

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS

WASHINGTON, D.C.

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AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

**KENDALL, PREBOLA AND JONES**

Certified Public Accountants

PO BOX 259

BEDFORD, PENNSYLVANIA 15522-0259

(814) 623-1880

FAX (814) 623-7548

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**Kendall, Prebola and Jones, LLC**  
Certified Public Accountants

The Board of Directors  
Richard Wright Public Charter School  
for Journalism and Media Arts  
770 M Street, SE  
Washington, DC 20003

INDEPENDENT AUDITOR'S REPORT

***Report on the Financial Statements***

We have audited the accompanying financial statements of the Richard Wright Public Charter School for Journalism and Media Arts (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.

***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 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 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***

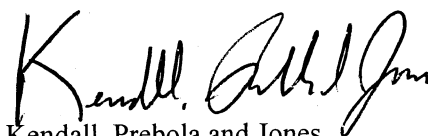
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richard Wright Public Charter School for Journalism and Media Arts as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of functional expenses and schedules of average cost per student are presented for purposes of additional analysis and are not a required part of the financial statements. In addition, 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 basic 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 17, 2015, on our consideration of the Richard Wright Public Charter School for Journalism and Media Arts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Richard Wright Public Charter School for Journalism and Media Arts' internal control over financial reporting and compliance.



Kendall, Prebola and Jones  
Certified Public Accountants

Bedford, Pennsylvania  
November 17, 2015



RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
COMPARATIVE STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2015 AND 2014

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 474,224	\$ 945,728
Accounts Receivable	140,082	98,706
Grants Receivable	212,860	183,593
Promises Receivable	4,125	-
Prepaid Expenses	<u>9,493</u>	<u>31,237</u>
Total Current Assets	\$ <u>840,784</u>	\$ <u>1,259,264</u>
<u>Fixed Assets:</u>		
Fixed Assets, Net of Accumulated Depreciation	\$ <u>393,710</u>	\$ <u>452,052</u>
Total Fixed Assets	\$ <u>393,710</u>	\$ <u>452,052</u>
<u>Other Assets:</u>		
Security Deposit	\$ <u>52,350</u>	\$ <u>52,350</u>
Total Other Assets	\$ <u>52,350</u>	\$ <u>52,350</u>
TOTAL ASSETS	\$ <u>1,286,844</u>	\$ <u>1,763,666</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts Payable	\$ 149,737	\$ 175,977
Accrued Salaries and Payroll Withholdings	303,044	212,884
Deferred Revenues	-	182,310
Current Portion of Capital Lease	<u>11,950</u>	<u>23,098</u>
Total Current Liabilities	\$ <u>464,731</u>	\$ <u>594,269</u>
<u>Long-Term Liabilities:</u>		
Deferred Rent Abatement	\$ 90,840	\$ 75,981
Capital Lease Payable	11,950	29,124
Less: Current Portion of Lease	<u>(11,950)</u>	<u>(23,098)</u>
Total Long-Term Liabilities	\$ <u>90,840</u>	\$ <u>82,007</u>
Total Liabilities	\$ <u>555,571</u>	\$ <u>676,276</u>
<u>Net Assets:</u>		
Unrestricted	\$ 731,273	\$ 1,087,390
Temporarily Restricted	<u>-</u>	<u>-</u>
Total Net Assets	\$ <u>731,273</u>	\$ <u>1,087,390</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,286,844</u>	\$ <u>1,763,666</u>

(See Accompanying Notes and Auditor's Report)

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
COMPARATIVE STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>June 30, 2015</u>			<u>June 30, 2014</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenues and Other Support:</u>						
Per Pupil Funding Allocation	\$ 5,963,122	\$ -	\$ 5,963,122	\$ 5,511,430	\$ -	\$ 5,511,430
Federal Entitlements and Grants	627,812	-	627,812	497,810	-	497,810
Other Grants	54,897	-	54,897	29,499	-	29,499
Contributions	15,900	-	15,900	-	-	-
Student and Activity Fees	29,316	-	29,316	15,975	-	15,975
Interest and Dividends	149	-	149	129	-	129
Net Assets Released from Restrictions (Satisfaction of Program Restrictions)	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,962</u>	<u>(61,962)</u>	<u>-</u>
Total Revenues and Other Support	<u>\$ 6,691,196</u>	<u>\$ -</u>	<u>\$ 6,691,196</u>	<u>\$ 6,116,805</u>	<u>\$ (61,962)</u>	<u>\$ 6,054,843</u>
<u>Expenses:</u>						
Educational Services	\$ 6,278,060	\$ -	\$ 6,278,060	\$ 5,095,601	\$ -	\$ 5,095,601
General and Administrative	721,436	-	721,436	610,832	-	610,832
Fundraising	<u>47,817</u>	<u>-</u>	<u>47,817</u>	<u>35,630</u>	<u>-</u>	<u>35,630</u>
Total Expenses	<u>\$ 7,047,313</u>	<u>\$ -</u>	<u>\$ 7,047,313</u>	<u>\$ 5,742,063</u>	<u>\$ -</u>	<u>\$ 5,742,063</u>
Changes in Net Assets	\$ (356,117)	\$ -	\$ (356,117)	\$ 374,742	\$ (61,962)	\$ 312,780
Net Assets/(Deficit), Beginning of Year	<u>1,087,390</u>	<u>-</u>	<u>1,087,390</u>	<u>712,648</u>	<u>61,962</u>	<u>774,610</u>
Net Assets/(Deficit), End of Year	<u>\$ 731,273</u>	<u>\$ -</u>	<u>\$ 731,273</u>	<u>\$ 1,087,390</u>	<u>\$ -</u>	<u>\$ 1,087,390</u>

(See Accompanying Notes and Auditor's Report)

