certain amounts in the June 30, 2014 financial statements have been reclassified to conform to the current year presentation. The reclassifications had no effect on the previously reported net assets or change in net assets.

**NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
(continued)

**NOTE C – INCOME TAXES**

The School is exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code. In addition, the School is classified as an entity that is not a private foundation under Section 509(a)(1).

The School has adopted the accounting of uncertainty in income taxes as required by the *Income Taxes* topic of the FASB ASC. The topic requires the School to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is more than fifty percent likely of being realized upon ultimate settlement which could result in the School recording a tax liability that would reduce its net assets.

The School has analyzed its tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to any uncertain tax positions taken on returns filed for open tax years (2011-2013), or expected to be taken in its 2014 return. The School is not aware of any tax positions for which it believes that there is a reasonable possibility that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

**NOTE D - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following for the years ending June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 443,353	\$ 398,966
Computer equipment	223,947	199,263
Website	40,781	40,781
Total	<u>708,081</u>	<u>639,010</u>
Less accumulated depreciation and amortization	<u>(456,708)</u>	<u>(335,732)</u>
Total property and equipment, net	<u>\$ 251,373</u>	<u>\$ 303,278</u>

Depreciation and amortization expense for the years ended June 30, 2015 and 2014 totaled \$120,976 and \$107,738, respectively.

**NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
(continued)

**NOTE E – LOAN AND LINE OF CREDIT**

Line of Credit

The School has secured a line of credit agreement with a bank for \$200,000 which matures on June 22, 2016. The agreement bears interest at a variable rate which is the U.S. prime rate plus 1% per annum, with a floor of 5% per annum. The agreement is secured by all assets of the School. The outstanding balance under this agreement must be reduced to, and remain at zero for a period of 30 consecutive days between the date of the agreement and the maturity date. The amounts outstanding on the line as of June 30, 2015 and 2014 were \$150,000 and \$100,000, respectively.

Short-Term Loan Payable

On June 18, 2014, the School received a short term loan from the Charter School Incubator Initiative for \$165,000. The loan bears no interest and is unsecured. The amount outstanding as of June 30, 2014 was \$165,000. The loan was paid in full during the year ending June 30, 2015.

**NOTE F - CONCENTRATION OF RISK**

The School is supported primarily by local and federal appropriations and local grants. For the years ended June 30, 2015 and 2014, 91% and 90%, respectively of total revenue was provided by government agencies. Reduction of this source of support would have a significant impact on the School's programs and activities.

The School maintains cash balances at financial institutions deemed to be creditworthy. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. Cash balances may, at times exceed the federally insured limit; however, the School believes it is not exposed to any significant credit risk on cash or cash equivalents.

**NOTE G - LEASE COMMITMENTS**

The School entered into a lease agreement in August 2012 with the Charter School Incubator Initiative ending on June 30, 2017. The lease contains an option to extend and renew the term for three additional and consecutive five year option terms.

In accordance with the terms of the lease, the School is required to pay a usage fee, or rent, determined with respect to the number of students enrolled. The total annual usage fee is equal to the number of students enrolled on each census date (every October) multiplied by the per pupil facilities allowance received by the School from the District of Columbia, less amounts withheld under the terms of the lease.

**NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
(continued)

**NOTE G - LEASE COMMITMENTS - continued**

Accordingly, the School cannot reasonably estimate its future minimum lease liability under the terms of the lease; however, usage fees cannot exceed the facilities allowance received from the District of Columbia, a guaranteed funding source. Rent expense for the years ended June 30, 2015 and 2014 was \$849,776 and \$886,050, respectively.

**NOTE H - AVERAGE COST PER STUDENT**

For the years ended June 30, 2015 and 2014 the average cost per student was \$19,215 and \$18,590, respectively. This is calculated by dividing total noncapital expenditures, by the School's full-time student enrollment.

