The SEED Public Charter School of Washington, D.C.

Report to the Finance Committee
November 30, 2015

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November 30, 2015

Finance Committee
The SEED Public Charter School of Washington, D.C.
Washington, D.C.

Attention: Finance Committee

We are pleased to present this report related to our audit of the financial statements of The SEED Public Charter School of Washington, D.C. (the School) as of and for the year ended June 30, 2015. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the School's financial reporting process.

This report is intended solely for the information and use of the Finance Committee and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the School.

RSM US LLP

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated July 6, 2015. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement.
Accounting Policies and Practices	**Preferability of Accounting Policies and Practices** Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. **Adoption of, or Change in, Accounting Policies** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the School. The School did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period. **Upcoming Accounting Pronouncement** In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-03, *Interest – Imputation of Interest (Subtopic 835-30); Simplifying the Presentation of Debt Issuance Costs*. This ASU simplifies the presentation of debt issuance costs. The amendments in this Update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this Update. This ASU is effective for the School for the fiscal year beginning July 1, 2016. Early adoption is permitted. The School should apply the new guidance on a retrospective basis, wherein the balance sheet of each individual period presented should be adjusted to reflect the period-specific effects of applying the new guidance.

Area	Comments
Accounting Policies and Practices (Continued)	**Significant or Unusual Transactions** We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Management's Judgments and Accounting Estimates** Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.
Audit Adjustments	Audit adjustments proposed by us and recorded by the School are shown in the attached Summary of Recorded Audit Adjustments.
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed with or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Letter Communicating a Significant Deficiency in Internal Control Over Financial Reporting	We have separately communicated the significant deficiency identified during the audit in the OMB Circular A-133 Supplementary Financial Report.
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of the School, including the representation letter provided to us by management, are attached as Exhibit A.

Summary of Significant Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the School's June 30, 2015 financial statements.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Property and equipment	Property and equipment are recorded at cost, if purchased, or fair value at the time of the gift, if donated. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized on the straight-line method over the shorter of the useful life of the asset or the remaining term of the lease.	Management reviews the estimated lives and methods used and compares to prior year lives and methods used.	We compared the estimated useful lives of fixed assets to other similar assets owned by the School. We did not identify any assets with significantly shorter lives. Management's estimation process appears reasonable.
Allowance for doubtful accounts receivable	Management provides an allowance for amounts deemed uncollectible.	Management makes regular assessments and individually identifies troubled accounts.	We reviewed receivables at June 30, 2015, with management and calculated an allowance and compared to management's estimate. Management's estimation process appears reasonable.
Allowance for doubtful pledge receivable	Pledges receivable are carried at present value, less an allowance made for doubtful pledges receivable.	Management determines the allowance for doubtful pledges receivable by using the historical experience applied to an aging of promises.	We reviewed payments received in 2015 and prior years, as compared to anticipated collections.

Summary of Recorded Audit Adjustments

As of and for year ended June 30, 2015

Description	Effect—Increase/(Decrease)				
	Assets	Liabilities	Net Assets	Revenue	Expense
To accrue a bonus under a compensation agreement	$ -	$ 12,341	$ -	$ -	$ 12,341

Exhibit A—Significant Written Communications Between Management and Our Firm

November 30, 2015

RSM US LLP
1250 H Street, N.W., Suite 650
Washington, D.C. 20005

This representation letter is provided in connection with your audits of the financial statements of The SEED Public Charter School of Washington D.C. (the School) which comprise the balance sheets as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of November 30, 2015:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated July 6, 2015, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility for 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.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. There are no undisclosed events occurring subsequent to the date of the financial statements for which U.S. GAAP requires adjustment or disclosure.

7. There are no known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

8. The following have been properly recorded and/or disclosed in the financial statements:

    a. Liens or encumbrances on assets and all other pledges of assets and revenue.

    b. Lines of credit or similar arrangements.

c. Security agreements in effect under the Uniform Commercial Code.

d. All leases and material amounts of rental obligations under long-term leases.

e. All significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Risks and Uncertainties Topic of the FASB Accounting Standards Codification. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.

f. Investments in debt or equity securities.

g. Assets measured at fair value in accordance with the Fair Value Measurement Topic of the FASB Accounting Standards Codification

h. Assets in amounts needed to comply with donor and lender restrictions.

i. All recordable contributions, by appropriate net asset class.

j. Deferred revenues.

k. Reclassifications between net asset classes.

l. Allocations of functional expenses based on reasonable basis.

m. Our tax status. We have evaluated the tax positions under the two-step approach for recognition and measurement of uncertain tax positions required by the Income Taxes Topic of the FASB Accounting Standards Codification.

n. Concentrations of credit risk.

9. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

10. We have provided you with:

a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;

b. Additional information that you have requested from us for the purpose of the audits;

c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and

d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

11. All transactions have been recorded in the accounting records and are reflected in the financial statements.

12. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

13. We have no knowledge of allegations of fraud or suspected fraud affecting the entity's financial statements involving:

    a. Management.

    b. Employees who have significant roles in internal control.

    c. Others where the fraud could have a material effect on the financial statements.

14. We have no knowledge of any allegations of fraud or suspected fraud affecting the School's financial statements received in communications from employees, former employees, regulators or others.

15. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

16. We are not aware of any pending or threatened litigation and claims whose effects were considered when preparing the financial statements.

17. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.

18. We have informed you of all significant deficiencies in the design or operation of internal controls that could adversely affect the School's ability to record, process, summarize and report financial data. We are aware of no material weaknesses in the design or operation of internal controls.

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20. Specific representations as follows:

    a. The School has satisfactory title to all owned assets.

    b. We have received a determination from the Internal Revenue Service that we are exempt from federal income taxes as a Section 501(c)(3) not-for-profit corporation, and we have complied with the IRS regulations regarding this exemption.

    c. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made to reduce receivables to their estimated net collectable amounts.

21. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:

    a. The School has no significant amounts of idle property and equipment.

    b. The School has no plans or intentions to discontinue the operations of any division, services, or activities.

c. There are no assets that have permanently declined in value.

d. There are no long-lived assets or intangibles that are impaired or to be disposed of.

22. There are no:

a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.

b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Contingencies Topic of the FASB Accounting Standards Codification.

c. Guarantees, whether written or oral, under which the School is contingently liable.

d. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.

e. Agreements to repurchase assets previously sold.

f. Contractual obligations for the construction or purchase of real property, equipment, other assets, or intangibles.

g. Liabilities that are subordinated to any other actual or possible liabilities of the School.

h. Liabilities measured at fair value in accordance with the Fair Value Measurement Topic of the FASB Accounting Standards Codification

i. Deferred tax assets or liabilities.

j. Refundable advances.

k. Board designated unrestricted net assets.

l. Uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2015 and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2015.

m. Inventories.

n. Environmental clean-up obligations.

o. Material losses to be sustained in the fulfillment of or from the inability to fulfill any sales commitments, including promises to give.

p. Amounts held for others under agency and/or split interest agreements.

q. Postretirement benefits other than the defined contribution retirement plan attributable to employees through June 30, 2015.

r. Known noncompliance issues or suspected noncompliance with laws and regulations or agreements whose effects should be considered when preparing financial statements.

s. Material losses to be sustained in the fulfillment of or from the inability to fulfill any sales commitments, including promises to give.

t. Derivative financial instruments

u. Conditional promises to give.

23. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

24. With respect to the supplementary information, including the Schedule of Expenditures of Federal Awards presented as required by OMB Circular A-133:

    a. We acknowledge our responsibility for the presentation of such information.

    b. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America and the requirements of OMB Circular A-133.

    c. The methods of measurement or presentation have not changed from those used in the prior year.

    d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that:

1. Management is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the School.
2. There are no instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
3. There are no instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
4. There are no instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

5. Management has not had to take any action to address fraud; noncompliance with provisions of laws, regulations, contracts, and grant agreements; or abuse.
6. Management has a process to track the status of audit findings and recommendations.
7. Management has identified for the auditor previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
8. We have provided our views on the auditor's reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.
9. Management acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

In connection with your audit of federal awards conducted in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* we confirm:

1. Management is responsible for complying, and has complied, with the requirements of Circular A-133.
2. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.
3. Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on its federal programs.
4. Management has prepared the schedule of expenditures of federal awards in accordance with Circular A-133 and has included expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
5. Management has identified and disclosed to the auditor the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
6. Management has made available all contracts and grant agreements (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
7. Management is unaware of any amounts questioned or known noncompliance with the direct and material compliance requirements of federal awards.
8. Management believes that the auditee has complied with the direct and material compliance requirements.
9. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

10. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
11. Management is not aware of any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
12. Management is responsible for taking corrective action on audit findings of the compliance audit.
13. Management has provided the auditor with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
14. Management represents to the auditor that it is not aware of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
15. Management has disclosed any known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stating that there were no such known instances.
16. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the date as of which compliance is audited.
17. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
18. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
19. There are no sub-recipients.
20. Management has charged costs to federal awards in accordance with applicable cost principles.
21. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings.
22. Management has accurately completed the appropriate sections of the data collection form.
23. Management has disclosed all contracts or other agreements with service organizations.
24. There are no communications from service organizations relating to noncompliance at those organizations.

The SEED Public Charter School of Washington, D.C.

Dr. Adrian C. Manuel
Head of School