

**ACHIEVEMENT PREPARATORY ACADEMY
PUBLIC CHARTER SCHOOL**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2020 AND 2019

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Independent Auditor's Report

The Board of Trustees
Achievement Preparatory Academy Public Charter School
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of Achievement Preparatory Academy Public Charter School, (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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 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. 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 Achievement Preparatory Academy Public Charter School as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules, as required by D.C. Public Charter School Board (“DCPCSB”), are the responsibility of management, are presented for additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on these.

Achievement Preparatory Academy Public Charter School
Independent Auditor's Report
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020, on our consideration of Achievement Preparatory Academy Public Charter 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 Achievement Preparatory Academy Public Charter School's internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note B to the financial statements, in 2020, Achievement Preparatory Academy Public Charter School adopted new accounting guidance, Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, ASU 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made* and ASU 2016-18 *Statement of Cash Flows*. Our opinion is not modified with respect to this matter.

Jane Wallace & McQuade PA

Washington, DC
November 16, 2020

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 10,233,571	\$ 7,426,954
Grants receivable	399,485	282,724
Medicaid receivable	414,146	-
Accounts receivable	107,626	12,195
Prepaid expenses	73,156	170,842
Total Current Assets	<u>11,227,984</u>	<u>7,892,715</u>
PROPERTY AND EQUIPMENT, NET	28,840,396	29,898,015
OTHER ASSETS		
Restricted cash	430,318	560,238
Security deposit	5,900	12,837
Total Other Assets	<u>436,218</u>	<u>573,075</u>
TOTAL ASSETS	<u><u>\$ 40,504,598</u></u>	<u><u>\$ 38,363,805</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 120,326	\$ 262,777
Accrued expenses	171,894	173,768
Current portion of long-term debt	111,816	-
Accrued interest payable	104,345	115,824
Total Current Liabilities	<u>508,381</u>	<u>552,369</u>
NONCURRENT LIABILITIES		
Long-term debt, net of current portion	<u>32,216,392</u>	<u>30,841,793</u>
Total Noncurrent Liabilities	<u><u>32,216,392</u></u>	<u><u>30,841,793</u></u>
TOTAL LIABILITIES	32,724,773	31,394,162
NET ASSETS		
Without donor restrictions	7,657,825	6,846,643
With donor restrictions	122,000	123,000
Total Net Assets	<u>7,779,825</u>	<u>6,969,643</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 40,504,598</u></u>	<u><u>\$ 38,363,805</u></u>

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

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Per pupil appropriations	\$ 12,974,706	\$ -	\$ 12,974,706
Per pupil facility allowance	2,484,575	-	2,484,575
Federal entitlements and grants	1,363,646	-	1,363,646
Medicaid program revenue	97,288	-	97,288
Local grants	29,096	-	29,096
Other grants and contributions	47,566	-	47,566
Activity fees	2,681	-	2,681
Interest income	115,362	-	115,362
Net assets released from restrictions	1,000	(1,000)	-
Total Revenue and Support	<u>17,115,920</u>	<u>(1,000)</u>	<u>17,114,920</u>
EXPENSES			
Program services	13,648,776	-	13,648,776
Management and general	2,990,932	-	2,990,932
Fundraising	448	-	448
Total Expenses	<u>16,640,156</u>	<u>-</u>	<u>16,640,156</u>
CHANGE IN NET ASSETS			
	475,764	(1,000)	474,764
NET ASSETS, beginning of year	6,846,643	123,000	6,969,643
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE -			
NET ASSETS (NOTE B)	<u>335,418</u>	<u>-</u>	<u>335,418</u>
NET ASSETS, end of year	<u>\$ 7,657,825</u>	<u>\$ 122,000</u>	<u>\$ 7,779,825</u>

