

**EAGLE ACADEMY PUBLIC CHARTER SCHOOL**

**Single Audit Together with  
Reports of Independent Public Accountants**

**For the Year Ended June 30, 2017**



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**JUNE 30, 2017**

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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

The Board of Trustees  
Eagle Academy Public Charter School

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

We have audited the statement of financial position of Eagle Academy Public Charter School (the School) as of June 30, 2017, 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 basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the auditing standards established pursuant to the District of Columbia School Reform Act, Public law No. 104-134, 110 Stat. 1321-121, 2204(C)(11)(B)(ix)(1996); D.C. Official Code 38-1802.04(ii)(B)(2001, as amended). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.



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### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the School as of June 30, 2017, and the changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated December 6, 2017 on our consideration of the School's internal control over financial reporting and 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.

Washington, DC  
December 6, 2017

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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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***

The Board of Trustees  
Eagle Academy Public Charter School

**Report on the Financial Statements**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Eagle Academy Public Charter School (the School) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's financial statements, and have issued our report thereon dated December 6, 2017.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies.



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Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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.

Washington, DC  
December 6, 2017

A handwritten signature in black ink that reads "SB &amp; Company, LLC". The signature is written in a cursive, flowing style.



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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

The Board of Trustees  
Eagle Academy Public Charter School

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

We have audited the Eagle Academy Public Charter School's (the School) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *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, 2017. The School's major Federal programs are identified in the summary of independent public accountant's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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.



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

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

### **Report on Internal Control over Compliance**

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program as a basis for designing 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 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.



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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.

Washington, DC  
December 6, 2017

*SB & Company, LLC*

**EAGLE ACADEMY PUBLIC CHARTER SCHOOL**

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

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>			
<u>Pass-through DC Public Schools</u>			
Temporary Assistance for Needy Families	93.558	Unknown	\$ 342,576
Medicaid	93.778	Unknown	<u>187,592</u>
Total U.S. Department of Health and Human Services			<u>530,168</u>
<b>U.S. Department of Education</b>			
<u>Pass-through DC Public Schools</u>			
Title I Grants to Local Educational Agencies	84.010A	Unknown	364,413
Title II Grants to Local Educational Agencies	84.367	Unknown	79,316
Title II Part A SAHE - Improving Teacher Quality State Grant	84.367	Unknown	42,409
Special Education Cluster (IDEA)			
Grants to States (IDEA, Part B)	84.027	Unknown	127,825
Preschool Grants (IDEA Preschool)	84.173	Unknown	<u>3,769</u>
Total Special Education Cluster (IDEA)			<u>131,594</u>
Education Agency Grants - School Climate	84.184G	Unknown	268,832
SOAR grants	84.370C	Unknown	273,000
Title V -B Charter School Dissemination	84.282A	Unknown	45,234
<u>Pass-through Office of State of Superintendent of Education</u>			
School Technology Fund	84.Unknown	Unknown	<u>42,615</u>
Total U.S. Department of Education			<u>1,247,413</u>
<b>U.S. Department of Agriculture</b>			
<u>Pass-through DC Public Schools</u>			
Child Nutrition Cluster			
National School Breakfast/ Lunch Program	10.555	Unknown	460,235
School Breakfast Program	10.553	Unknown	<u>310,700</u>
Total Child Nutrition Cluster			<u>770,935</u>
Fresh Fruit and Vegetable Program	10.582	Unknown	76,261
Child and Adult Care Food Program	10.558	Unknown	<u>125,962</u>
Total U.S. Department of Agriculture			<u>973,158</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 2,750,739</u></u>

The accompanying notes are an integral part of this schedule.

# EAGLE ACADEMY PUBLIC CHARTER SCHOOL

## Notes to the Schedule of Expenditures of Federal Awards June 30, 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

All Federal grant operations of Eagle Academy Public Charter School (the School) are included in the scope of Title 2 U.S. Code of Federal Regulations part 200, Uniform Administration Requirement, Cost Principles, and Audit Requirements for Federal Awards (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB Compliance Supplement (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant program noted below. This program represents Federal award programs for fiscal year 2017 cash and non-cash expenditures to ensure coverage of at least 20% of Federally granted funds. Actual coverage is 30% of total cash and non-cash Federal award program expenditures.