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015 AND 2014

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<u>Cash Flows from Operating Activities:</u>		
Changes in Net Assets	\$ (356,117)	\$ 312,780
Adjustments to Reconcile Changes in Net Assets to Net Cash Flows Provided (Used) by Operating Activities:		
Depreciation	255,826	214,522
Accounts Receivable - (Increase)/Decrease	(41,376)	(3,266)
Grants Receivable - (Increase)/Decrease	(29,267)	69,840
Promises Receivable - (Increase)/Decrease	(4,125)	-
Prepaid Expenses - (Increase)/Decrease	21,744	9,567
Security Deposit - (Increase)/Decrease	-	(1,600)
Deferred Rent Abatement - Increase/(Decrease)	14,859	62,689
Accounts Payable - Increase/(Decrease)	(26,240)	(75,877)
Accrued Salary and Payroll Withholdings - Increase/(Decrease)	90,161	85,411
Deferred Revenues - Increase/(Decrease)	<u>(182,310)</u>	<u>166,283</u>
Net Cash Flows Provided (Used) by Operating Activities	<u>\$ (256,845)</u>	<u>\$ 840,349</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Fixed Assets	<u>\$ (197,485)</u>	<u>\$ (247,615)</u>
Net Cash Flows From Investing Activities	<u>\$ (197,485)</u>	<u>\$ (247,615)</u>
<u>Cash Flows from Financing Activities:</u>		
Payments on Capital Lease	<u>\$ (17,174)</u>	<u>\$ (21,566)</u>
Net Cash Flows From Financing Activities	<u>\$ (17,174)</u>	<u>\$ (21,566)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ (471,504)	\$ 571,168
Cash and Cash Equivalents at Beginning of Year	<u>945,728</u>	<u>374,560</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 474,224</u></u>	<u><u>\$ 945,728</u></u>

Supplemental Disclosures:

- a) Cash paid for interest for the year ended June 30, 2015 and 2014 was \$1,218 and \$2,956, respectively.
- b) No income taxes were paid during the years ended June 30, 2015 and 2014.

(See Accompanying Notes and Auditor's Report)

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
NOTES TO FINANCIAL STATEMENTS

The Richard Wright Public Charter School for Journalism and Media Arts, a nonprofit organization incorporated in the District of Columbia in 2010, has been granted a charter as a DC public charter school by the District of Columbia Public Charter School Board, as authorized by the DC School Reform Act.

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

The School's primary sources of support are local appropriations for Charter Schools from the District of Columbia Government.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of the School are summarized below:

(a) Basis of Accounting and Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting, which presents financial position, activities, functional expenses, and cash flows in accordance with accounting principles generally accepted in the United States of America.

(b) Revenue Recognition:

**Contributions**

The School has adopted Financial Accounting Standards Board ASC No. 958-605-25, *Accounting for Contributions Received and Contributions Made*. As such, contributions are recognized as revenue when they are received or unconditionally pledged.

All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions and promises to give with donor imposed conditions are recognized as unrestricted support when the conditions on which they depend are substantially met. Contributions and promises to give with donor imposed restrictions are reported as temporarily restricted support. Unconditional promises to give due in the next year are recorded at their net realizable value.

The School reports gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. The School reports expirations of donor restrictions when the donated or acquired assets are placed in service.

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(b) Revenue Recognition: (Continued)

**Federal and Charter School Funding**

The School receives a student allocation from the District of Columbia as well as federal funding to cover the cost of academic expenses. The student allocation is on a per pupil basis and includes the academic year funding, special education funding, and a facilities allotment. The School recognizes this funding in the year in which the school term is conducted. Funding received in advance of the school term is recorded as deferred revenue.

Federal entitlements are recognized based on the allowable costs incurred.

(c) Corporate Taxes:

The Richard Wright Public Charter School for Journalism and Media Arts is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. Exemption from District of Columbia income taxes was granted to the Charter School effective May 24, 2010. Accordingly, no provisions for income taxes have been provided for in the accompanying financial statements. The organization has been classified as other than a private foundation under Section 509(a)(1) of the Internal Revenue Code and accordingly contributions qualify as a charitable tax deduction by the contributor under Section 170(b)(i)(A)(ii). The School did not have any net unrelated business income for the year ended June 30, 2015.

(d) Grants:

Grant revenues are received primarily from Federal agencies and the District of Columbia Government. These grants are subject to financial and compliance audits by the grantor agencies. Such audits could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate grantor. No provision for possible adjustment has been made in the accompanying financial statements because, in the opinion of management, such adjustment, if any, would not have a material effect on the financial statements.

Cash receipts in excess of costs incurred for grants are reflected as refundable advances until they are expended for the purpose of the grant, at which time they are recognized as unrestricted support. Costs incurred in excess of cash received are reflected as grants receivable.

(e) Net Assets:

The School has adopted Financial Accounting Standards Board ASC No. 958-205-05, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC No. 958-205-05, the School is required to report information regarding its financial position and activities according to three classes of net assets.

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(e) Net Assets: (Continued)

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions and over which the Board of Directors has discretionary control. This classification includes net assets subject to donor-imposed conditions, which have been met in the current year and net assets subject to donor-imposed restrictions that have been released from restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the School and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There were no temporarily restricted net assets as of June 30, 2015 or 2014.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, the passage of time, or by occurrence of events specified by donors for the following activities:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Charter School Start-up	\$ _____ -	\$ 61,962
Total	\$ _____ -	\$ 61,962

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that requires the net assets be maintained permanently by the School. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes. The School did not have any permanently restricted net assets as of June 30, 2015 or 2014.

(f) Donated Services and Materials:

Donated services and material are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, if the services received create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized. The time contributed by the Charter School's Board of Directors is uncompensated and is not reflected as donated services. In-kind contributions are recorded in the Statement of Activities at estimated fair value and recognized as revenue and expense (or an asset) in the period they are received. There were no donated services and materials recorded in the financial statements during the years ended June 30, 2015 and 2014.

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(g) Basic Programs:

The mission of Richard Wright Public Charter School for Journalism and Media Arts is to transform students in grades 8-12 into well-versed media contributors by providing a student-centered environment that connects them to the classics and modern languages and a curriculum focused on strong writing skills and vocabulary.

Named after prominent African American novelist Richard Wright, the School will emphasize the development of students' skills in communication and expression, while providing a comprehensive education that prepares students for college and career. The School has adopted the Boston Latin School framework for grades 8-12 and aligned the curriculum to DCPS Learning Standards, where applicable. The Boston Latin Model has proven to be successful for well over 300 years. The School will review its curriculum annually to ensure adherence to state and federal academic goals, and to incorporate best practices from education research.

**Philosophy**

The School will connect our students with the culture of the classics and modern languages while enhancing their education through an exploration of journalism and media arts. The School believes in the following core values which will be instilled by the administration and staff and demonstrated by students on a daily basis:

- Self-discipline
- Academic rigor
- Moral conviction
- Self-respect
- Positive energy

(h) Functional Expense Allocation Policies and Procedures:

Management has elected to prepare a schedule of functional expenses that is presented as supplemental information to the financial statements. The schedule of functional expenses presents an allocation of each expense category between program services, general and administrative, and fundraising activities. Program service costs pertain to educating students. General and administrative costs pertain to supporting activities. Fundraising costs relate to fundraising activities such as special events, fundraisers and the soliciting of contributions.

Management has established functional expense allocation policies and procedures based on a reasonable analysis of cost drivers and reasonable allocation estimates based on financial results and industry standards.