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

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Per pupil appropriations	\$ 13,258,948	\$ -	\$ 13,258,948
Per pupil facility allowance	2,688,712	-	2,688,712
Federal entitlements and grants	1,697,724	-	1,697,724
Medicaid program revenue	15,642	-	15,642
Local grants	31,431	-	31,431
Other grants and contributions	18,535	-	18,535
Activity fee	29,812	-	29,812
Interest income	165,016	-	165,016
Total Revenue and Support	<u>17,905,820</u>	<u>-</u>	<u>17,905,820</u>
EXPENSES			
Program services	15,132,978	-	15,132,978
Management and general	2,637,462	-	2,637,462
Fundraising	7,458	-	7,458
Total Expenses	<u>17,777,898</u>	<u>-</u>	<u>17,777,898</u>
CHANGE IN NET ASSETS	127,922	-	127,922
NET ASSETS, beginning of year	<u>6,718,721</u>	<u>123,000</u>	<u>6,841,721</u>
NET ASSETS, end of year	<u>\$ 6,846,643</u>	<u>\$ 123,000</u>	<u>\$ 6,969,643</u>

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

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Fundraising	Total
PERSONNEL, SALARIES AND BENEFITS				
Salaries	\$ 5,791,065	\$ 1,188,154	\$ -	\$ 6,979,219
Employee benefits	350,514	71,915	-	422,429
Payroll taxes	511,366	104,917	-	616,283
Contracted staff	62,782	-	-	62,782
Professional development	358,610	24,432	-	383,042
Total Personnel, Salaries and Benefits	7,074,337	1,389,418	-	8,463,755
DIRECT STUDENT COSTS				
Supplies and materials	131,091	-	-	131,091
Contracted student services	327,041	-	-	327,041
Food service/catering	408,340	-	-	408,340
Student assessments	57,043	-	-	57,043
Other student costs	36,122	-	-	36,122
Total Direct Student Costs	959,637	-	-	959,637
OCCUPANCY EXPENSES				
Maintenance and repairs	166,558	41,640	-	208,198
Janitorial services	3,871	968	-	4,839
Utilities	164,230	41,058	-	205,288
Contracted building services	300,838	75,209	-	376,047
Total Occupancy Expenses	635,497	158,875	-	794,372
OFFICE EXPENSES				
Office supplies and materials	50,785	12,696	-	63,481
Equipment rental	46,558	11,639	-	58,197
Equipment repairs and maintenance	6,957	1,739	-	8,696
Telecommunications	58,681	14,670	-	73,351
Postage and shipping	1,780	445	-	2,225
Total Office Expenses	164,761	41,189	-	205,950
GENERAL EXPENSES				
Insurance	59,795	14,949	-	74,744
Administration fee	-	153,868	-	153,868
Accounting, auditing and payroll	-	166,128	-	166,128
Legal fees	86,360	42,872	-	129,232
Computer support fees	83,254	20,813	-	104,067
Other professional fees	-	429,190	-	429,190
Other expenses	18,224	4,554	-	22,778
Depreciation and amortization	1,032,786	258,198	-	1,290,984
Fundraising	-	-	448	448
Dues, fees and fines	-	24,635	-	24,635
Interest	1,144,975	286,243	-	1,431,218
Management fee	2,389,150	-	-	2,389,150
Total General Expenses	4,814,544	1,401,450	448	6,216,442
Total Expenses	<u>\$ 13,648,776</u>	<u>\$ 2,990,932</u>	<u>\$ 448</u>	<u>\$ 16,640,156</u>