Expenditures reported on the schedule of expenditures of Federal awards are reported on the accrual basis of accounting. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

Major Programs	Federal CFDA Number	Federal Expenditures
National School Breakfast/ Lunch Program	10.555	\$ 460,235
School Breakfast Program	10.553	<u>310,700</u>
Total Child Nutrition Cluster		<u>\$ 770,935</u>

### 2. BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal awards (the Schedule) includes the Federal award activity of the School under programs of the Federal government for the year ended June 30, 2017. 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*. Because the schedule of expenditures of Federal awards 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.

**EAGLE ACADEMY PUBLIC CHARTER SCHOOL**

**Notes to the Schedule of Expenditures of Federal Awards  
June 30, 2017**

**3. MEDICAID ADMINISTRATION SUPPORT PROGRAM**

Medicaid expenditure of \$184,065 is not included in the threshold amount to require an entity to have a Single Audit because there is already separate and sufficient monitoring of this program being done. However, for the purposes of the schedule of expenditures of Federal awards reporting, the Medicaid payments must be reported.

**EAGLE ACADEMY PUBLIC CHARTER SCHOOL**

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

**Section I –Summary of Independent Public Accountants’ Results**

**Financial Statements**

Type of Independent Public Accountants’ Report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Type of Independent Public Accountants’ Report issued on compliance for major programs	Unmodified
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Audit findings disclosed that are required to be reported in accordance with Section 200.516 of Uniform Guidance?	No

**Identification of Major Programs**

<b>Major Programs</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
National School Breakfast/ Lunch Program	10.555	\$ 460,235
School Breakfast Program	10.553	310,700
Total Child Nutrition Cluster		\$ 770,935
Threshold used to distinguish between type A and type B programs		\$ 750,000
Auditee qualified as low-risk auditee?		Yes

**EAGLE ACADEMY PUBLIC CHARTER SCHOOL**

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

**Section II –Financial Statement Findings**

None noted.

**Section III –Federal Award Findings**

None noted.

**EAGLE ACADEMY PUBLIC CHARTER SCHOOL**

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

**Reference Number: 2016-001**

**United States Department of Education  
CFDA No. 84.010A – Title I Grants to Local Education Agencies**

**Type of Finding – Noncompliance and Control Deficiency over Special Tests and Provisions**

***Criteria***

A local educational agency (LEA) has to ensure that any teacher whom it hires to teach a core academic subject is highly qualified as defined in 34 CFR section 200.56. Core academic subjects refer to English, reading or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history and geography.

An LEA must ensure that each paraprofessional who is hired by the LEA and who works in a program supported with Title I, Part A funds, meets specific qualification requirements. A paraprofessional must hold a high school diploma or its recognized equivalent and meet one of the following requirements:

- 1) Have completed at least 2 years of study at an institution of higher education.
- 2) Have obtained an associate's or higher degree.
- 3) Have met a rigorous standard of quality, and can demonstrate through a formal State or local academic assessment knowledge of, and the ability to assist in instructing, reading/language arts, writing, and mathematics, or reading readiness, writing readiness, and mathematics readiness.

***Condition***

During our audit, we noted for two (2) out of eight (8) instructors selected for testing, management was unable to provide support that the instructors met the criteria for highly qualified, as defined above.

***Cause***

The School did not properly retain source records to provide evidence that instructors working in programs supported with Title I, Part A funds met the criteria in 34 CFR section 200.56.

***Effect***

The possibility exists that Title I, Part A funds were used to support unqualified instructors.

***Recommendation***

We recommend that for each teacher and paraprofessional hired to instruct a core academic subject, management retain source records that document how the criteria for highly qualified is met.

**EAGLE ACADEMY PUBLIC CHARTER SCHOOL**

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

**Reference Number: 2016-001** (continued)

***Questioned Costs***

Unknown.

***Corrective Action Plan and Management's Response***

Eagle management was well aware of the requirement for all teachers to be highly qualified. Executive Management was assured by the Director of Human Resources that all credentials had been reviewed and that all teachers in the program were highly qualified. The Director of Human Resources was fired by Executive Management for this failure and additional oversights.

***Corrective Action:***

The Human Resources Coordinator is now in charge of the HR department and understands clearly the requirements of each grant in terms of qualifications of personnel. The principals of each school are now required to review the credentials of each teacher assigned to a grant to verify that each teacher meets the grant's requirements.

***Auditor Conclusion:***

Under the Every Student Succeeds Act (ESSA) transition provision, as clarified by the Consolidated Appropriations Act, 2016, the highly qualified teacher requirement was suspended for the 2016-2017 school year.