

CEDAR TREE ACADEMY PUBLIC CHARTER SCHOOL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(Together With Independent Auditor's Report)

CEDAR TREE ACADEMY PUBLIC CHARTER SCHOOL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Cedar Tree Academy Public Charter School
Washington, D.C.

Report on Financial Statements

We have audited the accompanying financial statements of Cedar Tree Academy Public Charter School (the School) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets and cash flows for the year 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of functional expenses on page 12 and supplemental schedule of vendors paid over \$25,000 on page 13 are presented for the purpose of additional analysis and are 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 supplemental schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the School's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated, October 30, 2017. In our opinion, the comparative information presented therein, as of and for the year ended June 30, 2017 is consistent in all material respects, with the audited financial statements from which it was derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2018 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Bert Smith & Co

October 26, 2018
Washington, D.C.

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Cedar Tree Academy Public Charter School
Washington, D.C.

Report on Financial Statements

We have audited the accompanying financial statements of Cedar Tree Academy Public Charter School (the School) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

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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

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October 26, 2018
Washington, D.C.

CEDAR TREE ACADEMY PUBLIC CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(With Comparative Totals for 2017)

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 10,850,472	\$ 10,359,001
Due from District Government	97,865	89,235
Investments	296,167	293,472
Interest Rate Swap	193,253	5,895
Other Assets	61,005	39,197
Total Current Assets	<u>11,498,762</u>	<u>10,786,800</u>
Noncurrent Assets		
Restricted Cash	483,000	483,000
Property and Equipment, net	8,635,912	8,796,847
Total Noncurrent Assets	<u>9,118,912</u>	<u>9,279,847</u>
Total Assets	<u><u>\$ 20,617,674</u></u>	<u><u>\$ 20,066,647</u></u>
Liabilities and Net Assets		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 84,624	\$ 54,423
Accrued Payroll and Taxes	312,754	353,720
Deferred Revenue	-	4,943
Notes Payable, net	320,057	296,101
Total Current Liabilities	<u>717,435</u>	<u>709,187</u>
Noncurrent Liabilities		
Notes Payable, net	5,030,465	5,350,194
Total Noncurrent Liabilities	<u>5,030,465</u>	<u>5,350,194</u>
Total Liabilities	<u>5,747,900</u>	<u>6,059,381</u>
Net Assets-Unrestricted	<u>14,869,774</u>	<u>14,007,266</u>
Total Liabilities and Net Assets	<u><u>\$ 20,617,674</u></u>	<u><u>\$ 20,066,647</u></u>

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

CEDAR TREE ACADEMY PUBLIC CHARTER SCHOOL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018
(With Comparative Totals for 2017)

	<u>2018</u>	<u>2017</u>
Revenue and Support		
Per Pupil Allotment	\$ 7,403,957	\$ 6,885,616
Federal Revenue	657,715	571,211
Grant Revenue	27,291	31,477
Before and After Care	160,477	129,447
Interest Income	13,922	8,951
Rental Income	252,000	240,000
Gain on Sale of Property	-	49,632
Other Income	5,357	12,464
Total Revenue and Support	<u>8,520,719</u>	<u>7,928,798</u>
Expenses		
Program Services	5,420,735	4,990,762
Management and General	2,424,834	2,133,995
Total Expenses	<u>7,845,569</u>	<u>7,124,757</u>
Change in Net Assets Before Interest Rate Swap Fair Value Change	675,150	804,041
Interest Rate Swap Fair Value Change	<u>187,358</u>	<u>323,420</u>
Change In Net Assets	862,508	1,127,461
Net Assets, Beginning of Year	<u>14,007,266</u>	<u>12,879,805</u>
Net Assets, End of Year	<u><u>\$ 14,869,774</u></u>	<u><u>\$ 14,007,266</u></u>

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

CEDAR TREE ACADEMY PUBLIC CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
(With Comparative Totals for 2017)