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

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Fundraising	Total
PERSONNEL, SALARIES AND BENEFITS				
Salaries	\$ 6,440,500	\$ 928,650	\$ -	\$ 7,369,150
Employee benefits	368,372	52,185	-	420,557
Payroll taxes	542,902	73,096	-	615,998
Contracted staff	232,484	-	-	232,484
Professional development	466,109	26,444	-	492,553
Total Personnel, Salaries and Benefits	8,050,367	1,080,375	-	9,130,742
DIRECT STUDENT COSTS				
Supplies and materials	159,642	-	-	159,642
Contracted student services	317,022	-	-	317,022
Food service/catering	617,765	-	-	617,765
Student assessments	55,170	-	-	55,170
Other student costs	56,890	-	-	56,890
Total Direct Student Costs	1,206,489	-	-	1,206,489
OCCUPANCY EXPENSES				
Maintenance and repairs	161,165	40,291	-	201,456
Janitorial services	701	176	-	877
Utilities	164,398	41,099	-	205,497
Contracted building services	338,716	84,678	-	423,394
Total Occupancy Expenses	664,980	166,244	-	831,224
OFFICE EXPENSES				
Office supplies and materials	49,469	12,367	-	61,836
Equipment rental	52,526	13,132	-	65,658
Equipment repairs and maintenance	7,867	1,967	-	9,834
Telecommunications	57,315	14,329	-	71,644
Postage and shipping	1,780	445	-	2,225
Total Office Expenses	168,957	42,240	-	211,197
GENERAL EXPENSES				
Insurance	57,551	14,387	-	71,938
Administration fee	-	159,467	-	159,467
Accounting, auditing and payroll	-	155,208	-	155,208
Legal fees	144,209	40,343	-	184,552
Computer support fees	90,826	22,707	-	113,533
Other professional fees	-	329,804	-	329,804
Depreciation and amortization	1,056,917	264,230	-	1,321,147
Fundraising	-	-	7,458	7,458
Dues, fees and fines	-	22,044	-	22,044
Interest	1,361,656	340,413	-	1,702,069
Management fee	2,331,026	-	-	2,331,026
Total General Expenses	5,042,185	1,348,603	7,458	6,398,246
Total Expenses	\$ 15,132,978	\$ 2,637,462	\$ 7,458	\$ 17,777,898

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

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 474,764	\$ 127,922
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,290,984	1,321,147
Amortization of deferred financing costs	32,810	114,708
(Increase) decrease in assets:		
Grants receivable	(116,761)	(31,674)
Medicaid receivable	(78,728)	-
Accounts receivable	(95,431)	9,443
Prepaid expenses	97,686	(15,750)
Security deposit	6,937	(6,937)
Increase (decrease) in liabilities:		
Accounts payable	(142,451)	79,091
Accrued expenses	(1,874)	(30,284)
Deferred revenue	-	(945)
Accrued interest payable	(11,479)	(13,831)
Net Cash Provided by Operating Activities	<u>1,456,457</u>	<u>1,552,890</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(233,365)	(31,072)
Net Cash Used for Investing Activities	<u>(233,365)</u>	<u>(31,072)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	-	(3,713,366)
Proceeds from long-term debt	1,453,605	-
Net Cash Provided by (Used) for Financing Activities	<u>1,453,605</u>	<u>(3,713,366)</u>
NET INCREASE (DECREASE) IN CASH	2,676,697	(2,191,548)
CASH, beginning of year	<u>7,987,192</u>	<u>10,178,740</u>
CASH, end of year	<u>\$ 10,663,889</u>	<u>\$ 7,987,192</u>
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	<u>\$ 1,409,887</u>	<u>\$ 1,601,192</u>
Cash	\$ 10,233,571	\$ 7,426,954
Restricted Cash	430,318	560,238
Total Cash and Restricted Cash	<u>\$ 10,663,889</u>	<u>\$ 7,987,192</u>

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

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE A – ORGANIZATION AND PURPOSE

Achievement Preparatory Academy Public Charter School (the “School”) was incorporated in January 2007 as a college preparatory public charter school located in Washington, DC. The School’s mission is to prepare students to excel as high-achieving scholars and leaders in high school, college, and beyond. Critical to the School’s mission is also the idea of developing and fostering a strong character in its scholars. Daily, scholars focus on the development and practice of the School’s DREAM values (Determination, Respect, Enthusiasm, Accountability, and Mastery).