Direct costs, where identifiable, are allocated in whole to the appropriate functional category. Direct student expenses (textbooks, materials, instructional supplies, assessment material, contract educational services, and field trips) are allocated entirely to program services. Personnel expenses for salaries, payroll taxes and employee benefit plans are allocated based on job descriptions and management estimates of time spent on particular activities.

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(h) Functional Expense Allocation Policies and Procedures: (Continued)

Personnel expenses for salaries are divided into employee categories (executive, teachers, other educational staff, etc.) and then a percentage of time spent on program services, general and administrative activities, and fundraising activities is applied. All other personnel expenses (benefits, payroll taxes, staff development) are allocated based on the weighted average allocation of the direct salaries.

Occupancy expenses are allocated based on salaries used for program services versus general and administrative activities and fundraising activities. Other expenses that are not directly identifiable by program are allocated based on management estimates of use of resources.

For other expenses where it would not be appropriate to designate 100 percent as a program service cost, general and administrative cost, or fundraising cost, the allocation formula for either personnel expenses or occupancy expenses is utilized for cost allocation purposes.

(i) 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, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) Fundraising:

During the years ended June 30, 2015 and 2014, expenses incurred for the purpose of fundraising were \$47,817 and \$35,630, respectively.

(k) Recognition of Salary Expense:

Salary expense is recognized in the year the service is rendered, which coincides with the academic year. Salaries unpaid at June 30 are recognized as expense and accrued salaries.

(l) Fair Value of Certain Financial Instruments:

Some of the School's financial instruments are not measured at fair value on a recurring basis but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such accounts include cash, accounts receivable, prepaid expenses, accounts payable, and accrued expenses.

(m) Reclassifications:

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.



RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
NOTES TO FINANCIAL STATEMENTS

2. ACCOUNTING FOR UNCERTAIN TAX POSITIONS:

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB ASC No. 740-10, *Accounting for Uncertainty in Income Taxes*, which is an interpretation of ASC 740's, *Accounting for Income Taxes*. FASB ASC No. 740-10 clarifies the accounting for uncertainty in income taxes recognized in the School's financial statements in accordance with ASC 740's and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC No. 740-10 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the School's tax return to determine whether the tax positions have a "more-likely-than-not" probability of being sustained by the applicable tax authority.

The School performed an evaluation of uncertain tax positions for the year ended June 30, 2015, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of June 30, 2015, the statute of limitations for tax years 2011 through 2013 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the organization files tax returns. It is the School's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of June 30, 2015, the School had no accruals for interest and/or penalties.

3. CASH AND CASH EQUIVALENTS:

Cash at June 30, 2015 and 2014 totaled \$474,224 and \$945,728, respectively, and consisted of the following:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Interest Bearing Checking Accounts	\$ 151,278	\$ 151,129
Non-Interest Bearing Checking Accounts	<u>322,946</u>	<u>794,599</u>
Total	<u>\$ 474,224</u>	<u>\$ 945,728</u>

For purposes of the cash flow statement and financial statement presentation, cash and cash equivalents are short term, highly liquid investments with maturities of three months or less.

The School maintains its cash in one financial institution in the form of a non-interest bearing business checking and a savings account. These cash accounts are covered under the Federal Deposit Insurance (FDIC) Program. Federal Deposit Insurance Corporation Insurance coverage is \$250,000 per banking institution. Deposits held in non-interest bearing transaction accounts are aggregated with interest-bearing deposits and the combined total is insured up to \$250,000.

As of June 30, 2015 and 2014, \$204,224 and \$675,353, respectively, of the bank balance was deposited in excess of Federal Deposit Insurance Corporation limits. Due to increased cash flows at certain times during the year, the amount of funds deposited in excess of FDIC limits may have been greater than at year end. 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.

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
NOTES TO FINANCIAL STATEMENTS

4. ACCOUNTS, GRANTS AND PROMISES RECEIVABLE:

Accounts and Grants Receivable:

Accounts and grants receivable are current and considered to be fully collectible by management. Balances as of June 30, 2015 and 2014 consisted of the following:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<u>Accounts Receivable</u>		
Activity and Student Fees	\$ 8,494	\$ -
Reimbursable Expenses	<u>131,588</u>	<u>98,706</u>
Total	<u>\$ 140,082</u>	<u>\$ 98,706</u>
<u>Grants Receivable</u>		
Federal Entitlement and Educational Grants	\$ 125,024	\$ 135,664
National School Lunch Program	34,333	33,649
Special Education Supplemental Funding	9,301	6,939
Healthy Schools Act and Other Grants	<u>44,202</u>	<u>7,341</u>
Total	<u>\$ 212,860</u>	<u>\$ 183,593</u>

The School's accounts and grants receivable consists of unsecured amounts due from funding sources whose ability to pay is subject to changes in general economic conditions. The School performs ongoing credit evaluations of its funding sources and generally does not require collateral. The School was at credit risk due to the type of organization for the balance of the accounts and grants receivable as of June 30, 2015 and 2014.

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts or grants receivable.

Trade receivables related to program service fees are recognized as revenue on the accrual basis of accounting at the time the program activity has occurred. Credit is extended for a period of 60 days with no interest accrual at which time payment is considered delinquent. Trade receivables are written off as uncollectable when payment has not been received after 180 days.

Promises Receivable:

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Promises to give represent amounts committed by donors that have not been received by the School. The School uses the allowance method to determine uncollectible promises to give. Promises receivable were \$4,125 at June 30, 2015. These amounts are all due to be received within one year.

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
NOTES TO FINANCIAL STATEMENTS

5. FIXED ASSETS:

Furniture and equipment are recorded at cost, or in the case of contributed property at the fair market value at the date of contribution. If an expenditure in excess of \$1,000 results in an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized at cost and depreciated over the estimated useful life of the asset. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any other resulting gain or loss is reflected in income for the period. Depreciation has been provided on the straight-line method over the estimated useful lives of the assets. Depreciation expense for the years ended June 30, 2015 and 2014 was \$255,826 and \$214,522, respectively. Maintenance and repairs are charged to expenses as incurred. Major classifications of fixed assets and their estimated useful lives are as summarized below:

<u>June 30, 2015</u>	<u>Depreciable Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Furniture, Computers and Equipment	3-7 Years	\$ 712,003	\$ 431,092	\$ 280,911
Leasehold Improvements	3 Years	<u>307,755</u>	<u>194,956</u>	<u>112,799</u>
Total		<u>\$ 1,019,758</u>	<u>\$ 626,048</u>	<u>\$ 393,710</u>

<u>June 30, 2014</u>	<u>Depreciable Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Furniture, Computers and Equipment	3-7 Years	\$ 621,921	\$ 271,377	\$ 350,544
Leasehold Improvements	3 Years	<u>200,353</u>	<u>98,845</u>	<u>101,508</u>
Total		<u>\$ 822,274</u>	<u>\$ 370,222</u>	<u>\$ 452,052</u>

6. DEFERRED REVENUE:

As of June 30, 2015, there was no deferred revenue. At June 30, 2014, deferred revenue consisted of \$182,310 of per pupil summer school funding received for the summer school program to be operated subsequent to June 30, 2014.