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 862,508	\$ 1,127,461
<i>Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:</i>		
Depreciation	263,285	264,608
Gain on Sale of Property	-	(49,632)
Unrealized Gain on Interest Rate Swap	(187,358)	(323,420)
Amortization of Debt Issuance Costs	14,724	14,724
<i>(Increase) Decrease in Assets</i>		
Receivables	(8,630)	(12,426)
Other Assets	(21,808)	2,772
<i>(Decrease) Increase in Liabilities</i>		
Accounts Payable	30,201	674
Accrued Payroll and Taxes	(40,966)	63,544
Deferred Revenue	(4,943)	4,943
Net Cash Provided by Operating Activities	<u>907,013</u>	<u>1,093,248</u>
Cash Flows from Investing Activities		
Proceeds from the Sale of Property	-	59,653
Purchase of Investments	(2,695)	(1,428)
Purchase of Fixed Assets	(102,350)	(26,948)
Net Cash (Used in) Provided by Investing Activities	<u>(105,045)</u>	<u>31,277</u>
Cash Flows from Financing Activities		
Payments on Martin Luther King Campus Loan	(189,736)	(275,721)
Payments on Notes Loan Payable	(120,761)	(117,211)
Net Cash Used in Financing Activities	<u>(310,497)</u>	<u>(392,932)</u>
Net Increase in Cash and Cash Equivalents	491,471	731,593
Cash and Cash Equivalents, Beginning of Year	<u>10,842,001</u>	<u>10,110,408</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 11,333,472</u></u>	<u><u>\$ 10,842,001</u></u>
Supplemental Disclosure		
Interest Expense Paid	<u><u>\$ 171,592</u></u>	<u><u>\$ 181,894</u></u>

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

CEDAR TREE ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Cedar Tree Academy Public Charter School (the School), formerly known as Howard Road Public Charter School was organized in 1999 to operate a charter school pursuant to Section 2203 of the District of Columbia Education Law. On May 1, 2000, the School was granted a charter by the D.C. Public Charter School Board (PCSB) for a term of fifteen years, which was subsequently renewed. The School serves students in grades PK-3 through kindergarten.

Cedar Tree Academy believes all children have the right to be respected, accepted and embraced as having capable, young minds. As its mission, the School is committed to academic excellence for all students and achieves this by building a foundation for lifelong learning, in a safe, nurturing learning environment.

The School's major source of funding is an annual per pupil allotment from the Government of the District of Columbia (District). The School also receives funding from the federal government, student fees, and activities.

Basis of Accounting: The accompanying financial statements of the School have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation: The School reports information regarding its financial position and activities in two classes of net assets: unrestricted net assets and temporarily restricted net assets.

- *Unrestricted Net Assets* - net assets that are not subject to donor-imposed stipulations.
- *Temporarily Restricted Net Assets* - net assets subject to donor-imposed stipulations that will be met either by actions of the School and/or the passage of time. The School did not have temporarily restricted net assets at June 30, 2018.

Revenues are reported as unrestricted or temporarily restricted depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily restricted. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a donor restriction expires in the same reporting period, the School reports the contributions as unrestricted.

Cash and Cash Equivalents: The School considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Property and Equipment: The School capitalizes bulk purchases as a group that had a unit cost in excess of \$1,000 and had total monetary values for one time acquisitions exceeding \$5,000. Depreciation expense is recorded using the straight-line method over the fixed assets estimated useful lives. Leasehold improvements are depreciated over the lease term.

Maintenance and repairs are expensed when incurred. The estimated useful lives are as follows:

Building	30 years
Building Improvements	30 years
Furniture and Equipment	7 years
Computers	3 years
Textbooks	5 years

Income Taxes: The School, a nonprofit organization operating under Section 501(c)(3) of the Internal Revenue Code, is generally exempt from federal, state and local income taxes, and, accordingly, no provision for income taxes is included in the financial statements.

Financial Accounting Standards Board (FASB), Accounting Standards Codification 740, *Income Taxes* (ASC 740) requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. As of June 30, 2018, management has assessed its various tax positions and it believes there are no liabilities for uncertain tax positions.

The School’s tax returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Investments: Investments are reported at fair value. Investment income is recognized as revenue and reported in the statement of activities and changes in net assets as increases or decreases in unrestricted unless it is temporarily restricted.

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 certain amounts of assets and liabilities. These estimates also affect the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized as additional information on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Pronouncements to Be Adopted: FASB 958, “*Presentation of Financial Statements of Not-for-Profit Entities*”. This standard enhances disclosures and amends the requirements for financial statements and notes for non-profit organizations to require the presentation of the financial statements in two classes of net assets rather than for the currently required three classes. In addition, the amendment no longer requires the presentation or disclosure of the indirect method (reconciliation) if using the direct method. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The School has elected not to early implement.