The School’s beliefs include:

- All students, regardless of race or socio-economic status, deserve a top-quality, rigorous college-preparatory education.
- When provided with a highly structured, disciplined, and supportive learning environment with quality, targeted instruction, all students will achieve the highest academic standards.
- Literacy is the most essential academic skill upon which the majority of all future skill and knowledge acquisition is based.

As a DC public charter school, the School has a guaranteed funding stream from the District of Columbia (per pupil funding) and the U.S. federal government (federal formula grants for education and other programs) provided it meets compliance requirements. A DC public charter school is considered a Local Educational Agency under federal education programs. As a DC public charter school, the School enjoys significant freedom from the budget and operational restrictions placed on traditional public schools, allowing it to create a unique educational mission and approach.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The School’s financial statements are prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Adoption of New Accounting Pronouncement

In June 2018, FASB issued Accounting Standards Updated (“ASU”) 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The School has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis.

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES - continued

Adoption of New Accounting Pronouncement – continued

Accordingly, there is no effect on net assets in connection with the School's implementation of ASU 2018-08.

In addition, during 2019, the School adopted ASU 2016-18 *Statement of Cash Flows* which requires the presentation of total change in cash, cash equivalents, restricted cash, and restricted cash equivalents for the period in the statement of cash flows. ASU 2016-18 was applied retrospectively.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 requires an entity to recognize revenues to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity is expected to be entitled in exchange for those goods or services. The School adopted ASU 2014-09 as of July 1, 2020, using the modified retrospective approach. The School applied the five-step revenue model stipulated by ASC 606 to all of its significant revenue streams in order to determine when revenue is earned and recognized. The five-step model requires the School to i.) identify contracts with customers, ii.) identify performance obligations related to those contracts, iii.) determine the transaction process, iv.) allocate that transaction price to each performance obligation and v.) recognize revenue when or as the School satisfies a performance obligation. Comparative period information has not been restated and continues to be reported under the accounting standards in effect for those periods. The cumulative effect of applying the new standard on the Statement of Financial Position as of July 1, 2019 was recognized as an adjustment to the opening balance of net assets without donor restrictions, increasing beginning net assets by \$335,418 and a corresponding increase in accounts receivable by \$335,418. The change in receivable is considered a non cash transaction for purpose of the statement of cash flows and is not reflected on that statement.

The following tables summarize the impact of adopting ASU 2014-09 on the School's statement of financial position as of June 30, 2020:

	2020 Balances without ASU 2014-09 <u>Adoption</u>	Effect of Adoption Increase/ (Decrease)	2020 Balances as Reported	Under ASC 606
Statement of Financial Position				
Assets				
Medicaid receivable	\$ 12,555	\$ 401,591	\$ 414,146	\$ 414,146
Net Assets				
Without donor restrictions	\$ 7,256,234	\$ 401,591	\$ 7,657,825	\$ 7,657,825

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Adoption of New Accounting Pronouncement – continued

The following tables summarize the impact of adopting ASU 2014-09 on the School's statement of activities as of June 30, 2020:

	2020 Balances without ASU 2014-09 Adoption	Effect of Adoption Increase/ (Decrease)	2020 Balances as Reported Under ASC 606
Statement of Activities			
Revenue and Support			
Medicaid program revenue	\$ 22,288	\$ 75,000	\$ 97,288

In accordance with the new guidance, revenues associated with Medicaid are now recognized when the service is completed. Previously such revenues were being recognized only after the audit of Medicaid School health services cost report was completed and the final notice of program reimbursement issued by the DC Department of Health Care Finance.

Financial Statement Presentation

Financial statement presentation follows FASB Accounting Standards Codification (“ASC”) Financial Statements of Not-For-Profit organizations. In accordance with the topic, net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the School and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the School and/or the passage of time or that must be maintained permanently by the School. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Restricted Cash

Restricted cash is comprised of cash required to be maintained in separate accounts in accordance with debt agreements.

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates that were assumed in preparing the financial statements.

