

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY

WASHINGTON, D.C.

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COMPARATIVE CONSOLIDATED AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

KENDALL, PREBOLA AND JONES

Certified Public Accountants

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Board of Directors
Briya Public Charter School and Subsidiary
2333 Ontario Road NW
Washington, DC 20009

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INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Briya Public Charter School and Subsidiary (the School), which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Briya Public Charter School and Subsidiary as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedules of consolidated functional expenses, consolidated schedules of average cost per student, consolidating schedule of financial position and consolidating schedule of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. In addition, the accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 1, 2016, 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 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 School's internal control over financial reporting and compliance.

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Kendall, Prebola and Jones
Certified Public Accountants

Bedford, Pennsylvania
November 1, 2016

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
COMPARATIVE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

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	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 2,622,610	\$ 2,921,743
Certificates of Deposit	4,356,093	7,856,467
Accounts and Interest Receivable	18,651	25,452
Grants Receivable	156,273	268,516
Prepaid Expenses	<u>190,132</u>	<u>67,235</u>
Total Current Assets	<u>\$ 7,343,759</u>	<u>\$ 11,139,413</u>
<u>Fixed Assets:</u>		
Furniture, Equipment and Computers	\$ 873,653	\$ 455,003
Accumulated Depreciation - Furniture, Equipment and Computers	(431,553)	(358,614)
Leasehold Improvements	285,013	285,013
Accumulated Amortization - Leasehold Improvements	(238,828)	(236,981)
Construction in Progress	<u>23,451,743</u>	<u>279,759</u>
Total Fixed Assets	<u>\$ 23,940,028</u>	<u>\$ 424,180</u>
<u>Capital Lease:</u>		
Leasehold - Georgia Avenue	\$ 2,056,499	\$ 2,056,499
Accumulated Amortization - Capital Lease	<u>(342,749)</u>	<u>(274,200)</u>
Total Capital Leases	<u>\$ 1,713,750</u>	<u>\$ 1,782,299</u>
<u>Other Assets:</u>		
Deposits	\$ 473,251	\$ 227,875
Loan Costs	<u>447,277</u>	<u>-</u>
Total Other Assets	<u>\$ 920,528</u>	<u>\$ 227,875</u>
TOTAL ASSETS	<u>\$ 33,918,065</u>	<u>\$ 13,573,767</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts Payable	\$ 10,282,462	\$ 231,088
Accrued Salaries and Expenses	276,599	288,310
Interest Payable	28,857	-
Deposits Held for Others	759	-
Capital Lease - Current Portion	<u>19,155</u>	<u>18,965</u>
Total Current Liabilities	<u>\$ 10,607,832</u>	<u>\$ 538,363</u>
<u>Long-term Liabilities:</u>		
Capital Lease	\$ 1,596,552	\$ 1,617,451
Less: Current Portion	(19,155)	(18,965)
Loans Payable	<u>7,807,293</u>	<u>-</u>
Total Long-term Liabilities	<u>\$ 9,384,690</u>	<u>\$ 1,598,486</u>
Total Liabilities	<u>\$ 19,992,522</u>	<u>\$ 2,136,849</u>
<u>Net Assets:</u>		
Unrestricted	\$ 13,923,543	\$ 11,434,918
Temporarily Restricted	<u>2,000</u>	<u>2,000</u>
Total Net Assets	<u>\$ 13,925,543</u>	<u>\$ 11,436,918</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 33,918,065</u>	<u>\$ 13,573,767</u>

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
COMPARATIVE CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>June 30, 2016</u>			<u>June 30, 2015</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>						
Tuition - Per Pupil Funding Allocation	\$ 4,771,607	\$ -	\$ 4,771,607	\$ 5,000,017	\$ -	\$ 5,000,017
Tuition - Per Pupil Facilities Allocation	1,552,628	-	1,552,628	1,511,424	-	1,511,424
Federal Entitlements and Grants	1,050,395	-	1,050,395	472,834	-	472,834
State Government Grants	302,501	-	302,501	176,210	-	176,210
Private Grants and Contributions	43,066	-	43,066	35,271	650	35,921
Student Fees	14,721	-	14,721	-	-	-
Donated Services, Facilities, Etc.	130,821	-	130,821	79,431	-	79,431
Interest	55,520	-	55,520	66,738	-	66,738
Other Revenues	2,852	-	2,852	1,335	-	1,335
Net Assets Released from Restrictions (Satisfaction of Program Restrictions)	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,551</u>	<u>(12,551)</u>	<u>-</u>
Total Revenues and Other Support	<u>\$ 7,924,111</u>	<u>\$ -</u>	<u>\$ 7,924,111</u>	<u>\$ 7,355,811</u>	<u>\$ (11,901)</u>	<u>\$ 7,343,910</u>
<u>Expenses:</u>						
Educational Services	\$ 5,042,293	\$ -	\$ 5,042,293	\$ 4,561,071	\$ -	\$ 4,561,071
Fundraising	27,554	-	27,554	39,816	-	39,816
General and Administrative	<u>824,639</u>	<u>-</u>	<u>824,639</u>	<u>525,054</u>	<u>-</u>	<u>525,054</u>
Total Expenses	<u>\$ 5,894,486</u>	<u>\$ -</u>	<u>\$ 5,894,486</u>	<u>\$ 5,125,941</u>	<u>\$ -</u>	<u>\$ 5,125,941</u>
Changes in Net Assets	\$ 2,029,625	\$ -	\$ 2,029,625	\$ 2,229,870	\$ (11,901)	\$ 2,217,969
Net Assets, Beginning of Year	11,434,918	2,000	11,436,918	9,205,048	13,901	9,218,949
Member Contributions	<u>459,000</u>	<u>-</u>	<u>459,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 13,923,543</u>	<u>\$ 2,000</u>	<u>\$ 13,925,543</u>	<u>\$ 11,434,918</u>	<u>\$ 2,000</u>	<u>\$ 11,436,918</u>

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
COMPARATIVE CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<u>Cash Flows from Operating Activities:</u>		
Changes in Net Assets	\$ 2,029,625	\$ 2,217,969
Adjustments to Reconcile Changes in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	143,336	149,525
Imputed Interest	80,873	81,819
Accounts and Interest Receivable - (Increase)/Decrease	6,800	(13,256)
Grants Receivable - (Increase)/Decrease	112,243	(166,525)
Prepaid Expenses - (Increase)/Decrease	(122,897)	(13,721)
Deposits - (Increase)/Decrease	(245,376)	(75)
Accounts Payable - Increase/(Decrease)	9,939,311	159,738
Interest Payable - Increase/(Decrease)	28,857	-
Accrued Salaries and Expenses - Increase/(Decrease)	100,352	4,009
Deposits Held for Others - Increase/(Decrease)	759	-
Deferred Revenue - Increase/(Decrease)	<u>-</u>	<u>(301,345)</u>
Net Cash Flows from Operating Activities	<u>\$ 12,073,883</u>	<u>\$ 2,118,138</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Fixed Assets and Construction in Progress	\$ (23,590,635)	\$ (367,945)
Net Sales (Purchases) of Certificates of Deposit	3,500,374	105,553
Member Contributions	<u>459,000</u>	<u>105,553</u>
Net Cash Flows from Investing Activities	<u>\$ (19,631,261)</u>	<u>\$ (262,392)</u>
<u>Cash Flows from Financing Activities:</u>		
Payments Made on Capital Lease	\$ (101,771)	\$ (100,763)
Payments Made for Loan Costs	(447,277)	-
Proceeds from Loan	<u>7,807,293</u>	<u>-</u>
Net Cash Flows from Financing Activities	<u>\$ 7,258,245</u>	<u>\$ (100,763)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ (299,133)	\$ 1,754,983
Cash and Cash Equivalents at Beginning of Year	<u>2,921,743</u>	<u>1,166,760</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,622,610</u>	<u>\$ 2,921,743</u>

Supplemental Disclosures:

- a) No income taxes were paid during the years ended June 30, 2016 and 2015.
- b) No interest was paid during the years ended June 30, 2016 and 2015.
- c) During the year ended June 30, 2016, the School received \$571 of food commodities from the U.S. Department of Agriculture.