7. CAPITAL LEASE PAYABLE:

During the year ended June 30, 2013, the School entered into a capital lease for the purchase of 110 Dell Laptop Computers. The amount financed on the capital lease was \$65,921 payable over 36 months with a quarterly payment of \$6,131. Maturity is scheduled for November 1, 2015. Interest expense was \$2,049 and \$3,443 for the years ended June 30, 2015 and 2014, respectively, using an implicit rate of 6.92%. The lease is secured by the laptops that cost \$65,921 and is presented as part of Fixed Assets. For the years ended June 30, 2015 and 2014, depreciation expense in the amount of \$21,974 on the laptops has been included in depreciation expense. Accumulated depreciation was \$53,104 and \$31,330 at June 30, 2015 and 2014, respectively. The balance of the capital lease was \$11,950 and \$29,124 at June 30, 2015 and 2014, respectively.

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
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NOTES TO FINANCIAL STATEMENTS

7. CAPITAL LEASE PAYABLE: (Continued)

The School is committed under a capital lease to make future minimum payments as follows:

<u>Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ <u>12,055</u>	\$ <u>11,950</u>	\$ <u>105</u>

8. DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD CONTRACT:

The School was approved by the District of Columbia Public Charter School Board to operate a charter school in the District of Columbia. The District of Columbia Public Charter School Board (DCPCSB) is responsible for the ongoing oversight of the School's fiscal management and academic acceptability. The contract dated May 14, 2011, provides for a 15-year charter effective the date of first operation. The charter contract may be renewed for successive 15-year periods if the DCPCSB deems that the Richard Wright Public Charter School for Journalism and Media Arts is in compliance with its charter contract and District statutory provisions. In addition, in accordance with the Charter School Act, the DCPCSB is required to review the charter every five years. The DCPCSB may revoke (or not renew) a charter school contract if a school violates applicable law, materially violates the charter contract or fails to meet the student academic achievement expectations set forth in the charter contract. Consequently, management does not anticipate non-renewal or revocation of its charter.

As part of the agreement with the DCPCSB, the School may be charged a public charter school fee, which is not to exceed one percent of the total revenues (less philanthropic and investment revenues) within the annual budget to cover the costs of undertaking the ongoing administrative responsibilities of the Board. For the years ended June 30, 2015 and 2014, the School incurred \$65,991 and \$30,274, respectively, in administrative fees.

The charter contract provides that the Richard Wright Public Charter School for Journalism and Media Arts may educate up to a predetermined number of students. However, this enrollment limit may be raised upon notification to and acceptance by the DCPCSB. The Charter School enrollment ceiling for the year ended June 30, 2015, was not permitted to be greater than 475 students. Audit enrollment for the 2014/2015 year was 305 students and enrollment for the 2013/2014 year averaged 322 students.

9. PER-PUPIL FUNDING ALLOCATION:

The School receives local funding from the District of Columbia in the form of per-pupil educational allotments and facility allotments. This funding is based on the equivalent number of full-time students and is determined annually. For the year ended June 30, 2015, the per-student rate ranged from \$10,251 to \$11,580 for education allotment and \$3,072 for the facility allotment. For the year ended June 30, 2014, the per-student rate ranged from \$9,586 to \$10,795 for the education allotment and \$3,000 for the facility allotment. Additional allotments were made for Special Education Services and English as a Second Language.

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
NOTES TO FINANCIAL STATEMENTS

9. PER-PUPIL FUNDING ALLOCATION: (Continued)

Per-pupil funding for the years ended June 30, 2015 and 2014 was as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Grade Level - 8 <sup>th</sup> - 11 <sup>th</sup> Grade	\$ 3,495,941	\$ 3,414,417
Special Education	823,710	904,084
English as a Second Language	8,372	4,188
At-Risk Funding	461,538	-
Facilities Allowance	936,960	966,000
Summer School	<u>236,601</u>	<u>222,741</u>
Total	<u>\$ 5,963,122</u>	<u>\$ 5,511,430</u>

10. FEDERAL ENTITLEMENTS AND GRANTS:

During the years ended June 30, 2015 and 2014, the Richard Wright Public Charter School for Journalism and Media Arts participated in the following federal award programs:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Charter School Planning and Implementation Grant (Title V, Part B)	\$ -	\$ 6,461
Elementary and Secondary Education Act (Title I)	278,989	208,371
Elementary and Secondary Education Act (Title II)	64,775	48,188
National School Lunch and Breakfast Programs	147,802	134,790
SOAR Grant	<u>136,246</u>	<u>100,000</u>
Total	<u>\$ 627,812</u>	<u>\$ 497,810</u>

Federal formula grants are allocations of money to States or their subdivisions in accordance with distribution formulas prescribed by law or administrative regulation, for activities of a continuing nature not confined to a specific project. The School receives federal formula grants under the provisions of the No Child Left Behind Act (NCLB) of 2001, P.L 107-110. NCLB funds are not intended to replace state or local educational funding. Rather, NCLB funds provide additional support to states, LEAs, and schools for specific purposes. Grants are provided by the U.S. Department of Education and passed through the District of Columbia Office of the State Superintendent of Education.

The National School Lunch Program and School Breakfast Program are part of the child nutrition cluster of programs operated by the U.S. Department of Agriculture. The objectives of the child nutrition cluster programs are to: (1) assist States in administering food services that provide healthful, nutritious meals to eligible children in public and non-profit private schools, residential childcare institutions, and summer recreation programs; and (2) encourage the domestic consumption of nutritious agricultural commodities.