Cash

Cash include any cash on hand and checking account balances. The School maintains its cash in bank deposit accounts which may, at times, exceed federally insured limits. The School believes it is not exposed to any significant credit risk on cash or cash equivalents.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment acquired are recorded at cost or, if donated, at the approximate fair value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years. Leasehold improvements are amortized over the term of the lease or useful life of the asset, whichever is shorter. Maintenance and repairs which do not improve or extend the life of the respective asset are charged to expense when incurred.

Grants and Accounts Receivable

Grants receivable consist of unsecured amounts from public funding sources whose ability to pay are subject to appropriations. Grants and accounts receivable are reported net of the allowance for doubtful accounts, if any. The allowance for doubtful accounts, if any, is estimated based on historical collection trends, the age of outstanding receivable and existing economic conditions. If actual experience changes, revisions to the allowance may be necessary. Past due grants and accounts receivable are written off when internal collection efforts have been unsuccessful in collecting the amount due. As of June 30, 2020 and 2019, the majority of the receivables are due from governmental agencies.

Due to the nature of funding from the federal government and the District of Columbia, management believes that all receivables will be collected within one year or less. Therefore, no allowance for doubtful accounts has been recorded.

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue Recognition

Grants and Contributions

The School recognize grants and contributions when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions. Contributions with donor restrictions that are met in the same reporting period as the contribution is received are reported as contributions without donor restrictions support.

Per Pupil Appropriations, Facilities Allowance, and Federal Entitlements, and Other Government Grants

Revenues are received primarily from state and federal government agencies, including the District of Columbia Office of the State Superintendent of Education, District of Columbia Public Charter School Board, the U.S. Department of Education, Medicaid, and other agencies. These revenues are considered conditional grants with a measurable performance or other barrier and a right of return and are not recognized until the conditions on which they depend have been substantially met. These grants are also subject to audit by the grantor agencies, which could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate grantor. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Per pupil appropriated revenue is recognized during the period for which the associated education services are provided. Per pupil appropriations include \$3,907,202 and \$3,601,308 for the years ended June 30, 2020 and 2019, respectively, for enhancements, such as special education, English language learners, and at-risk students.

As of June 30, 2020, the School received a conditional promise to give in the amount of \$560,586 that is expected to be fulfilled within the year following the School's 2020 fiscal year-end.

Program Service Fees

Program service fees are revenue primarily derived from before and after-care programs, paid meal plans, and various student activities (e.g., fieldtrips, intramural sports, special events, etc.), which is recognized when the services are provided.

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Debt Issuance Costs

Cost incurred in the issuance of debt have been capitalized and are reported on the statement of financial position as a direct deduction from the related debt liability. Debt issuance costs are amortized as interest expense using the straight-line method over the remaining period of the debt, which approximates the effective interest method. The amortization of debt issuance costs as interest expenses for the years ended June 30, 2020 and 2019 totaled \$32,810 and \$114,708, respectively.

Reclassifications

Certain amounts for the year ended June 30, 2019 have been reclassified to conform to the current year presentation. The reclassification had no effect on the previously reported net assets or change in net assets.

Method Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to more than one program or a supporting function as management and general activities. Expenses of this nature are allocated on a reasonable basis that is consistently applied. Allocated expenses include depreciation and amortization, office and occupancy costs, salaries and benefits, and other general organizational costs which are allocated on the basis of time worked.

NOTE C – INCOME TAXES

The School is exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code. In addition, the School is classified as an entity that is not a private foundation under Section 509(a)(1).

The School has adopted the accounting of uncertainty in income taxes as required by the *Income Taxes* topic of the FASB ASC. The topic requires the School to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position.

The School has analyzed its tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to any uncertain tax positions taken on returns filed for the years ending June 30, 2017 to 2019. The School is not aware of any tax positions for which it believes that there is a reasonable possibility that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(continued)

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

The School regularly monitors liquidity required to meet its operating needs and other commitments, while also striving to prudently invest available funds. The School's sources of liquidity at its disposal include cash and receivables.