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION:

Briya Public Charter School (Briya PCS), a District of Columbia Not-for-Profit Corporation was incorporated on July 12, 2005, exclusively for educational purposes. Briya PCS operates as part of the District of Columbia Public School system with its focus on providing high quality education for adults and children that empowers families through a culturally sensitive family literacy model.

In February 2015, Briya Public Charter School formed Mamie D. Lee, LLC (a District of Columbia LLC), which was established to lease a school building from the DC Government. This school building will be renovated by the LLC and subleased to Briya Public Charter School and Bridges Public Charter School for the 2016-2017 school year. These two schools, who are both 501(c)(3) organizations, are the only members of the LLC. All transactions of the LLC are consolidated with the transactions of Briya Public Charter School in the accompanying financial statements.

Basic Programs:

Education -

The Briya Public Charter School is a multicultural family literacy public charter school designed to give an integrated educational experience to parents and their children. The program creates a place where parents can learn necessary English literacy and parenting skills and children are prepared for future school success. The program builds on families' strengths and provides the tools and support for improving educational, economic, and social opportunities.

The School works in collaboration with Mary's Center for Maternal and Child Care, Inc., and Bancroft Elementary School.

- Adult Education - English for Speakers of Other Languages.
- Early Childhood Education - Literacy focused classes for children that are held simultaneously with Adult services. Early Childhood Education Classes are taught with an emphasis on preparing children for school aged success.
- Parenting - Parenting Workshops assist parents with developing responsible parenting skills. Parenting includes early childhood education, how to help your child in school, child behavior management, and nutrition.
- Parenting and Child Together - This unique component of family literacy brings parents and their children together in the child's classroom to work, play, and learn through literacy activities.
- Work force development programs - Two programs help students achieve economic independence with credentials for jobs in health care and early childhood care:
 - Medical Assistant (MA) Program - This 18-month program prepares students for a career as a Registered Medical Assistant in medical offices, clinics and hospitals. MA students learn to perform both clinical and administrative duties.
 - CDA Program - This program prepares students to gain the nationally-recognized Child Development Associate (CDA) credential. With the CDA credential, graduates can pursue career options such as early childhood teacher, home visitor, or operator of a licensed home daycare facility.
- The National External Diploma Program (NEDP) - NEDP is offered to Briya students who are enrolled in the Advanced II class and provides a unique way for students to earn a high school diploma.
- Education Fellows - Education Fellows Program is a paid internship program that provides a one year entry level work experience and tuition assistance for continuing education, with the possibility of a second year renewal.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION: (Continued)

Basic Programs: (Continued)

Other Services -

- Counseling and interpretation are available to students in most workshops and during registration and referral services.
- Referral Services are available for health care, nutrition, employment, legal aid, emergency shelter, and continuing education.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of the School are summarized below:

(a) Basis of Accounting and Presentation:

The accompanying consolidated 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) Principles of Consolidation:

The accompanying consolidated financial statements include the accounts of Mamie D. Lee, LLC, and Briya Public Charter School, collectively referred to as the School. All significant intercompany transactions and accounts have been eliminated in consolidation.

(c) 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.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(c) 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 recognized 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.

(d) Corporate Taxes:

The School is exempt from federal and state income taxes (other than on unrelated business income) 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 School effective July 12, 2005. Accordingly, no provisions for income taxes have been provided for in the accompanying financial statements. The School has been classified as other than a private foundation and contributions to the organization qualify as a charitable tax deduction by the contributor. The School did not have any net unrelated business income for the years ended June 30, 2016 and 2015.

(e) Grants:

Grant revenues are received primarily from the Federal agencies and the District of Columbia Government. These grants are subject to audit 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.

Grant revenues are recognized as increases in unrestricted net assets unless use of related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expiration of temporary restrictions (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) is reported as net assets released from restrictions between the applicable classes of net assets.

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.

(f) 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.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(f) 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. Temporarily restricted net assets were available at year end for the following purpose:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Student Loans - Use Restricted	\$ <u>2,000</u>	\$ <u>2,000</u>
Total	\$ <u>2,000</u>	\$ <u>2,000</u>

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

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Educational Program Services - Use Restricted	\$ <u>-</u>	\$ <u>12,551</u>
Total Released	\$ <u>-</u>	\$ <u>12,551</u>

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, 2016 or 2015.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(g) Donated Services, Materials and Facilities:

Donated services and materials 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 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.

Donated services, materials and facilities of \$130,821 and \$79,431 are recorded in the financial statements for the years ended June 30, 2016 and 2015, respectively, and consist of the following:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
General Services	\$ 12,100	\$ -
Services - Capitalized Loan Costs	36,959	-
Materials	-	50
Facilities	<u>81,762</u>	<u>79,381</u>
Total	<u>\$ 130,821</u>	<u>\$ 79,431</u>

(h) Functional 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 on the basis of direct labor, equivalent number of employees and actual purpose of the expenditure.

(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. The significant estimates in the financial statements are depreciable lives and estimated residual value of property and equipment, estimated economic life of capital leases, and the allocation of expenses by function.

(j) 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.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(k) Certificates of Deposit:

Certificates of deposit are other investments with original maturities greater than three months and are carried at amortized cost. The certificates of deposit do not qualify as securities as defined in Financial Accounting Standard Board (“FASB”) Accounting Standards Codification (“ASC”) 320, *Investments - Debt and Equity Securities*, thus the fair value disclosures required by ASC 820, Fair Value Measurements and Disclosures, are not provided.

(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 and cash equivalents, accounts receivable, prepaid expenses, accounts payable, and accrued expenses.

3. ACCOUNTING FOR UNCERTAIN TAX POSITIONS:

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in the School’s financial statements and prescribe a threshold of “more likely than not” for recognition of tax positions taken or expected to be taken in a tax return. The School performed an evaluation of uncertain tax positions for the year ended June 30, 2016, 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, 2016, the statute of limitations for tax years 2012 through 2014 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, 2016, the School had no accruals for interest and/or penalties.

4. CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT:

Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2016 and 2015, totaled \$2,622,610 and \$2,921,743, respectively, and consisted of the following:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Interest Bearing Checking Account	\$ 1,062,746	\$ 2,611,066
Savings Accounts	42,354	48,810
Non-Interest Bearing Checking Accounts	1,508,908	254,823
Money Market - Treasury Obligations	<u>8,602</u>	<u>7,044</u>
Total	<u>\$ 2,622,610</u>	<u>\$ 2,921,743</u>

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT: (Continued)

Certificates of Deposit

Certificates of Deposit are purchased from banking institutions by the School and the Manufacturers and Traders Trust Co. as custodian for the School. Certificates of Deposits are valued at original cost plus reinvested interest. Balances at year end consisted of the following:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Certificates of Deposit	<u>\$ 4,356,093</u>	<u>\$ 7,856,467</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, including money market mutual accounts.

The School maintains its cash in multiple financial institutions, with most of the cash being held by one banking institution. These cash accounts are covered under the Federal Deposit Insurance Corporation (FDIC) Program. FDIC insures both interest-bearing and non-interest-bearing accounts up to \$250,000 per banking institution.

