

# **Euphemia L. Haynes Public Charter School, Inc. and Subsidiary**

Uniform Guidance  
Supplementary Financial Report  
Year Ended June 30, 2017

## Contents

---

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 <i>Government Auditing Standards</i>	1-2
---	-----

---

Independent auditor's report on compliance for the major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by Uniform Guidance	3-4
---	-----

---

Schedule of expenditures of federal awards	5
Notes to schedule of expenditures of federal awards	6
Schedule of findings and questioned costs	7-8
Summary schedule of prior audit findings	9

---



RSM US LLP

**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***

To the Board of Trustees  
Euphemia L. Haynes Public Charter School, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Euphemia L. Haynes Public Charter School, Inc. and Subsidiary (collectively, the Organization), which comprise the consolidated balance sheet as of June 30, 2017, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 31, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 Organization'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 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.

*RSM US LLP*

Washington, D.C.  
October 31, 2017



RSM US LLP

**Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

To the Board of Trustees  
Euphemia L. Haynes Public Charter School, Inc.

**Report on Compliance for the Major Federal Program**

We have audited Euphemia L. Haynes Public Charter School, Inc. and Subsidiary's (collectively, the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2017. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the 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 the Organization's major federal program 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 Organization'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 the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

**Opinion on the Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

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

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Organization's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the consolidated financial statements of the Organization as of and for the year ended June 30, 2017, and we have issued our report thereon dated October 31, 2017, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*RSM US LLP*

Washington, D.C.  
October 31, 2017

**Euphemia L. Haynes Public Charter School, Inc. and Subsidiaries**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
<b>U.S. Department of Education</b>			
Pass-through:			
District of Columbia Office of State Superintendent of Education:			
Title I Grants to Local Educational Agencies	84.010A	SG010A	<u>\$ 429,035</u>
Special Education Cluster (IDEA):			
Special Education – Grants to States	84.027	N/A	244,125
Special Education – PreSchool Grants	84.173A	N/A	<u>1,224</u>
			<u>245,349</u>
Supporting Effective Instruction State Grant			
	84.367A	N/A	105,866
English Language Acquisition State Grants			
	84.365A	N/A	22,288
Scholarships for Opportunity and Results (SOAR) Act Grants			
	84.370C	N/A	<u>147,516</u>
<b>Total U.S. Department of Education</b>			<u>950,054</u>
<b>U.S. Department of Health and Human Services</b>			
Pass-through:			
District of Columbia Office of the Mayor:			
Child Care and Development Block Grant	93.575	N/A	76,486
Temporary Assistance for Needy Families	93.558	N/A	<u>62,579</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>139,065</u>
<b>U.S. Department of Agriculture</b>			
Pass-through:			
District of Columbia Office of State Superintendent of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	94,408
National School Lunch Program	10.555	N/A	
Cash			231,026
Commodities			<u>28,021</u>
<b>Total Department of Agriculture</b>			<u>353,455</u>
<b>Total expenditures of federal awards</b>			<u>\$ 1,442,574</u>

See notes to schedule of expenditures of federal awards.

## Euphemia L. Haynes Public Charter School, Inc. and Subsidiary

### Notes to Schedule of Expenditures of Federal Awards

---

#### Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Euphemia L. Haynes Public Charter School, Inc. and Subsidiary (collectively, the Organization) and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic consolidated financial statements.

#### Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on accrual basis of accounting, and do not include any amounts to subrecipients. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization did not elect to use the 10% de minimis cost rate as covered in §200.414 indirect (F&A) costs.

#### Note 3. Reconciliation

The accompanying schedule of expenditures of federal awards is reconciled to the consolidated statement of activities for the year ended June 30, 2017, of the Organization as follows:

Total expenditures of federal awards per the Schedule	\$ 1,442,574
Reconciling items:	
Amounts written off from prior years	(21)
Prior year expenditures of federal awards in fiscal year 2017 and other adjustments	(877)
Federal grants revenue per the consolidated statement of activities	<u>\$ 1,441,676</u>



**Euphemia L. Haynes Public Charter School, Inc. and Subsidiary**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017**

---

**Section II. Financial Statement Findings**

None Reported.

**Section III. Findings and Questioned Costs for Federal Awards**

None Reported.

**Euphemia L. Haynes Public Charter School, Inc. and Subsidiary**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2017**

---

There were no findings reported for the year ended June 30, 2016.