In addition to financial assets available to meet general expenditures over the next 12 months, the School operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The following reflects the School's financial assets as of June 30:

	<u>2020</u>	<u>2019</u>
Cash	\$ 10,233,571	\$ 7,426,954
Current receivables	<u>921,257</u>	<u>294,919</u>
Total Financial Assets	<u>11,154,828</u>	<u>7,721,873</u>
Encumbered net assets with donor restrictions for the next one year	<u>(122,000)</u>	<u>(123,000)</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures within one year	<u>\$ 11,032,828</u>	<u>\$ 7,598,873</u>

NOTE E – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of June 30:

	<u>2020</u>	<u>2019</u>
Computers and computer applications	\$ 908,229	\$ 792,239
Classroom furnishings	979,470	979,470
Office furnishings	66,616	78,116
Construction in progress	24,500	-
Leasehold improvements	<u>32,810,008</u>	<u>32,730,138</u>
	<u>34,788,823</u>	<u>34,579,963</u>
Less accumulated depreciation	<u>(5,948,427)</u>	<u>(4,681,948)</u>
Property and Equipment, Net	<u>\$ 28,840,396</u>	<u>\$ 29,898,015</u>

Depreciation expense for the years ended June 30, 2020 and 2019, totaled \$1,290,984 and \$1,321,147, respectively.

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(continued)

NOTE F – NOTES PAYABLE

Construction Financing

During May 2015, the School secured loans to finance construction and renovation of the School's facility and payment of facility rent for \$24,075,000 from Bank of America ("BOA Loan"). The BOA Loan is collateralized by all real and personal property of the School.

Amendments to the terms of the BOA Loan were made during December 2015 in connection with the New Market Tax Credit program (described below). The School fully paid off the BOA Loan principal balance of \$3,273,947 on June 27, 2019.

New Market Tax Credit

During December 2015, the School became a participant to the New Market Tax Credit program ("NMTC"). The NMTC program encourages investment in real estate projects in low-income communities by allowing investors to receive tax credits against their federal income tax return in exchange for making qualified investments in Community Development Entities ("CDEs"). The CDE's purpose is to make loans and investments in low-income communities to Qualified Active Low-Income Community Businesses ("QALICB"). The School qualified as a QALICB.

The CDE utilized qualified funding to loan \$23,800,000 to the School to finance renovations of the School and construction of a middle school. The NMTC program financing consists of four loans ("NMTC Loans") each scheduled to mature December 2040. The NMTC Loans accrue interest at fixed rates as stated in the table below. Interest only payments are due quarterly through May 2023, with interest and principal payments due quarterly thereafter until maturity. The NMTC Loans are collateralized by the assets of the School.

During December 2016, Community Urban Revitalization Enterprises VIII, LLC ("CURE"), an additional CDE was formed to provide additional qualified funding of \$7,744,480 to the School under the NMTC program to finance improvements to the middle and elementary school and retire previous debts. The additional financing consists of three loans ("NMTC Loans 2") that are scheduled to mature after 2023.

The NMTC Loans 2 accrue interest at fixed rates as stated in the table below. Interest only payments are due quarterly through May 2024, with interest and principle payments due quarterly thereafter until maturity in December 2040. The CURE loan A-2 matures in December 2023 and is expected to be refinanced. The NMTC loans 2 are collateralized by the assets of the School.

The aforementioned loan agreements contain certain restricted, financial, and nonfinancial covenants. In the opinion of management, the School has complied with the required covenants.