As of June 30, 2016 and 2015, \$1,001,493 and \$454,806, respectively, 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 at risk may have been greater than at year-end. The School would be at risk for any funds held in excess of the insured amounts.

In order to minimize this risk, the School has entered into a repurchase agreement with PNC Bank in which the bank agreed to transfer to the School an interest in securities issued or guaranteed by the United States or an agency thereof against the transfer of funds from the School to the respective bank. Per the repurchase agreement, funds in excess of \$50,000 are transferred out on a daily basis. The amount of funds transferred back the next day includes the original purchase price plus interest earned. 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. The balance of this account as of June 30, 2016 and 2015 is \$872,808 and \$1,908,033, respectively. These amounts are included in the interest bearing checking amounts above.

As of June 30, 2016 and 2015, \$8,602 and \$7,044, respectively, was held in money market funds that are not federally insured. Management has minimized risk related to these money funds by investing in high quality short term securities as well as certain repurchase agreements that are backed by high quality securities. The money market funds seek to maintain a share price of \$1.00. The School has not experienced any losses related to these accounts and does not believe it is exposed to any significant credit risk on these accounts.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. ACCOUNTS, GRANTS, AND INTEREST RECEIVABLE:

Accounts, grants, and interest receivable are considered to be fully collectible by management. Balances as of June 30, 2016 and 2015 consisted of the following:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<u>Accounts Receivable:</u>		
Per Pupil Funding	\$ 12,834	\$ 12,170
Interest	5,212	6,803
Mary's Center Reimbursement	47	5,138
Other	<u>558</u>	<u>1,341</u>
Total	<u>\$ 18,651</u>	<u>\$ 25,452</u>
<u>Grants:</u>		
School Technologies Fund	\$ -	\$ 12,503
National School Lunch Program	8,873	2,433
Healthy Schools Act	496	141
Community Schools	19,367	26,388
Charter School Planning and Implementation Grant (Title Vb)	-	7,637
Scholarship for Opportunity and Results Act (SOAR)	<u>127,537</u>	<u>219,414</u>
Total	<u>\$ 156,273</u>	<u>\$ 268,516</u>

The School's accounts and grants receivable consists of unsecured amounts due from public 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, 2016 and 2015.

Accounts, grants and interest receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible 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 uncollectible when payment has not been received after 180 days.

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 organization. The School uses the allowance method to determine uncollectible promises to give. There were no promises to give as of June 30, 2016.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FIXED ASSETS:

Furniture and equipment, and leasehold improvements are recorded at cost and contributed property is recorded at the fair market value at the date of the 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 or amortized over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization is removed from the accounts and any other resulting gain or loss is reflected in revenues for the period. Depreciation and amortization has been provided on the straight-line method over the estimated useful lives of the assets. Depreciation and amortization expense for the years ended June 30, 2016 and 2015 was \$143,336 and \$149,525, respectively. Maintenance and repairs are charged to expenses as incurred. As of June 30, 2016, Construction in Progress consists of building costs for a school building project that Briya Public Charter School is undertaking that is expected to be completed in the year ended June 30, 2017. Major classifications of fixed assets and their estimated useful lives are as summarized below:

<u>June 30, 2016</u>				
	<u>Depreciable Life</u>	<u>Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net Book Value</u>
Furniture and Equipment	5 Years	\$ 175,440	\$ 117,004	\$ 58,436
Computers and Software	3-5 Years	698,213	314,549	383,664
Leasehold Improvements	3 Years	285,013	238,828	46,185
Construction in Progress	-	<u>23,451,743</u>	<u>-</u>	<u>23,451,743</u>
Total		<u>\$ 24,610,409</u>	<u>\$ 670,381</u>	<u>\$ 23,940,028</u>

<u>June 30, 2015</u>				
	<u>Depreciable Life</u>	<u>Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net Book Value</u>
Furniture and Equipment	5 Years	\$ 130,649	\$ 95,937	\$ 34,712
Computers and Software	3-5 Years	324,354	262,677	61,677
Leasehold Improvements	3 Years	285,013	236,981	48,032
Construction in Progress	-	<u>279,759</u>	<u>-</u>	<u>279,759</u>
Total		<u>\$ 1,019,775</u>	<u>\$ 595,595</u>	<u>\$ 424,180</u>

7. CAPITAL LEASE - LEASEHOLD AND CAPITAL LEASE PAYABLE:

On November 1, 2010, Briya Public Charter School entered into a 30-year lease with Mary's Center for Maternal and Child Care, Inc., for approximately 7,735 square feet located at 3910 Georgia Avenue, NW, Washington, DC. Rent for approximately 1,215 square feet of space has been abated at the present time. Rent is at a fixed rate of \$15 per square foot in year one and shall increase one percent (1%) each subsequent year over the previous year's rate per square foot per year. The commencement date of this lease was July 1, 2011. The lease may be terminated by a written notice of intent to terminate at least six months prior to the date desired and written consent by the landlord. The School has the option to buy in ten years.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. CAPITAL LEASE - LEASEHOLD AND CAPITAL LEASE PAYABLE: (Continued)

The School contributed \$374,000 towards the design and construction of leasehold improvements and \$171,640 to the cost of equipping and furnishing the premises. On July 1, 2011, the cost value of the capital lease was \$2,056,499. This amount includes the total lease payments of \$1,682,499 and \$374,000 for the design and construction. The lease has been capitalized and is being amortized over 30 years beginning on July 1, 2011. The capital lease is summarized as follows:

<u>June 30, 2016</u>	<u>Life of Lease</u>	<u>Cost</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Book</u> <u>Value</u>
Leasehold - Georgia Avenue	30 Years	\$ 2,056,499	\$ 342,749	\$ 1,713,750

<u>June 30, 2015</u>	<u>Life of Lease</u>	<u>Cost</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Book</u> <u>Value</u>
Leasehold - Georgia Avenue	30 Years	\$ 2,056,499	\$ 274,200	\$ 1,782,299

The capital lease payable in the original amount of \$1,682,498 consists of the total lease payments per the agreement of \$3,401,963 less a net present value discount of 5% over 30 years of \$1,719,465. The unpaid balance as of June 30, 2016 and 2015 was \$1,596,552 and \$1,617,451, respectively. Total payments made in the current year of \$101,771 resulted in a reduction of the capital lease payable by \$20,899 and recognition of imputed interest of \$80,872.

8. DEPOSIT

As of June 30, 2016, the deposit amount of \$473,251 consists of a \$325,000 advance paid for the contracted staff costs that are billed to the School on a monthly basis. The amount also includes a \$60,000 security deposit for the use of AnyBill, deposits of \$85,376 related to construction in progress and fixed asset purchases, \$2,800 for a security deposit on a leased storage space and a \$75 field trip reservation. As of June 30, 2015, \$225,000 was also on deposit for contracted staff costs, along with the \$2,800 deposit for leased storage space and a \$75 field trip reservation.

9. LOAN COSTS:

Loan origination fees and other expenses incurred to acquire loans are capitalized and amortized on a straight-line basis over the life of the loan, which is thirty (30) years. There was no amortization expense related to these loan fees for the years ended June 30, 2016 and 2015. Amortization of these costs is expected to begin during the year ended June 30, 2017. Loan costs as of June 30, 2016, are \$447,277.