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
NOTES TO FINANCIAL STATEMENTS

11. COMMITMENTS:

Building Leases:

On June 22, 2012, the School entered into a lease agreement with Madison 770 M Street, LLC, for its School location at 770 M Street, SE, Washington, DC. The lease commenced August 1, 2012, and was scheduled to expire during July 2015. The monthly base rent in year 1 was \$48,333, and is based on \$20 per square foot for approximately 29,000 square feet. This lease was amended during June 2013 effective for the period beginning on August 1, 2013. The lease term now runs for five (5) years from August 1, 2013, through July 31, 2018, and includes approximately 41,147 square feet of space. The monthly base rent is \$64,750 in year one (1) and increases each year during the lease to a monthly amount of \$73,653 in the fifth and final year of the lease. Accordingly, \$90,840 of future rent payments have been recorded as a liability to adjust the actual rent paid to conform to the straight-line basis. In addition to the base rent, the School will also be responsible to pay the landlord for monthly operating expenses associated with the leased property. The annual operating cost is scheduled at approximately \$28,300 per month at the inception of the amended lease on August 1, 2013, and is included in the commitments listed below with a 3% annual estimated inflation factor. Total rent expense for the years ended June 30, 2015 and 2014 was \$1,075,955 and \$1,077,557, respectively. Future commitments on this lease for the years subsequent to the balance sheet date are as follows:

<u>Year Ending June 30,</u>	<u>Rent Obligation</u>	<u>Rent Abatement</u>	<u>Operating Expenses</u>	<u>Total</u>
2016	\$ 881,491	\$ (8,286)	\$ 374,508	\$ 1,247,713
2017	881,491	(28,859)	385,743	1,238,375
2018	881,491	(49,433)	397,316	1,229,374
2019	<u>-</u>	<u>(4,262)</u>	<u>-</u>	<u>(4,262)</u>
Total	<u>\$ 2,644,473</u>	<u>\$ (90,840)</u>	<u>\$ 1,157,567</u>	<u>\$ 3,711,200</u>

Photocopier Leases:

The Charter School entered into operating leases with the CIT Finance LLC, and General Electric Capital Corporation during August 2014 for the rental of two photocopiers. These leases call for thirty-six (36) monthly payments of \$495 each, commencing during September 2014. Rental expense for the year ending June 30, 2015, was \$9,900. Future minimum payments due under these leases are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>	<u>CIT Finance LLC</u>	<u>GE Capital Corporation</u>
2016	\$ 11,880	\$ 5,940	\$ 5,940
2017	11,880	5,940	5,940
2018	<u>1,980</u>	<u>990</u>	<u>990</u>
Total	<u>\$ 25,740</u>	<u>\$ 12,870</u>	<u>\$ 12,870</u>

The commitments for a capital lease are explained in Note 7 to these financial statements.

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
NOTES TO FINANCIAL STATEMENTS

12. CONCENTRATIONS:

Revenues:

The School receives public funds from the DC government based on the number of students they enroll according to the Uniform Per Student Funding Formula developed by the Mayor and City Council. This per pupil allocation is supplemented with extra funds for students with special needs. During the years ended June 30, 2015 and 2014, eighty-nine percent (89%) and ninety-one percent (91%), respectively, of total support was received from the District of Columbia in the form of per pupil funding.

In addition to the revenue received through the Uniform Per Student Funding, the School receives state and federal foundation grants awarded under the auspices of the U.S. Department of Education (No Child Left Behind and special education) as well as the U.S. Department of Agriculture (Child Nutrition). The School is entitled to receive these funds by virtue of its recognition as a Local Education Agency by the District of Columbia Public Charter School Board (DC PCSB). The DC PCSB may revoke the charter for material violations of laws and the terms of its charter agreement or if the School fails to meet established goals and student achievement expectations.

The School is limited to enrolling students that are residents of the District of Columbia. As a DC Public Charter School, the School must compete for students against the DC Public School system as well as other DC Public Charter Schools.

13. CONTINGENCIES:

The School was granted its charter by the District of Columbia Public Charter School Board, authorized under the District of Columbia School Reform Act of 1995, Public Law 104-134, as amended. The School has no reason to believe that this relationship will be discontinued in the foreseeable future. However, any interruption of this relationship (i.e., the failure to continue this charter authorization or withholding funds) could adversely affect the School's ability to finance ongoing operations. The School depends on per pupil allocations, grants, and contributions for a significant portion of its revenues. The ability of the sources of revenues to continue giving amounts comparable with prior years may be dependent upon future economic conditions and continued deductibility for income tax purposes of grants and contributions to the School. While the School's board of directors and management believes the School has the resources to continue its programs, its ability to do so, and the extent to which it continues, may be dependent on the above factors. The viability of public charter schools and funding for these schools is dependent on the consensus of current and future administration of the District of Columbia Government. Any future change in dynamics could adversely affect the operations of public charter schools.

Laws and regulations governing charter schools are complex and subject to interpretation. The School believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
NOTES TO FINANCIAL STATEMENTS

14. SUBSEQUENT EVENTS:

Financial Statement Preparation:

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 17, 2015, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.

Enrollment:

Enrollment for the 2015/2016 school year is projected to be approximately three hundred (300) students. These enrollment numbers are down from the current enrollment number of three hundred and five (305) students during the 2014/2015 school year.

15. EMPLOYEE BENEFITS:

The cost of payroll taxes and fringe benefits incurred for the years ended June 30, 2015 and 2014 consisted of the following:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Social Security/Medicare	\$ 258,190	\$ 185,220
Health Insurance	236,269	161,155
Life and Disability Insurance	21,365	14,002
Unemployment	22,575	18,904
Retirement 401(k) Matching Contribution	<u>26,974</u>	<u>29,011</u>
Total	<u>\$ 565,373</u>	<u>\$ 408,292</u>

401(k) Retirement Plan:

The School provides pension benefits for its employees through a defined contribution 401(k) retirement plan which is currently administered by PayChex. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Provisions of the plan allow for the employees to contribute up to the statutory limits set by the Internal Revenue Code.

The School is required to make employer non-elective safe harbor contributions of 3% of annual employee compensation for employees with one or more years of employment. Participants become sixty percent (60%) vested after their first year and increased by ten percent (10%) each year thereafter until becoming fully vested after year five. There is no unfunded past service liability. The School's contributions for the years ended June 30, 2015 and 2014 were \$26,974 and \$29,011, respectively.

Flexible Benefits Plan:

The School adopted a Section 125 Flexible Benefits Plan (Cafeteria Plan). Under this plan, employees are permitted to use pre-tax benefit dollars through payroll deduction to pay for health insurance premiums.



RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
NOTES TO FINANCIAL STATEMENTS

16. OCCUPANCY COST:

The cost of occupancy for the years ended June 30, 2015 and 2014 consisted of the following:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Rent	\$ 1,075,955	\$ 1,077,557
Depreciation Expense - Leasehold Improvements	96,111	64,296
Contracted Building Services	109,070	94,454
Janitorial Supplies	<u>5,552</u>	<u>4,627</u>
Total	<u>\$ 1,286,688</u>	<u>\$ 1,240,934</u>

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
COMPARATIVE SCHEDULES OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>For Year Ending June 30, 2015</u>				<u>For Year Ending June 30, 2014</u>			
	<u>Total</u>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>
<u>Personnel, Salaries and Benefits:</u>								
School Leadership Salaries	\$ 149,750	\$ 119,800	\$ 22,462	\$ 7,488	\$ 116,923	\$ 93,538	\$ 17,538	\$ 5,847
Academic Salaries	2,607,392	2,607,392	-	-	1,830,645	1,830,645	-	-
Special Education Salaries	272,209	272,209	-	-	189,270	189,270	-	-
Operations Salaries	376,007	131,602	225,605	18,800	273,714	95,800	164,228	13,686
Clerical Salaries	112,966	-	112,966	-	99,018	-	99,018	-
Payroll Taxes	280,765	249,856	28,811	2,098	204,123	179,697	22,839	1,587
Benefits	284,608	253,277	29,205	2,126	204,169	179,736	22,843	1,590
Contracted Staff	209,461	167,569	41,892	-	304,731	243,785	60,946	-
Staff Development Expense	22,337	22,337	-	-	75,061	75,061	-	-
Total Personnel, Salaries and Benefits	\$ 4,315,495	\$ 3,824,042	\$ 460,941	\$ 30,512	\$ 3,297,654	\$ 2,887,532	\$ 387,412	\$ 22,710
<u>Direct Student Costs:</u>								
Textbooks	\$ 24,360	\$ 24,360	\$ -	\$ -	\$ 3,250	\$ 3,250	\$ -	\$ -
Student Supplies and Materials	70,814	70,814	-	-	70,940	70,940	-	-
Student Assessment Materials	52,852	52,852	-	-	11,537	11,537	-	-
Contracted Student Services	140,302	140,302	-	-	140,541	140,541	-	-
Transportation	40,495	40,495	-	-	44,108	44,108	-	-
Food Service	211,259	211,259	-	-	200,936	200,936	-	-
Other Student Costs	260,522	260,522	-	-	223,841	223,841	-	-
Total Direct Student Costs	\$ 800,604	\$ 800,604	\$ -	\$ -	\$ 695,153	\$ 695,153	\$ -	\$ -

(See Accompanying Notes and Auditor's Report)

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
COMPARATIVE SCHEDULES OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>For Year Ending June 30, 2015</u>				<u>For Year Ending June 30, 2014</u>			
	<u>Total</u>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>
<u>Occupancy Costs:</u>								
Rent	\$ 1,075,955	\$ 957,506	\$ 110,409	\$ 8,040	\$ 1,077,557	\$ 948,607	\$ 120,563	\$ 8,387
Depreciation - Leasehold Improvements	96,111	85,531	9,862	718	64,296	56,602	7,194	500
Contracted Building Services	109,070	97,063	11,192	815	94,454	83,151	10,568	735
Janitorial Supplies	5,552	4,941	570	41	4,627	4,073	518	36
Total Occupancy Costs	\$ 1,286,688	\$ 1,145,041	\$ 132,033	\$ 9,614	\$ 1,240,934	\$ 1,092,433	\$ 138,843	\$ 9,658
<u>Office Expenses:</u>								
Office Supplies and Materials	\$ 43,625	\$ 38,822	\$ 4,477	\$ 326	\$ 37,764	\$ 33,245	\$ 4,224	\$ 295
Office Equipment Rental and Maintenance	94,243	83,868	9,671	704	56,839	50,038	6,359	442
Telephone/Telecommunications	17,934	15,960	1,840	134	20,754	18,270	2,322	162
Professional and Payroll Services	123,052	109,506	12,627	919	104,686	92,158	11,713	815
Printing and Copying	1,127	1,003	116	8	2,653	2,335	297	21
Postage and Shipping	4,492	3,997	461	34	3,290	2,896	368	26
Other Office Expense	43,504	38,714	4,464	326	27,391	24,113	3,065	213
Total Office Expenses	\$ 327,977	\$ 291,870	\$ 33,656	\$ 2,451	\$ 253,377	\$ 223,055	\$ 28,348	\$ 1,974
<u>General Expenses:</u>								
Insurance	\$ 17,615	\$ 14,092	\$ 3,523	\$ -	\$ 18,414	\$ 14,731	\$ 3,683	\$ -
Transportation, Travel and Meetings	18,119	14,495	3,624	-	18,758	15,006	3,752	-
Administration Fee	65,991	-	65,991	-	30,274	-	30,274	-
Depreciation Expense	159,715	142,133	16,389	1,193	150,226	134,878	14,350	998
Other General Expenses	55,109	45,783	5,279	4,047	37,273	32,813	4,170	290
Total General Expenses	\$ 316,549	\$ 216,503	\$ 94,806	\$ 5,240	\$ 254,945	\$ 197,428	\$ 56,229	\$ 1,288
TOTAL FUNCTIONAL EXPENSES	\$ 7,047,313	\$ 6,278,060	\$ 721,436	\$ 47,817	\$ 5,742,063	\$ 5,095,601	\$ 610,832	\$ 35,630

(See Accompanying Notes and Auditor's Report)

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
COMPARATIVE SCHEDULES OF AVERAGE COST PER STUDENT  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

June 30, 2015

	<u>Total Cost</u>	<u>Average Cost Per Student</u>
Instructional	\$ 5,133,019	\$ 16,830
Occupancy Cost	1,286,688	4,219
General and Administrative	589,403	1,932
Fundraising	<u>38,203</u>	<u>125</u>
Total	<u>\$ 7,047,313</u>	<u>\$ 23,106</u>

The above is the average per student cost for the year ended June 30, 2015, and is based on a full time equivalent (FTE) enrollment of 305 students.

June 30, 2014

	<u>Total Cost</u>	<u>Average Cost Per Student</u>
Instructional	\$ 4,003,168	\$ 12,432
Occupancy Cost	1,240,934	3,854
General and Administrative	471,989	1,466
Fundraising	<u>25,972</u>	<u>81</u>
Total	<u>\$ 5,742,063</u>	<u>\$ 17,833</u>

The above is the average per student cost for the year ended June 30, 2014, and is based on a full time equivalent (FTE) enrollment of 322 students.