Accounting Standards Update (ASU) Topic 230, “Statement of Cash Flows”. The amendment require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The School has elected not to early implement.

NOTE 2 CASH AND CASH EQUIVALENTS

Unrestricted	\$10,850,472
Restricted	483,000
Total Cash and Cash Equivalents	<u>\$11,333,472</u>

Restricted Cash

Under the School's modified interest rate swap loan agreement (see Note 7), the bank required that \$483,000 of the School's operating cash be restricted.

Concentration of Credit Risk

The School maintains its cash in several financial institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2018, the uninsured cash balances totaled \$10,772,050.

NOTE 3 DUE FROM DISTRICT GOVERNMENT

The School receives an annual per pupil allotment and federal funds as a pass-through from the District. At June 30, 2018, the amounts due from the District were \$97,865.

NOTE 4 INVESTMENTS

At June 30, 2018, the School's investments, which are reported at fair value consists of certificate of deposits totaling \$296,167.

NOTE 5 FAIR VALUE MEASUREMENTS

In accordance with ASC No. 820-10, the School's assets and liabilities are reported at fair value. ASC No. 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels.

Level 1 Quoted market prices for identical assets or liabilities in active markets.

Level 2 Quoted market prices for similar assets or liabilities in active markets; quoted prices for identical or similar instruments in markets that are not active; or other than quoted prices in which significant inputs and significant value drivers are observable in active markets either directly or indirectly.

Level 3 Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are not observable.

The fair value of the School's assets measured on a recurring basis at June 30, 2018 is as follows:

	<u>Level 1</u>	<u>Level 2</u>
<i>Assets:</i>		
Cash Equivalents	\$ 3,666,614	\$ -
Investments - Certificates of Deposit	-	296,167
Interest Rate Swap	-	193,253
Total	<u>\$ 3,666,614</u>	<u>\$ 489,420</u>

Certificates of Deposit are valued based on original cost plus accrued interest.

Interest rate swaps are valued based on several market inputs such as interest rates, swap spreads, and yield curves.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2018:

Land	\$ 989,979
Buildings	9,369,586
Building Improvements	459,021
Furniture and Equipment	2,016,845
Textbooks	440,319
Total Fixed Assets	<u>13,275,750</u>
Less: Accumulated Depreciation	<u>(4,639,838)</u>
Net Fixed Assets	<u>\$ 8,635,912</u>

Depreciation expense during the fiscal year ended June 30, 2018 was \$263,285.

NOTE 7 INTEREST RATE SWAPS

On November 28, 2007, the School entered into an interest rate swap agreement with Bank of America to reduce the impact of changes in interest rates on its floating rate long-term debt. Under the agreement, the School pays the bank interest at a fixed rate of 3.71% on the principal bond loan balance. The agreement was set to expire on December 1, 2024.

As discussed in Note 8, in November 2012, the School refinanced its existing debt with Branch Banking & Trust Company (BB&T). As part of that transaction, the School exited its original swap agreement and entered into two new swap agreements to hedge against variable interest rate risk on portions of the new debt. One of the swaps covers a \$2,900,000 loan and the other a \$4,400,000 loan. To unwind its existing swap, the School had to pay \$741,824 to the issuing bank in November 2012.

Under the original swap agreement, the School paid the bank interest at a fixed rate of 3.71% on the principal loan balance.

Under the new swap agreement that hedges its \$2,900,000 loan, the School pays interest at fixed rate of 3.25% on the principal loan balance. The swap expires on December 1, 2024. The School paid interest of \$11,242 during fiscal year 2018. At June 30, 2018, the interest rate swap had a value of \$93,229.

Under the new swap agreement that hedges its \$4,400,000 loan, the School pays interest at fixed rate of 2.72% on the principal loan balance. The swap expires on December 1, 2024. The School paid interest of \$15,510 during fiscal year 2018. At June 30, 2018, the interest rate swap had a value of \$100,024.