10. LOANS PAYABLE:

On April 5, 2016, Mamie D. Lee, LLC, entered into a loan agreement with Bank of America, which can be drawn down in the total amount of \$24,201,000. The purpose of this loan is for a school building construction project located at 100 Gallatin Street, NE, Washington, DC, which is in progress at June 30, 2016. The loan bears interest which is calculated using the LIBOR Daily Floating Rate (3.9603% as of June 30, 2016). Interest payments are scheduled to commence on September 1, 2016, and will continue on the first business day of each December, March, June and September thereafter. Principal payments will begin on October 5, 2017, and will be payable quarterly until the loan is paid in full. The amount drawn down and outstanding balance on this loan at June 30, 2016, was \$5,846,138.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. LOANS PAYABLE: (Continued)

This loan agreement contains covenants and restrictions. As of June 30, 2016, the LLC met the loan covenants. The commitments related to this loan at June 30, 2016, were as follows:

<u>Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 231,525	\$ -	\$ 231,525
2018	442,549	211,024	231,525
2019	520,327	297,160	223,167
2020	527,673	316,274	211,399
2021	535,491	336,617	198,874
Thereafter	<u>5,779,159</u>	<u>4,685,063</u>	<u>1,094,096</u>
Totals	<u>\$ 8,036,724</u>	<u>\$ 5,846,138</u>	<u>\$ 2,190,586</u>

These commitments will change during the year ended June 30, 2017, as additional loan proceeds will be drawn down as the construction project continues.

On April 5, 2016, Mamie D. Lee, LLC, entered into a loan agreement with the Low Income Investment Fund, which can be drawn down in the total amount of \$2,008,000. The loan bears interest at a rate of 5.875%. Interest payments will commence on November 1, 2016, and will continue each month thereafter. Principal payments are scheduled to begin on October 1, 2017, and shall be payable monthly until the loan is paid in full. The amount drawn down and outstanding balance on this loan at June 30, 2016, was \$1,961,155. This loan agreement contains covenants and restrictions. As of June 30, 2016, the LLC met the loan covenants. The commitments related to this loan at June 30, 2016, were as follows:

<u>Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 78,647	\$ -	\$ 78,647
2018	136,395	18,790	117,605
2019	142,537	26,374	116,163
2020	142,537	27,965	114,572
2021	142,537	29,653	112,884
Thereafter	<u>3,694,750</u>	<u>1,858,373</u>	<u>1,836,377</u>
Totals	<u>\$ 4,337,403</u>	<u>\$ 1,961,155</u>	<u>\$ 2,376,248</u>

These commitments will change during the year ended June 30, 2017, as additional loan proceeds will be drawn down as the construction project continues.

11. DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD CONTRACT:

The School has been approved by the District of Columbia Public Charter School Board (DCPCSB) to operate a charter school in the District of Columbia. The contract dated July 1, 2006, provides for a 15-year charter, unless sooner terminated in accordance with the contract. 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 to the Board. For the year ended June 30, 2016, the School incurred \$73,165 in administrative fees.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. 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. The number of equivalent full-time students for the year ended June 30, 2016 and 2015 was 497 and 492, respectively. Per-pupil funding for the years ended June 30, 2016 and 2015 were as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Pre-School	\$ 407,017	\$ 445,175
Pre-Kindergarten	160,415	135,736
Adult	3,818,442	3,767,754
Special Education	90,916	75,425
English as a Second Language	251,158	233,381
Summer School	-	309,281
At Risk	43,659	33,265
Facilities Allowance	<u>1,552,628</u>	<u>1,511,424</u>
Total	<u>\$ 6,324,235</u>	<u>\$ 6,511,441</u>

13. FEDERAL ENTITLEMENTS AND GRANTS:

During the years ended June 30, 2016 and 2015, the School participated in the following federal award programs:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Department of Education - IDEA, Part B	\$ 1,615	\$ 3,205
Department of Education - Charter School		
Dissemination Grant (Title V, Part B)	2,982	38,146
National School Lunch and Breakfast Program	30,321	29,083
Scholarship for Opportunity and Results Act (SOAR)	1,014,870	401,602
Fruit and Vegetable Program	<u>571</u>	<u>798</u>
Total	<u>\$ 1,050,395</u>	<u>\$ 472,834</u>

14. OPERATING AND CAPITAL LEASE COMMITMENTS:

The School entered into an amended lease agreement with the Mary's Center for Maternal & Childcare, Inc., effective for a one-year period commencing on August 16, 2010, and ending on August 15, 2011, for the rental of 4,171 square feet of space in a building located at 2355 Ontario Road, NW and 1707 Kalorama Road, NW, Washington, DC. This lease calls for monthly lease payments of \$10,080. The School renewed the lease terms through July 31, 2017. The cost per square foot is \$29. The cost of these facilities was \$120,960 for each of the years ended June 30, 2016 and 2015.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. OPERATING AND CAPITAL LEASE COMMITMENTS: (Continued)

On September 1, 2011, the School entered into a lease agreement with the Mary's Center for Maternal and Childcare, Inc., for five years commencing on September 1, 2011, for 2,220 square feet of additional space at 2355 Ontario Road, NW, and 1707 Kalorama Road, NW at \$21 per square foot. The payments increase by one percent (1%) each subsequent year over the previous year's rate. The lease currently calls for monthly lease payments of \$4,043. The lease expires on August 31, 2017. The cost of these facilities was \$48,433 and \$47,952 for the years ended June 30, 2016 and 2015, respectively.

On September 23, 2013, the School entered into a joint lease agreement with Jacqueline L. Bennett for the rental of storage space and internship housing located at 1726 Newton Street, NW. The lease was renewed on September 1, 2015. The lease, jointly entered with a Briya Education Fellow, is for one year and calls for a monthly payment of \$3,087, reduced by \$758, which was the shared cost paid by the Briya intern as a tenant. A security deposit of \$2,800 was made as of June 30, 2016, related to this lease. Rental expense was \$29,107 and \$29,680 for the years ended June 30, 2016 and 2015, respectively.

Sublease Agreements:

On November 25, 2015, Mamie D. Lee, LLC, entered into a thirty (30) year (sublease) agreement with Bridges Public Charter School (a related party) to occupy a portion of a new school building located at 100 Gallatin Street, NE, Washington, DC. The lease commenced on July 1, 2016, subsequent to year end, and is scheduled to expire on June 30, 2046. The annual usage fee represents an amount equal to the number of students enrolled on each census date (every October) multiplied by the per pupil facilities allowance received from the DC Government.

Future minimum rental lease payments to be received along with the change in deferred rent over the remaining life of the lease are estimated as follows:

<u>Year Ending June 30,</u>	<u>Rent Obligation</u>	<u>Deferred Rent</u>	<u>Operating Expense</u>	<u>Rent Payment</u>
2017	\$ 1,017,276	\$ (166,104)	\$ 260,972	\$ 1,112,144
2018	1,017,276	(11,485)	268,801	1,274,592
2019	1,017,276	45,619	274,177	1,337,072
2020	1,017,276	37,394	282,402	1,337,072
2021	1,017,276	28,922	290,874	1,337,072
Thereafter	<u>25,431,904</u>	<u>65,654</u>	<u>10,923,206</u>	<u>36,420,764</u>
Totals	<u>\$ 30,518,284</u>	<u>\$ -</u>	<u>\$ 12,300,432</u>	<u>\$ 42,818,716</u>

On November 25, 2015, Mary's Center (a related party), entered into a thirty (30) year use (sublease) agreement with Briya Public Charter School to occupy 12,000 square feet within the School's space in the w school building located at 100 Gallatin Street, NE, Washington, DC. The lease commenced on July 1, 2016, subsequent to year end, and is scheduled to expire on June 30, 2046.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. OPERATING AND CAPITAL LEASE COMMITMENTS: (Continued)

The future annual payments to be paid by Mary's Center to Briya Public Charter School are as follows:

<u>Year Ending June 30,</u>	<u>Rent Obligation</u>
2017	\$ 146,250
2018	300,000
2019	307,500
2020	315,188
2021	323,067
Thereafter	<u>10,876,242</u>
Totals	<u>\$ 12,268,247</u>

Donated Office Space:

The School received donated office space of approximately 4,034 square feet from the Bancroft Elementary School during the years ended June 30, 2016 and 2015. The estimated fair rental value of \$81,762 and \$79,381 has been reflected in the financial statements as rent expense for the years ended June 30, 2016 and 2015, respectively.