(See Accompanying Notes and Auditor's Report)

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Program or Award Amount</u>	<u>Period of Award</u>	<u>Grant Receivable at 7/1/14</u>	<u>Refundable Advance at 7/1/14</u>	<u>Current Year Activity</u>		<u>Grant Receivable at 6/30/15</u>	<u>Refundable Advance at 6/30/15</u>
							<u>Receipts</u>	<u>Disbursements Expenditures</u>		
<u>U.S. Department of Education:</u>										
Passed Through the District of Columbia:										
Title I, Part A, Grants to Local Educational Agencies	84.010A	52010A	\$ 271,797	07/01/14 to 09/30/16	\$ -	\$ -	\$ 213,709	\$ 265,161	\$ 51,452	\$ -
Title I, Part A, Grants to Local Educational Agencies	84.010A	42010A	\$ 178,734	07/01/13 to 09/30/15	61,529	-	75,357	13,828	-	-
Title I, Part A, Grants to Local Educational Agencies	84.010A	32010A	\$ 235,934	07/01/12 to 09/30/14	29,392	-	29,392	-	-	-
Title II, Part A, Preparing, Training, and Recruiting High Quality Teachers and Principals	84.367A	52367A	\$ 68,671	07/01/14 to 09/30/16	-	-	45,486	61,731	16,245	-
Title II, Part A, Preparing, Training, and Recruiting High Quality Teachers and Principals	84.367A	42367A	\$ 43,071	07/01/13 to 09/30/15	9,498	-	13,663	4,165	-	-
Title II, Part A, Preparing, Training, and Recruiting High Quality Teachers and Principals	84.367A	32367A	\$ 52,305	07/01/12 to 09/30/14	6,516	-	6,516	-	-	-
Title II, Part A, Preparing, Training, and Recruiting High Quality Teachers and Principals	84.367A	22367A	\$ 22,045	07/01/11 to 09/30/12	-	-	(1,121)	(1,121)	-	-
SOAR - Increasing Academic Quality	84.370A	U370C130001	\$ 142,312	02/21/14 to 02/20/16	-	-	78,919	136,246	57,327	-
SOAR - Increasing Academic Quality	84.370A	GD0-CB6-10	\$ 100,000	07/01/12 to 06/30/13	28,729	-	28,729	-	-	-
Total U.S. Department of Education					\$ 135,664	\$ -	\$ 490,650	\$ 480,010	\$ 125,024	\$ -
<u>U.S. Department of Agriculture:</u>										
Passed Through the District of Columbia:										
School Breakfast Program	10.553	N/A	N/A	07/01/14 to 06/30/15	\$ -	\$ -	\$ 25,821	\$ 34,231	\$ 8,410	\$ -
National School Lunch Program	10.555	N/A	N/A	07/01/14 to 06/30/15	-	-	87,648	113,571	25,923	-
National School Lunch Program	10.555	N/A	N/A	07/01/13 to 06/30/14	33,649	-	33,649	-	-	-
Total U.S. Department of Agriculture					\$ 33,649	\$ -	\$ 147,118	\$ 147,802	\$ 34,333	\$ -
Total Federal Awards					\$ 169,313	\$ -	\$ 637,768	\$ 627,812	\$ 159,357	\$ -

(See Accompanying Notes and Auditor's Report)

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015

Summary by CFDA

<u>Program</u>	<u>CFDA Number</u>	<u>Amount of Expenditures</u>
Title I, Part A, Grants to Local Educational Agencies and Special Populations Grant	84.010A	\$ 278,989
Title II, Part A, Teacher and Principal Training and Recruiting Fund	84.367A	64,775
School Breakfast Program	10.553	34,231
National School Lunch Program	10.555	113,571
SOAR - Increasing Academic Quality Grant	84.370A	<u>136,246</u>
Total Federal Awards		<u>\$ 627,812</u>

(See Accompanying Notes and Auditor's Report)

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015

Note 1 - Basis of Accounting:

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting.

Note 2 - Major Program Selection:

The major Federal Award Programs selected for testing is as follows:

U.S. Department of Education

- Title I, Part A, Grants to Local Educational Agencies
- Title II, Part A, Preparing, Training, and Recruiting High Quality Teachers and Principals

The requirements of Office of Management and Budget Circular A-133 requires all major programs as determined by the auditor on a risk-based approach and/or at least 50% (25% for low risk auditees) of all federal awards be subject to specific control and compliance testing. For the Richard Wright Public Charter School for Journalism and Media Arts, the programs subject to these requirements are as listed above. The total expenditures of these programs represent 54.76% of the total federal expenditures.

<u>Programs</u>	<u>CFDA #</u>	<u>Amount of Expenditures</u>
Title I, Part A, Grants to Local Educational Agencies and Special Populations Grant	84.010A	\$ 278,989 *
Title II, Part A, Teacher and Principal Training and Recruiting Fund	84.367A	64,775 *
School Breakfast Program	10.553	34,231
National School Lunch Program	10.555	113,571
SOAR - Increasing Academic Quality Grant	84.370A	<u>136,246</u>
Total Federal Awards		<u>\$ 627,812</u>

\* Denotes Major Program

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015

Note 3 - Major Program Disclosure:

U.S. Department of Education

1) Title I, Part A to Local Educational Agencies

The objective of this program is to improve the teaching and learning of children who are at risk of not meeting challenging academic standards and who reside in areas with high concentrations of children from low-income families.

2) Title II, Part A, Teacher and Principal Training and Recruiting

The objective of the Improving Teacher Quality State Grants program in Title II, Part A, of the Elementary and Secondary Education Act (ESEA) of 1965, as amended by the No Child Left Behind Act of 2001 (NCLB) (Pub. L. No. 107-110), is to provide funds to State educational agencies (SEAs), Local education agencies (LEAs), State agencies for higher education (SAHEs), and partnerships comprised of institutions of higher education (IHEs), high-need LEAs and other entities to increase the academic achievement of all students by helping schools and school districts to (1) improve teacher and principal quality (including hiring teachers to reduce class size) and (2) ensure that all teachers are highly qualified.



# Kendall, Prebola and Jones, LLC

Certified Public Accountants

The Board of Directors  
Richard Wright Public Charter School  
for Journalism and Media Arts  
770 M Street, SE  
Washington, DC 20003

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

We have audited, 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, the financial statements of the Richard Wright Public Charter School for Journalism and Media Arts, (a nonprofit organization), 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 17, 2015.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Richard Wright Public Charter School for Journalism and Media Arts' 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 Richard Wright Public Charter School for Journalism and Media Arts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Richard Wright Public Charter School for Journalism and Media Arts' 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.

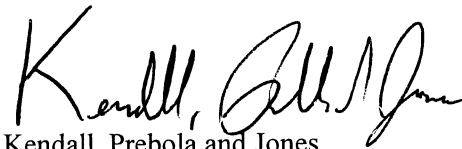
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Richard Wright Public Charter School for Journalism and Media Arts' 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as item 2015-001.