NOTE 8**NOTES PAYABLE*****Bond Financing***

In August 2004, the School purchased the main campus for \$7,000,000. The purchase was financed with a \$6,215,000 short-term bridge loan from a bank and a \$1,250,000 loan from the D.C. Office of Public Charter School Financing and Support which was subsequently paid in full in 2009.

In November 2004, the District issued in \$6,295,000 Series 2004 bonds. The bond proceeds were used to pay-off the School's short-term bridge loan. The bonds mature in 2024 and bear a variable interest rate. Pursuant to the bond issuance, the School entered into a loan agreement with the District.

In November 2012, the School refinanced the \$4,400,000 outstanding balance of these funds with BB&T. The debt issuance costs related to the note totaled \$276,161. These costs are amortized over the life of note and are reflected as a reduction to the note payable in the statement of financial position. The amortization of the debt issuance costs, which is reflected as interest expense in the supplemental schedule of functional expense, was \$14,724 for 2018. At June 30, 2018, the unamortized debt issuance costs totaled \$193,944.

During the fiscal year 2018, the School paid interest to the Bond Trustee totaling \$83,130. At June 30, 2018, the total amount payable under the loan was \$3,430,880.

The loan is secured by all of the School's assets and properties, including without limitation, all existing and future property of the School.

The minimum principal payments as of June 30, 2018 are as follows:

2019	194,961
2020	200,331
2021	205,848
2022	211,518
2023	217,343
Thereafter	2,400,879
Total	<u>\$ 3,430,880</u>

	Note Payable	Unamortized Debt Issuance Costs	Net Note Payable
Current Portion	\$ 194,961	\$ (14,724)	\$ 180,237
Long-term Portion	3,235,919	(179,220)	3,056,699
	<u>\$ 3,430,880</u>	<u>\$ (193,944)</u>	<u>\$ 3,236,936</u>

Martin Luther King Campus Loan

On August 31, 2009, the School obtained a \$3,000,000 loan to purchase a building on Martin Luther King Avenue for a second campus. The loan matures on September 1, 2019 and had a fixed interest rate of 6.5% for the first five years. After five years, the interest rate is the 30 day LIBOR rate, as published in the Wall Street Journal on September 1, 2014 plus 3%. In November 2012, the School refinanced this loan (\$2,900,000 total authorized in the loan documents, though a portion was repaid at closing) with a local bank. The new loan has a maturity date of December 1, 2024. Interest is BBA Monthly LIBOR + 135 BPS. This loan is hedged with a swap as described in Note 7 and is currently held with BB&T.

Interest paid during the fiscal year 2018 was \$61,710. At June 30, 2018, the total amount payable under the loan was \$2,113,586.

The minimum principal payments at June 30, 2018 are as follows:

2019	125,096
2020	129,236
2021	133,513
2022	137,931
2023	142,495
Thereafter	<u>1,445,315</u>
Total	<u>\$2,113,586</u>
Current Portion	\$ 125,096
Long-term Portion	<u>1,988,490</u>
Total	<u>\$2,113,586</u>

The loan is secured by the building. Under the new loan, the required ratio was 1.50:1 for 2018. The School was in compliance with the covenant at June 30, 2018.

NOTE 9 PER PUPIL ALLOTMENT

The School receives an annual per pupil allotment from the District that is based on its student enrollment. The pupil allotment represented about 87% of the School's total revenue for fiscal year 2018. The per pupil allotment consist of the following at year-end:

Per Pupil Allotment – Education	\$ 6,187,528
Per Pupil Allotment – Facilities	<u>1,216,429</u>
Total	<u>\$ 7,403,957</u>

NOTE 10 RENTAL INCOME

The School leased its former Martin Luther King campus to another local charter school. The lessee signed a one-year lease. In 2018, rental income totaled \$252,000.

NOTE 11 RETIREMENT PLAN

The School offers its employees a 401(k) plan. It matches up to 4% of the employees' salary at \$.25 on the dollar. In 2018, the School retirement contribution totaled \$63,380.

NOTE 12 SUBSEQUENT EVENTS

The School has evaluated any subsequent events through October 26, 2018, which is the date the financial statements were available to be issued. This review and evaluation revealed no material events that would have an effect on the accompanying financial statements.