Mamie D. Lee, LLC, received donated real estate property from the District of Columbia during the year ended June 30, 2016. The property is located at 100 Gallatin Street, NE, Washington, DC. The building is being renovated to be used as a school building during the 16-17 school year. The estimated fair rental value of \$629,100 has been reflected in the financial statements as rent expense for the year ended June 30, 2016.

Total rental expense for the years ended June 30, 2016 and 2015 was \$282,512 and \$277,973, respectively.

Capital Lease:

As disclosed in Note 7 to these financial statements, the Briya Public Charter School entered into a 30-year lease with the Mary's Center for Maternal and Child Care, Inc., for approximately 7,735 square feet of space located at 3910 Georgia Avenue, NW, Washington, DC. The commitments related to this lease are included below. The future required minimum lease payments as of June 30, 2016, are as follows:

<u>Year Ended June 30,</u>	<u>Ontario Road</u>	<u>Kalorama Road</u>	<u>Newton Road</u>	<u>Georgia Avenue</u>	<u>Georgia Ave Rent Abatement</u>	<u>Total</u>
2017	\$ 10,080	\$ 8,086	\$ -	\$ 121,943	\$ (19,155)	\$ 120,954
2018	-	-	-	123,163	(19,346)	103,817
2019	-	-	-	124,395	(19,540)	104,855
2020	-	-	-	125,638	(19,735)	105,903
2021	-	-	-	<u>126,895</u>	<u>(19,932)</u>	<u>106,963</u>
Total	<u>\$ 10,080</u>	<u>\$ 8,086</u>	<u>\$ -</u>	<u>\$ 622,034</u>	<u>\$ (97,708)</u>	<u>\$ 542,492</u>

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. FUNDRAISING:

Expenses incurred during the years ended June 30, 2016 and 2015, for purposes of fundraising were \$27,554 and \$39,816, respectively.

16. RELATED PARTY TRANSACTIONS:

Mamie D. Lee, LLC, and Bridges Public Charter School

As described in Note 1, Briya Public Charter School and Bridges Public Charter School formed Mamie D. Lee, LLC (the LLC), which was established to lease a school building from the DC Government. This school building was renovated by the LLC in order to be subleased to Briya and Bridges Public Charter Schools for the subsequent 2016-2017 school year. These two schools, who are both 501(c)(3) organizations, are the only members of the LLC. All transactions of the LLC are consolidated with the transactions of Briya Public Charter School based on controlling interests of the LLC.

On March 28, 2016, Bridges Public Charter School made an initial capital contribution of \$459,000 to Mamie D. Lee, LLC, which was their contributed capital balance as of June 30, 2016.

During the year ended June 30, 2016, the LLC entered into two separate loan agreements. The debt incurred by the LLC is guaranteed by the Charter Schools. As of June 30, 2016, the outstanding debt balance of the LLC is \$7,807,293. As of June 30, 2016, the LLC has a payable balance of \$15,000 due to Bridges Public Charter School.

Mary's Center for Maternal and Childcare, Inc.

Mary's Center for Maternal and Childcare, Inc., is a not-for-profit corporation. Briya Public Charter School and the Mary's Center for Maternal and Childcare, Inc., have separate independent boards of directors and all relationships between the two organizations are by contract. The School leased employees and facilities from Mary's Center for the years ended June 30, 2016 and 2015. During the year ended June 30, 2016, Mary's Center entered into a lease to lease space from Briya Public Charter School for the subsequent 2016-2017 year. The building lease agreements are noted above in Note 14. In addition, the School paid Mary's Center a human resource services management fee of \$100,000 during the years ended June 30, 2016 and 2015. Payments to Mary's Center for contracted employees amounted to \$3,563,925 and \$3,218,649, respectively, for the years ended June 30, 2016 and 2015. Payments to Mary's Center for contracted employees are made on a cost reimbursement basis the following month. Therefore, to cover a portion of the cash Mary's Center uses to pay contracted employees, the School paid Mary's Center a deposit for contracted employee costs that is reflected in Other Assets -Deposits, the balance of which was \$325,000 and 225,000 at June 30, 2016 and 2015, respectively.

17. CONCENTRATIONS:

The School is dependent on funding from the District of Columbia Public School System, as authorized by the District of Columbia Public Charter School Board. During the years ended June 30, 2016 and 2015, eighty-one percent (81%) and ninety percent (90%), respectively, of total support, excluding donated services and facilities, was received from the District of Columbia for per pupil funding.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. CONTINGENCIES:

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.

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.

The viability of public charter schools and funding for these schools is dependent upon 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.

19. SUBSEQUENT EVENTS:

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 1, 2016, 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.

20. OCCUPANCY COST:

The cost of occupancy for the years ended June 30, 2016 and 2015 consisted of the following:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Leasehold Amortization	\$ 1,847	\$ 9,011
Capital Lease Amortization	68,550	68,550
Imputed Interest Capital Lease	80,873	81,819
Rent, Facilities and Storage	200,750	198,592
Donated Rent	81,762	79,381
Cleaning and Maintenance	131,015	88,403
Janitorial Contracted Services	8,240	7,716
Facilities Development Consultants	<u>11,277</u>	<u>-</u>
Total	<u>\$ 584,314</u>	<u>\$ 533,472</u>

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
COMPARATIVE CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>June 30, 2016</u>				<u>June 30, 2015</u>			
	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>
<u>Personnel, Salaries and Benefits:</u>								
Teacher Salaries	\$ 75,405	\$ 75,405	\$ -	\$ -	\$ 86,155	\$ 86,155	\$ -	\$ -
Teaching Assistant Salaries	81,166	81,166	-	-	104,975	104,975	-	-
Student Support Salaries	24,263	24,263	-	-	13,059	13,059	-	-
Front Office Salaries	49,902	15,973	33,929	-	18,097	5,682	12,415	-
IT Salaries	22,672	19,601	2,923	148	-	-	-	-
Security Salaries	27,589	-	27,589	-	14,691	11,019	3,672	-
Fringe Benefits - Staff	24,967	19,022	5,945	-	21,952	20,377	1,575	-
Contracted Executive Salaries	109,976	65,985	38,492	5,499	115,856	69,514	40,549	5,793
Contracted Business Management Services	222,179	83,950	133,147	5,082	177,676	38,121	122,882	16,673
Contracted Leadership Services	306,562	263,650	31,582	11,330	292,815	253,120	30,466	9,229
Contracted Teaching Services	1,346,998	1,336,066	10,932	-	1,175,396	1,175,396	-	-
Contracted Student Support Services	337,476	247,414	90,062	-	265,447	254,032	11,415	-
Contracted Front Office Support	243,297	176,675	66,622	-	238,781	212,795	25,986	-
Contracted Teaching Assistant Services	528,433	528,433	-	-	534,628	500,477	34,151	-
Fringe Benefits - Contracted Staff	469,004	409,487	56,197	3,320	418,050	373,694	39,624	4,732
Program Stipends	20,428	20,428	-	-	-	-	-	-
Substitute Teachers	4,307	3,761	516	30	5,909	5,282	560	67
Temporary Contract Help	3,110	2,709	401	-	8,297	7,525	772	-
Staff Development Costs	86,456	75,309	11,147	-	85,305	77,365	7,940	-
Other Staff Related Expenses	226,054	196,907	29,147	-	104,695	94,950	9,745	-
Total Personnel, Salaries and Benefits	\$ 4,210,244	\$ 3,646,204	\$ 538,631	\$ 25,409	\$ 3,681,784	\$ 3,303,538	\$ 341,752	\$ 36,494
<u>Direct Student Costs:</u>								
Student Supplies, Snacks, etc.	\$ 34,706	\$ 34,706	\$ -	\$ -	\$ 62,608	\$ 62,608	\$ -	\$ -
Student Assessment and Materials	22,324	22,324	-	-	17,901	17,901	-	-
Student Textbooks	7,078	7,078	-	-	17,660	17,660	-	-
Library and Media Materials	146	146	-	-	369	369	-	-
Student Uniforms	13,635	13,635	-	-	1,961	1,961	-	-
Contracted Instructional Fees	102,655	102,655	-	-	122,726	122,726	-	-
Student Travel/Field Trips	34,650	34,650	-	-	34,010	34,010	-	-
Food Service Fees	41,577	41,577	-	-	41,815	41,815	-	-
Other Student Costs	24,308	24,308	-	-	15,548	15,548	-	-
Total Direct Student Costs	\$ 281,079	\$ 281,079	\$ -	\$ -	\$ 314,598	\$ 314,598	\$ -	\$ -