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(continued)

NOTE F – NOTES PAYABLE – continued

On June 9, 2020, the School secured \$1,453,605 with the EagleBank, (the “Lender”) under the Small Business Administration’s Paycheck Protection Plan (“PPP”) that authorized forgivable loans to small businesses. This loan can be used to cover certain expenses during the COVID-19 crisis. The loan amounts will be forgiven as long as the loan proceeds are used to cover payroll costs, rent, certain mortgage interest and utility costs over a period specified in the loan document after the loan is made. If not used for the purpose above, monthly principal payments of \$27,954 plus interest, calculated at the rate of 1% per annum, are due starting March 9, 2021 until maturity on June 9, 2025. The PPP loan balance for the year ended June 30, 2020, totaled \$1,453,605. Following is the long-term debt as of June 30:

	<u>2020</u>	<u>2019</u>
City First Capital 41 LLC QLICI A (5.20%)	\$ 7,145,015	\$ 7,145,015
City First Capital 45 LLC QLICI A (5.20%)	9,905,000	9,905,000
City First Capital 41 LLC QLICI B (2.085%)	2,654,985	2,654,985
City First Capital 45 LLC QLICI B (1.109%)	4,095,000	4,095,000
CURE Loan A-1 (5.48%)	3,180,205	3,180,205
CURE Loan A-2 (5.00%)	1,872,111	1,872,111
CURE Loan B (5.00%)	2,692,164	2,692,164
Paycheck Protection Program	<u>1,453,605</u>	<u>-</u>
	32,998,085	31,544,480
Less: current portion	(111,816)	-
Less: deferred financing costs, net of accumulated amortization	<u>(669,877)</u>	<u>(702,687)</u>
	<u>\$ 32,216,392</u>	<u>\$ 30,841,793</u>

Deferred financing costs and accumulated amortization are as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Deferred financing costs	\$ 1,171,584	\$ 1,171,584
Less accumulated amortization	<u>(501,707)</u>	<u>(468,897)</u>
	<u>\$ 669,877</u>	<u>\$ 702,687</u>

Interest expense totaled \$1,431,218 and \$1,702,069, including amortization of deferred financing costs of \$32,810 and \$114,708 for the years ended June 30, 2020 and 2019, respectively.

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(continued)

NOTE F – NOTES PAYABLE – continued

Aggregate annual maturities of the loans are as follows for the years ending June 30:

2021	\$ 111,816
2022	335,447
2023	2,497,770
2024	1,524,766
2025	1,573,072
Thereafter	<u>26,955,214</u>
Total	<u><u>\$ 32,998,085</u></u>

NOTE G – LEASE COMMITMENTS

In August 2015, the School entered into a ground lease agreement with the District of Columbia to lease the property at Wahler Place for a period of 30 years beginning September 1, 2016. The annual base rent is \$777,000 for the first year and will be increased by two percent on each anniversary thereafter. Rent will be abated for twelve consecutive calendar months for each one million dollars of expense incurred for construction, capital alteration and leasehold acquisition costs. Since construction, capital alteration and leasehold acquisitions costs were higher than the rent expense for the lease term, there is no rent expense recognized for the life of the lease. The School has the option to renew the lease for an additional twenty-five year period at the then current market value.

NOTE H – MANAGEMENT AGREEMENT

Effective July 1, 2016, the School entered into a management agreement with AppleTree Institute for Education Innovation (“AppleTree”). The agreement contracts AppleTree to fully manage and operate the early education program for pre-school and pre-kindergarten children under the School’s charter. Management of the early education program includes operating, marketing, and staffing the program. The initial term of the agreement is effective for five years and scheduled to terminate June 30, 2021. If adequate yearly progress has been achieved per evaluations, the term of the agreement may be automatically extended for an additional five-year period, unless either party gives notice of at least 120 days prior to expiration.

The School is responsible for all costs associated with operating the early education program. The School is to compensate AppleTree a management fee equal to the per-pupil funding the School receives for its enrolled pre-K3 and pre-K4 student population and other fees received specific to the early education program, such as special education, English language learners, at-risk population, and summer school revenue received. Management fees incurred under the agreement for the years ended June 30, 2020 and 2019, totaled \$2,389,150 and \$2,331,026, respectively.