**NOTE I - COMMITMENTS AND CONTINGENT LIABILITIES**

The School receives revenue from government grants and contracts that are subject to inspection and audit by the appropriate funding agency. The purpose of those inspections or audits is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The School is of the opinion that disallowance, if any, arising from such inspections or audits will not have a material effect on the financial statements. The School has no provisions for possible disallowance of program costs on its financial statements.

**NOTE J - SUBSEQUENT EVENTS**

In preparing these financial statements, the School's management has evaluated events and transactions for potential recognition or disclosure through November 10, 2015, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required recognition or further disclosure.



**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
National Collegiate Preparatory Public Charter High School  
Washington, DC

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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of National Collegiate Preparatory Public Charter High School (the "School"), which comprise the statements of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 10, 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 (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 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 over financial reporting 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 financial reporting 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.



To the Board of Directors  
National Collegiate Preparatory Public Charter High School

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Jane Maruca & M<sup>o</sup>Quade PA*

Washington, DC  
November 10, 2015



## **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  
National Collegiate Preparatory Public Charter High School  
Washington, D.C.

### **Report on Compliance for Each Major Federal Program**

We have audited the National Collegiate Preparatory Public Charter High School's (the "School") 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 the School's major federal programs for the year ended June 30, 2015. The School'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 the School'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 the School'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 the School's compliance.

To the Board of Directors  
National Collegiate Preparatory Public Charter High School

### **Opinion on Each Major Federal Program**

In our opinion, the National Collegiate Preparatory Public Charter High School 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 the School 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 the School'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 the School'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.

To the Board of Directors  
National Collegiate Preparatory Public Charter High School

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.

*James Maurice & McQuade PA*

Washington, DC  
November 10, 2015

**NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Federal Expenditures
<b>U.S. Department of Education</b>			
<i>Pass-through from the District of Columbia</i>			
<i>Office of State Superintendent of Education</i>			
Title I Grants to Local Educational Agencies	84.010	52010A	\$ 194,966
Improving Teacher Quality State Grants	84.367	52367A	48,911
DC School Choice Incentive Program	84.370	52370C	54,967
Special Education Grants to States (IDEA, Part B)	84.027	52027A	66,941
<b>Total U.S. Department of Education</b>			<u>365,785</u>
<b>U.S. Department of Agriculture -</b>			
<b>Food and Nutrition Services</b>			
<i>Pass-through from the District of Columbia</i>			
<i>Office of State Superintendent of Education</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553		8,646
National School Lunch Program	10.555		101,100
			<u>109,746</u>
Child & Adult Care Food Program	10.558		21,305
Fresh Fruit and Vegetable Program	10.582		9,550
<b>Total U.S. Department of Agriculture</b>			<u>140,601</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 506,386</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

**NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2015**

**NOTE A - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of National Collegiate Preparatory Public Charter High School (the “School”) under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the activities of the School, it is not intended to and does not present either the financial position, changes in net assets, or cash flows of the School.

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES**

The expenditures reported on the Schedule are reported on the accrual basis of accounting in accordance with generally accepted accounting principles. 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 amounts, programs, agencies, and entity identifying numbers are presented where available.

**NATIONAL COLLEGIATE PREPARATORY PUBLIC CHARTER HIGH SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015**

**I. Summary of Auditor’s Results**

***Financial Statements***

Type of report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified that are not Considered to be material weakness?	None reported
Noncompliance material to financial statements noted?	No

***Federal Awards***

Type of auditor’s report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weakness?	None reported
Any audit findings disclosed that are required to be reported under Section 510(a) of OMB Circular A-133?	No

***Major programs:***

Names of Federal Programs and CFDA Numbers:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
84.010	Title I – Grants to Local Education Agencies
84.367	Improving Teacher Quality State Grants
84.027	Special Education Grants to States (IDEA, Part B)

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee:	No

<b>II. Findings – Financial Statement Audit</b>	None reported
<b>III. Findings and Questioned Costs Related to Federal Awards</b>	None reported