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
COMPARATIVE CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>June 30, 2016</u>				<u>June 30, 2015</u>			
	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>
<u>Occupancy Costs:</u>								
Amortization Leasehold Improvements	\$ 1,847	\$ 1,597	\$ 238	\$ 12	\$ 9,011	\$ 8,078	\$ 839	\$ 94
Imputed Interest	80,873	80,873	-	-	81,819	81,819	-	-
Capital Lease Amortization	68,550	68,550	-	-	68,550	68,550	-	-
Rent	282,512	244,240	36,426	1,846	277,973	249,188	25,873	2,912
Maintenance and Custodial Salaries	105,968	80,733	25,235	-	67,959	63,082	4,877	-
Fringe Benefits - Maintenance and Custodial	17,366	13,230	4,136	-	9,550	8,865	685	-
Cleaning and Maintenance	7,681	6,641	990	50	10,894	9,765	1,014	115
Contracted Building Services	8,240	7,124	1,062	54	7,716	6,917	718	81
Facility Consulting Fees	<u>11,277</u>	<u>9,749</u>	<u>1,454</u>	<u>74</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Occupancy Costs	<u>\$ 584,314</u>	<u>\$ 512,737</u>	<u>\$ 69,541</u>	<u>\$ 2,036</u>	<u>\$ 533,472</u>	<u>\$ 496,264</u>	<u>\$ 34,006</u>	<u>\$ 3,202</u>
<u>Office Expenses:</u>								
Office Supplies and Materials	\$ 58,569	\$ 51,017	\$ 7,552	\$ -	\$ 41,994	\$ 38,085	\$ 3,909	\$ -
Equipment Rental and Maintenance	2,348	2,046	302	-	2,381	2,159	222	-
Telephone and Telecommunications	14,895	12,877	1,921	97	10,119	9,071	942	106
Postage, Shipping and Delivery	1,174	1,015	151	8	500	449	46	5
Printing and Duplication	<u>536</u>	<u>463</u>	<u>69</u>	<u>4</u>	<u>770</u>	<u>690</u>	<u>71</u>	<u>9</u>
Total Office Expenses	<u>\$ 77,522</u>	<u>\$ 67,418</u>	<u>\$ 9,995</u>	<u>\$ 109</u>	<u>\$ 55,764</u>	<u>\$ 50,454</u>	<u>\$ 5,190</u>	<u>\$ 120</u>
<u>General Expenses:</u>								
Insurance	\$ 19,687	\$ 17,148	\$ 2,539	\$ -	\$ 21,067	\$ 19,106	\$ 1,961	\$ -
Administrative Fee	73,165	-	73,165	-	72,323	-	72,323	-
Management Fees	100,000	87,106	12,894	-	100,000	90,692	9,308	-
Accounting, Auditing and Payroll	118,912	76,011	42,901	-	97,200	72,553	24,647	-
Legal Fees	35,200	21,951	13,249	-	-	-	-	-
Computer Support Fees	173,432	151,070	22,362	-	113,391	102,837	10,554	-
Other Professional Fees	86,171	75,061	11,110	-	43,811	39,733	4,078	-
Business Fees and Dues	13,438	11,705	1,733	-	16,288	14,772	1,516	-
Other Expenses	48,383	42,145	6,238	-	4,279	3,882	397	-
Depreciation and Amortization	<u>72,939</u>	<u>52,658</u>	<u>20,281</u>	<u>-</u>	<u>71,964</u>	<u>52,642</u>	<u>19,322</u>	<u>-</u>
Total General Expenses	<u>\$ 741,327</u>	<u>\$ 534,855</u>	<u>\$ 206,472</u>	<u>\$ -</u>	<u>\$ 540,323</u>	<u>\$ 396,217</u>	<u>\$ 144,106</u>	<u>\$ -</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 5,894,486</u>	<u>\$ 5,042,293</u>	<u>\$ 824,639</u>	<u>\$ 27,554</u>	<u>\$ 5,125,941</u>	<u>\$ 4,561,071</u>	<u>\$ 525,054</u>	<u>\$ 39,816</u>