CEDAR TREE ACADEMY PUBLIC CHARTER SCHOOL
SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(With Comparative Totals for 2017)

	Program Services	General and Administration	2018	2017
Personnel Costs				
Salaries and Wages	\$ 3,595,209	\$ 815,088	\$ 4,410,297	\$ 3,886,179
Employee Benefits	238,103	53,981	292,084	293,298
Payroll Taxes	296,521	67,226	363,747	345,325
Professional Development	267,007	-	267,007	382,395
Travel and Meetings	1,724	-	1,724	830
Total Personnel Costs	4,398,564	936,295	5,334,859	4,908,027
Direct Student Costs				
Supplies and Materials	202,771	-	202,771	141,570
Transportation	37,210	-	37,210	46,155
Contracted Instruction Fees	218,025	-	218,025	225,779
Student Assessment	13,575	-	13,575	21,705
Total Direct Student Costs	471,581	-	471,581	435,209
Occupancy Expenses				
Maintenance and Repairs	-	230,397	230,397	115,994
Utilities	-	133,396	133,396	126,407
Contracted Building Services	-	187,902	187,902	177,958
Interest	-	186,316	186,316	196,618
Depreciation - Facilities	-	202,735	202,735	202,357
Total Occupancy Expenses	-	940,746	940,746	819,334
Office Expenses				
Supplies and Materials	-	56,396	56,396	26,988
Equipment Rental	-	27,238	27,238	21,441
Telecommunications	-	15,825	15,825	16,884
Professional Fees	-	283,582	283,582	278,663
Printing and Publications	-	6,724	6,724	10,907
Advertising and Recruitment	167,280	6,109	173,389	123,370
Postage and Shipping	-	1,593	1,593	3,617
Memberships and Subscriptions	-	22,141	22,141	5,920
Total Office Expenses	167,280	419,608	586,888	487,790
General Expenses				
Insurance	-	40,269	40,269	37,610
Fees and Licenses	-	76,556	76,556	75,558
Food Service/Catering	322,760	-	322,760	279,295
Depreciation – Operating Assets	60,550	-	60,550	62,251
Other General Expenses	-	11,360	11,360	19,683
Total General Expenses	383,310	128,185	511,495	474,397
Total Expenses	\$ 5,420,735	\$ 2,424,834	\$ 7,845,569	\$ 7,124,757

CEDAR TREE ACADEMY PUBLIC CHARTER SCHOOL
SUPPLEMENTAL SCHEDULE OF VENDORS PAID OVER \$25,000
FOR THE YEAR ENDED JUNE 30, 2018

Vendor Name	Type of Service	Amount Paid
United Health Care	Health Insurance	\$ 278,921
Revolution Foods, Inc.	Food Service	220,804
BB&T	Banking Services	188,929
Capitol Services Management, Inc.	Building Maintenance Services	187,212
EdOps	Finance, Accounting, and Student Data Services	141,155
KJ Consulting Kamila Johnson	Staff Professional Development Services	112,500
Mac Construction	Maintenance and Repair	87,500
XNS Brand Consulting Agency	Student Marketing	83,317
DC Public Charter School Board	Authorizer	76,556
ReadyNurse Staffing Services	School Nurse	74,734
Capital Strategies & Solutions	Student Marketing	70,650
PEPCO	Utilities	69,876
Owia Technology	Computer Support	60,900
The Honey Bee Company	Student Supplies	60,000
Infinite Potential	Contracted Special Education Instruction	57,593
Align Staffing 1	Contracted Special Education Instruction	55,435
Staples Business Advantage	Office and Student Supplies	48,274
Urban Strategies and Solutions, LLC	Staff Professional Development Services	42,000
The Fruit Guys	Food Service	36,796
ADP, INC.	Payroll Services	32,088
Great American Insurance Company	Business Insurance	30,587
D.C. Water and Sewer Authority	Utilities	30,544
Boland Services	Maintenance and Repair	26,396
Nauticon Imaging Systems	Copier Services	26,320
Risse Brothers	Uniforms	25,672
Total Expenses		<u><u>\$ 2,124,759</u></u>



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**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Cedar Tree Academy Public Charter School
Washington, D.C.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cedar Tree Academy Public Charter School (the School), as of and the related statements of activities and changes in net assets and cash flows for the year then ended, June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Bert Smith & Co

October 26, 2018
Washington, D.C.