***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.



Kendall, Prebola and Jones  
Certified Public Accountants

Bedford, Pennsylvania  
November 17, 2015

# Kendall, Prebola and Jones, LLC

Certified Public Accountants

The Board of Directors  
Richard Wright Public Charter School  
for Journalism and Media Arts  
770 M Street, SE  
Washington, DC 20003

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

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

We have audited the Richard Wright Public Charter School for Journalism and Media Arts' (a nonprofit organization) 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 Richard Wright Public Charter School for Journalism and Media Arts' major federal programs for the year ended June 30, 2015. The Richard Wright Public Charter School for Journalism and Media Arts' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs and in the notes to the Schedule of Expenditures of Federal Awards.

### ***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 Richard Wright Public Charter School for Journalism and Media Arts' 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 Richard Wright Public Charter School for Journalism and Media Arts' 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 Richard Wright Public Charter School for Journalism and Media Arts' compliance.

***Basis for Qualified Opinion on Title I and Title II Federal Programs***

As described in the accompanying schedule of findings and questioned costs, Richard Wright Public Charter School for Journalism and Media Arts did not comply with requirements regarding Suspended and Debarred Parties as described in Finding 2015-002 for the Title I and Title II Federal Programs. Compliance with such requirements is necessary, in our opinion, for Richard Wright Public Charter School for Journalism and Media Arts to comply with the requirements applicable to those programs.

***Qualified Opinion on Title I and Title II Federal Programs***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Richard Wright Public Charter School for Journalism and Media Arts, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Title I and Title II Federal Programs for the year ended June 30, 2015.

***Other Matters***

Richard Wright Public Charter School for Journalism and Media Arts' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Richard Wright Public Charter School for Journalism and Media Arts' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

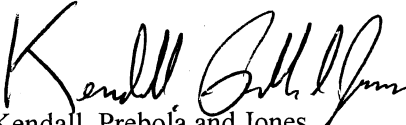
***Report on Internal Control Over Compliance***

Management of the Richard Wright Public Charter School for Journalism and Media Arts is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Richard Wright Public Charter School for Journalism and Media Arts' 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 Richard Wright Public Charter School for Journalism and Media Arts' 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 a 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.



Kendall, Prebola and Jones  
Certified Public Accountants

Bedford, Pennsylvania  
November 17, 2015

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

There were no audit findings reported in the prior year.

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015

I. Summary of Audit Results

- a. The auditor's report expresses an unmodified opinion on the financial statements of the Richard Wright Public Charter School for Journalism and Media Arts.
- b. No significant deficiencies relating to the audit of the financial statements have been reported.
- c. One instance of noncompliance material to the financial statements of the Richard Wright Public Charter School for Journalism and Media Arts was disclosed during the audit, Item 2015-001.
- d. No significant deficiencies relating to the audit of the major federal award program have been reported.
- e. The Auditor's report on compliance for the major federal award program for the Richard Wright Public Charter School for Journalism and Media Arts expresses a modified opinion related to Item 2015-002.
- f. There were two audit findings that are required to be reported in accordance with section 510 (a) of OMB Circular A-133 in the Schedule of Findings and Questioned Costs, Items 2015-001 and 2015-002.
- g. The major programs of the Richard Wright Public Charter School for Journalism and Media Arts are as follows:

<u>Program</u>	<u>CFDA #</u>
Title I, Part A, Grants to Local Educational Agencies	84.010A
Title II, Part A, Teachers and Principals Training and Recruiting Fund	84.367A

- h. The dollar threshold utilized to determine Type A programs was \$300,000.
- i. The Richard Wright Public Charter School for Journalism and Media Arts did not qualify as a low-risk auditee.

RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015

II. Findings relating to the financial statements which are required to be reported in accordance with Government Auditing Standards

U.S. Department of Education: Title I and Title II Grants

2015-001 Criteria and Condition - In accordance with the District of Columbia Public Charter School Board Policies, charter schools are required to submit certain types of contracts that have a value exceeding \$25,000 to the DC Public Charter School Board for their review.

Context - During the year ended June 30, 2015, as part of the audit testing performed, we noted a contract exceeding \$25,000 that was not submitted to the DC Public Charter School Board for review.

Effect of Condition - The School has not complied with the DC Public Charter School Board requirements in relation to submitting contracts/purchases in excess of \$25,000.

Cause - Due to the nature of the contract, management was under the belief that this contract did not need to be submitted.

Recommendation - We recommend that management carefully review all contracts and/or expenses by vendor for amounts exceeding \$25,000 on an ongoing basis throughout the year. Any contracts and/or expenses by vendor exceeding this amount should be submitted to the Board unless it is clearly excluded from submission requirements. We also recommend that management review their contracts for the 2014-2015 year to ensure that all other submissions were made for the year.

Views of Responsible Officials - This contract was initially less than \$25,000 for the venue rental for our annual Gala. Additional costs were incurred for lighting, audiovisual, etc., which were provided by third party vendors. These payments, all paid to the initial contractor, caused the contract to exceed \$25,000. Since several third party vendors were involved, we did not submit the contract to the DC Public Charter School Board. In the future, we will ensure that all vendor payments exceeding \$25,000 will be submitted, unless they are clearly exempt from the requirements.



RICHARD WRIGHT PUBLIC CHARTER SCHOOL  
FOR JOURNALISM AND MEDIA ARTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015

III. Findings relating to federal awards, which are required to be reported in accordance with OMB Circular A-133

U.S. Department of Education: Title I and Title II Grants

2015-002 Criteria and Condition - In accordance with federal guidelines for nonprofit organizations, contractors must certify that the organization and its principles are not suspended or debarred from completing work under a federal contract. Organizations are permitted to either verify that the parties have not been debarred by looking on the General Service Administration (GSA) website or obtaining written certification from the applicable parties. This is required for all subrecipients at any funding level and all contracts entered into that exceed \$25,000 of federal spending.

Context - During the year ended June 30, 2015, as part of the audit testing performed, we noted that two contracts were initiated for which more than \$25,000 was charged to the Title I federal grant program. The certifications regarding debarred and suspended parties was not obtained for these contracts.

Effect of Condition - By not obtaining the required certification, the Richard Wright Public Charter School for Journalism and Media Arts could contract with parties that would otherwise not be eligible to participate in a federal grant.

Cause - Management was not aware of the provision related to debarment and suspension.

Recommendation - We recommend that management include with contract agreements, the appropriate suspension and debarment certification.

Views of Responsible Officials - We were not aware of this requirement. From this point forward we will include the appropriate suspended and disbarred third party certifications in our federal contracts that exceed \$25,000.