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
COMPARATIVE CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	June 30, 2016				June 30, 2015			
	Briya Public Charter School	Mamie D. Lee, LLC	Elimination	Total	Briya Public Charter School	Mamie D. Lee, LLC	Elimination	Total
ASSETS								
Current Assets:								
Cash and Cash Equivalents	\$ 2,620,018	\$ 2,592	\$ -	\$ 2,622,610	\$ 2,921,743	\$ -	\$ -	\$ 2,921,743
Certificates of Deposit	4,356,093	-	-	4,356,093	7,856,467	-	-	7,856,467
Accounts and Interest Receivable	92,307	-	(73,656)	18,651	25,452	-	-	25,452
Grants Receivable	156,273	-	-	156,273	268,516	-	-	268,516
Prepaid Expenses	190,132	-	-	190,132	67,235	-	-	67,235
Total Current Assets	<u>\$ 7,414,823</u>	<u>\$ 2,592</u>	<u>\$ (73,656)</u>	<u>\$ 7,343,759</u>	<u>\$ 11,139,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,139,413</u>
Fixed Assets:								
Furniture, Equipment and Computers	\$ 790,211	\$ 83,442	\$ -	\$ 873,653	\$ 455,003	\$ -	\$ -	\$ 455,003
Accumulated Depreciation - Furniture, Equipment and Computers	(431,553)	-	-	(431,553)	(358,614)	-	-	(358,614)
Leasehold Improvements	285,013	-	-	285,013	285,013	-	-	285,013
Accumulated Amortization - Leasehold Improvements	(238,828)	-	-	(238,828)	(236,981)	-	-	(236,981)
Construction in Progress	-	23,451,743	-	23,451,743	-	279,759	-	279,759
Total Fixed Assets	<u>\$ 404,843</u>	<u>\$ 23,535,185</u>	<u>\$ -</u>	<u>\$ 23,940,028</u>	<u>\$ 144,421</u>	<u>\$ 279,759</u>	<u>\$ -</u>	<u>\$ 424,180</u>
Capital Lease:								
Leasehold - Georgia Avenue	\$ 2,056,499	\$ -	\$ -	\$ 2,056,499	\$ 2,056,499	\$ -	\$ -	\$ 2,056,499
Accumulated Amortization - Capital Lease	(342,749)	-	-	(342,749)	(274,200)	-	-	(274,200)
Total Capital Leases	<u>\$ 1,713,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,713,750</u>	<u>\$ 1,782,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,782,299</u>
Other Assets:								
Investment in Affiliate	\$ 5,600,000	\$ -	\$ (5,600,000)	\$ -	\$ 279,759	\$ -	\$ (279,759)	\$ -
Deposits	384,595	88,656	-	473,251	227,875	-	-	227,875
Loan Costs	-	447,277	-	447,277	-	-	-	-
Total Other Assets	<u>\$ 5,984,595</u>	<u>\$ 535,933</u>	<u>\$ (5,600,000)</u>	<u>\$ 920,528</u>	<u>\$ 507,634</u>	<u>\$ -</u>	<u>\$ (279,759)</u>	<u>\$ 227,875</u>
TOTAL ASSETS	<u>\$ 15,518,011</u>	<u>\$ 24,073,710</u>	<u>\$ (5,673,656)</u>	<u>\$ 33,918,065</u>	<u>\$ 13,573,767</u>	<u>\$ 279,759</u>	<u>\$ (279,759)</u>	<u>\$ 13,573,767</u>
LIABILITIES AND NET ASSETS								
Current Liabilities:								
Accounts Payable	\$ 201,236	\$ 10,154,882	\$ (73,656)	\$ 10,282,462	\$ 231,088	\$ -	\$ -	\$ 231,088
Accrued Salaries and Expenses	276,599	-	-	276,599	288,310	-	-	288,310
Interest Payable	-	28,857	-	28,857	-	-	-	-
Deposits Held for Others	759	-	-	759	-	-	-	-
Capital Lease - Current Portion	19,155	-	-	19,155	18,965	-	-	18,965
Total Current Liabilities	<u>\$ 497,749</u>	<u>\$ 10,183,739</u>	<u>\$ (73,656)</u>	<u>\$ 10,607,832</u>	<u>\$ 538,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 538,363</u>
Long-term Liabilities:								
Capital Lease	\$ 1,596,552	\$ -	\$ -	\$ 1,596,552	\$ 1,617,451	\$ -	\$ -	\$ 1,617,451
Less: Current Portion	(19,155)	-	-	(19,155)	(18,965)	-	-	(18,965)
Loans Payable	-	7,807,293	-	7,807,293	-	-	-	-
Total Long-term Liabilities	<u>\$ 1,577,397</u>	<u>\$ 7,807,293</u>	<u>\$ -</u>	<u>\$ 9,384,690</u>	<u>\$ 1,598,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,598,486</u>
Total Liabilities	<u>\$ 2,075,146</u>	<u>\$ 17,991,032</u>	<u>\$ (73,656)</u>	<u>\$ 19,992,522</u>	<u>\$ 2,136,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,136,849</u>
Net Assets:								
Unrestricted	\$ 13,440,865	\$ 6,082,678	\$ (5,600,000)	\$ 13,923,543	\$ 11,434,918	\$ 279,759	\$ (279,759)	\$ 11,434,918
Temporarily Restricted	2,000	-	-	2,000	2,000	-	-	2,000
Total Net Assets	<u>\$ 13,442,865</u>	<u>\$ 6,082,678</u>	<u>\$ (5,600,000)</u>	<u>\$ 13,925,543</u>	<u>\$ 11,436,918</u>	<u>\$ 279,759</u>	<u>\$ (279,759)</u>	<u>\$ 11,436,918</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,518,011</u>	<u>\$ 24,073,710</u>	<u>\$ (5,673,656)</u>	<u>\$ 33,918,065</u>	<u>\$ 13,573,767</u>	<u>\$ 279,759</u>	<u>\$ (279,759)</u>	<u>\$ 13,573,767</u>

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
COMPARATIVE CONSOLIDATING STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>June 30, 2016</u>				<u>June 30, 2015</u>			
	<u>Briya Public Charter School</u>	<u>Mamie D. Lee, LLC</u>	<u>Elimination</u>	<u>Total</u>	<u>Briya Public Charter School</u>	<u>Mamie D. Lee, LLC</u>	<u>Elimination</u>	<u>Total</u>
<u>Revenues and Other Support:</u>								
Tuition - Per Pupil Funding Allocation	\$ 4,771,607	\$ -	\$ -	\$ 4,771,607	\$ 5,000,017	\$ -	\$ -	\$ 5,000,017
Tuition - Per Pupil Facilities Allocation	1,552,628			1,552,628	1,511,424			1,511,424
Federal Entitlements and Grants	1,050,395			1,050,395	472,834			472,834
State Government Grants	302,501			302,501	176,210			176,210
Private Grants and Contributions	43,066			43,066	35,921			35,921
Student Fees	14,721			14,721				
Donated Services, Facilities, Etc.	83,862	46,959		130,821	79,431			79,431
Interest	55,520			55,520	66,738			66,738
Other Revenues	2,852			2,852	1,335			1,335
Net Assets Released from Restrictions (Satisfaction of Program Restrictions)	-	-	-	-	-	-	-	-
Total Revenues and Other Support	\$ 7,877,152	\$ 46,959	\$ -	\$ 7,924,111	\$ 7,343,910	\$ -	\$ -	\$ 7,343,910
<u>Expenses:</u>								
Educational Services	\$ 5,042,293	\$ -	\$ -	\$ 5,042,293	\$ 4,561,071	\$ -	\$ -	\$ 4,561,071
Fundraising	27,554			27,554	39,816			39,816
General and Administrative	801,358	23,281		824,639	525,054			525,054
Total Expenses	\$ 5,871,205	\$ 23,281	\$ -	\$ 5,894,486	\$ 5,125,941	\$ -	\$ -	\$ 5,125,941
Changes in Net Assets	\$ 2,005,947	\$ 23,678	\$ -	\$ 2,029,625	\$ 2,217,969	\$ -	\$ -	\$ 2,217,969
Net Assets, Beginning of Year	11,436,918	279,759	(279,759)	11,436,918	9,218,949	-	-	9,218,949
Member Contributions	-	5,779,241	(5,320,241)	459,000	-	279,759	(279,759)	-
Net Assets, End of Year	\$ 13,442,865	\$ 6,082,678	\$ (5,600,000)	\$ 13,925,543	\$ 11,436,918	\$ 279,759	\$ (279,759)	\$ 11,436,918

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
COMPARATIVE CONSOLIDATED SCHEDULES OF AVERAGE COST PER STUDENT
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

June 30, 2016

	<u>Total Cost</u>	<u>Average Cost Per Student</u>
Instructional	\$ 5,042,293	\$ 10,145
General and Administrative	824,639	1,659
Fundraising	<u>27,554</u>	<u>55</u>
Total	<u>\$ 5,894,486</u>	<u>\$ 11,859</u>

The above is the average per student cost for the year ended June 30, 2016, and is based on a full time equivalent (FTE) enrollment of 497 students.

June 30, 2015

	<u>Total Cost</u>	<u>Average Cost Per Student</u>
Instructional	\$ 4,561,071	\$ 9,270
General and Administrative	525,054	1,067
Fundraising	<u>39,816</u>	<u>81</u>
Total	<u>\$ 5,125,941</u>	<u>\$ 10,418</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 492 students.

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantors Number	Program or Award Amount	Period of Award	Grant Receivable at 7/1/15	Current Year Activity		Grant Receivable at 6/30/16
						Receipts	Disbursements Expenditures	
<u>U.S. Department of Education:</u>								
Passed Through the District of Columbia:								
Title V, Part B, Charter Schools Program	84.282A	V282A100025	\$ 59,495	10/25/13 to 07/01/15	\$ 7,637	\$ 10,619	\$ 2,982	\$ -
Special Education - IDEA 611, Grants to Local Education Agencies	84.027A	H027A150010-15A	\$ 64,210	07/01/15 to 09/30/16	-	1,305	1,305	-
Special Education - IDEA 619, Preschool Grants to Local Education Agencies	84.173A	H173A150006	\$ 3,614	07/01/15 to 09/30/16	-	346	346	-
DC School Choice Incentive Program (SOAR):								
Early Childhood	84.370C	U370C140001	\$ 25,328	07/02/15 to 07/10/16	-	25,328	25,328	-
Academic Quality Grants for Charters	84.370C	U370C130001	\$ 84,616	02/21/14 to 02/20/16	11,827	31,862	20,035	-
Academic Quality Grants for Charters	84.370C	U370C140001	\$ 500,000	07/10/15 to 07/10/17	-	91,970	219,507	127,537
Investing in Public Facility Projects	84.370C	U370C140001	\$ 750,000	07/10/15 to 07/10/17	<u>207,587</u>	<u>957,587</u>	<u>750,000</u>	<u>-</u>
Total U.S. Department of Education					<u>\$ 227,051</u>	<u>\$ 1,119,017</u>	<u>\$ 1,019,503</u>	<u>\$ 127,537</u>
<u>U.S. Department of Agriculture:</u>								
Passed Through the District of Columbia:								
Donated Commodities	10.555	N/A		07/01/15 to 06/30/16	\$ -	\$ 571	\$ 571	\$ -
School Breakfast Program	10.553	N/A		07/01/15 to 06/30/16	-	8,312	11,749	3,437
School Breakfast Program	10.553	N/A		07/01/14 to 06/30/15	941	941	-	-
National School Lunch Program	10.555	N/A		07/01/15 to 06/30/16	-	13,136	18,572	5,436
National School Lunch Program	10.555	N/A		07/01/14 to 06/30/15	<u>1,492</u>	<u>1,492</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Agriculture					<u>\$ 2,433</u>	<u>\$ 24,452</u>	<u>\$ 30,892</u>	<u>\$ 8,873</u>
Total Federal Awards					<u>\$ 229,484</u>	<u>\$ 1,143,469</u>	<u>\$ 1,050,395</u>	<u>\$ 136,410</u>

Summary by CFDA

Program	CFDA Number	Amount of Expenditures
Title V, Part B, Charter Schools Program	84.282A	\$ 2,982
Special Education - IDEA 611, Grants to Local Education Agencies	84.027A	1,305
Special Education - IDEA 619, Preschool Grants to Local Education Agencies	84.173A	346
DC School Choice Incentive Program (SOAR)	84.370C	1,014,870
Donated Commodities	10.555	571
School Breakfast Program	10.553	11,749
National School Lunch Program	10.555	<u>18,572</u>
Total Federal Awards		<u>\$ 1,050,395</u>

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Note 1: Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Briya Public Charter School and Subsidiary (the School) under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Note 2: Summary of Significant Account Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The School has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Major Program Selection:

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

U.S. Department of Education

- DC School Choice Incentive Program (Scholarships for Opportunity and Results)

The requirements of the Uniform Guidance dictate all major programs as determined by the auditor on a risk-based approach and/or at least 40% (20% for low risk auditees) of all federal awards be subject to specific control and compliance testing. For the Briya Public Charter School and Subsidiary, the programs subject to these requirements are as listed above. The total expenditures of these programs represent 96.62% of the total federal expenditures.

<u>Program</u>	<u>CFDA Number</u>	<u>Amount of Expenditures</u>
Title V, Part B, Charter Schools Program	84.282A	\$ 2,982
Special Education - IDEA 611, Grants to Local Education Agencies	84.027A	1,305
Special Education - IDEA 619, Preschool Grants to Local Education Agencies	84.173A	346
DC School Choice Incentive Program (SOAR)	84.370C	1,014,870*
Donated Commodities	10.555	571
School Breakfast Program	10.553	11,749
National School Lunch Program	10.555	<u>18,572</u>
Total Federal Awards		<u>\$ 1,050,395</u>

*Denotes Major Program

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Note 4 - Food Commodities:

Nonmonetary assistance is reported in the Schedule at fair market value of the commodities received and disbursed.

Note 5 - Major Program Disclosure:

I. U.S. Department of Education:

DC School Choice Incentive Program

Administration of Scholarships for Opportunity and Results funding is designed to increase student achievement and academic growth of District of Columbia public charter school students by supporting the creation and expansion of high-quality public charter schools. In order to accomplish this goal, the Office of State Superintendent of Education (OSSE) established two impact areas:

- Innovative funding to improve school performance and educational outcomes; and
- Effective facility financing and funding to increase the number of high-quality public charter school seats.

1) State System of Support Best Practices Grant

Funds reward schools for implementing best and promising practices, to foster innovation through the dissemination of these practices, and to provide funding to build effective relationships between higher-performing schools and schools in need of appropriate supports aimed at raising student achievement.

2) Increasing Academic Quality Grants

Funds support plans that have a direct and rapid impact on student proficiency rates and the success of public charter school students, either school-wide or for specific subgroups.

3) Investing in Public Facility Projects

Funds support the renovation or reconstruction of former District of Columbia Public Schools (DCPS) or other District-owned facilities released by the District for lease by public charter schools.

Board of Directors
Briya Public Charter School and Subsidiary
2333 Ontario Road NW
Washington, DC 20009

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 consolidated financial statements of the Briya Public Charter School and Subsidiary (the School), which comprise the statement of financial position as of June 30, 2016, 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 1, 2016.

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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's consolidated 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 consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Kendall, Prebola and Jones
Certified Public Accountants

Bedford, Pennsylvania
November 1, 2016

Board of Directors
Briya Public Charter School and Subsidiary
2333 Ontario Road NW
Washington, DC 20009

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

We have audited the Briya Public Charter School (a nonprofit organization) and Subsidiary's (the School) compliance with the types of compliance requirements described in the *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, 2016. 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 and in the notes to the Schedule of Expenditures of Federal Awards.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

Opinion on Each Major Federal Award Program

In our opinion, the Briya Public Charter School and Subsidiary, 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, 2016.

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 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 the Uniform Guidance, 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kendall, Prebola and Jones
Certified Public Accountants

Bedford, Pennsylvania
November 1, 2016

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

There were no audit findings in the prior year.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

I. Summary of Audit Results

- a. The auditor's report expresses an unmodified opinion on whether the financial statements of the Briya Public Charter School and Subsidiary were prepared in accordance with generally accepted accounting principles.
- b. No significant deficiencies relating to the audit of the financial statements have been reported.
- c. No instances of noncompliance material to the financial statements of the School, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- 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 School expresses an unmodified opinion.
- f. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516 (a) of the Uniform Guidance in the Schedule of Findings and Questioned Costs.
- g. The major programs of the School were as follows:

<u>Program</u>	<u>CFDA #</u>
DC School Incentive Program	84.370C

- h. The dollar threshold utilized to determine Type A programs was \$750,000.
- i. The School did not qualify as a low-risk auditee.

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

There were no findings in the current year.

III. Findings relating to federal awards, which are required to be reported in accordance with the *Uniform Guidance*

There were no findings in the current year.