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
(continued)

NOTE I – COMMITMENTS AND CONTINGENT LIABILITIES

The School receives revenue from government grants and contracts that are subject to inspection and audit by the appropriate funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The school is of the opinion that disallowance, if any, arising from such audits will not have a material effect on the financial statements. The School has no provisions for the possible disallowance of program costs on its financial statements.

NOTE J – CONCENTRATION OF RISK

The School is supported primarily by local and federal appropriations and grants. For the years ended June 30, 2020 and 2019, 90% and 89%, respectively, of the total revenue was provided by one local government agency. Reduction of this source of support would have a significant impact on the School's programs and activities. Geographical area of clients served is Ward 8 of the District of Columbia.

As of June 30, 2020 and 2019, the School had cash that exceeded federally insured limits by approximately \$9,606,000 and \$6,940,000, respectively. Management has evaluated the financial institutions and does not believe it is exposed to any significant credit risk.

NOTE K – PENSION PLAN

The School sponsors a 401(K) Plan (the "Plan") for all employees who are at least 18 years of age. Eligible employees can become participants on the first day of the month following the completion of eligibility requirements. Employees may make elective deferral from their eligible earnings, up to the amount allowed by the Internal Revenue Service. The School matches the first three percent of a participant's compensation that is deferred as an elective deferral. For the years ended June 30, 2020 and 2019, pension expense totaled \$90,044 and \$84,634, respectively.

NOTE L - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020 and 2019, totaled \$122,000 and \$123,000, respectively, and were designated for the purpose of transportation and scholarships for the students of the Septima Clark Public Charter School which closed in 2013.

NOTE M – SUBSEQUENT EVENTS

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through November 16, 2020, the date the School's financial statements were available to be issued. Management has determined that, there are no subsequent events that require disclosure pursuant to the subsequent event topic.

**REPORTS AND SCHEDULES REQUIRED
BY THE UNIFORM GUIDANCE**



JONES, MARESCA & MCQUADE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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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***

The Board of Trustees
Achievement Preparatory Academy Public Charter School
Washington, DC

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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Achievement Preparatory Academy Public Charter School, (a nonprofit organization), (the "School"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 16, 2020.

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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jane Wallace & McQuade PA

Washington, DC
November 16, 2020



JONES, MARESCA & MCQUADE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

The Board of Trustees of
Achievement Preparatory Academy Public Charter School
Washington, DC

Report on Compliance for Each Major Federal Program

We have audited Achievement Preparatory Academy Public Charter School's (the "School") compliance with the types of compliance requirements described in the *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, 2020. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, contracts, 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 each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, Achievement Preparatory Academy Public Charter 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, 2020.

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 to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

Jamie Mawuss & McQuade PA

Washington, DC

November 16, 2020

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Assistance Listing Numbers (formerly CFDA)	Grant Identification Number	Federal Expenditures
U. S. Department of Education			
Pass Through from District of Columbia Office of the State Superintendent of Education (OSSE)			
Title I Grants to Local Educational Agencies	84.010	62010A, 72010A	\$ 517,772
Special Education Grants to States	84.027	72027A	159,073
DC Opportunity Scholarship Program	84.370	84.370C	140,435
Supporting Effective Instruction State Grants	84.367	62367A, 72367A	115,543
Student Support and Academic Enrichment Program	84.424		4,462
Special Education Preschool Grants	84.173		1,736
Total U.S. Department of Education			939,021
U.S. Department of Agriculture - Food and Nutrition Service			
Pass Through from District of Columbia Office of the State Superintendent of Education (OSSE)			
Fresh Fruit and Vegetable Program	10.582		19,108
Child Nutrition Cluster			
School Breakfast Program	10.553		123,770
National School Lunch Program	10.555		253,889
Child Nutrition Cluster			377,659
Total U.S. Department of Agriculture			396,767
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,335,788

See accompanying notes to the Schedule of Expenditures of Federal Awards

**ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the School under programs of the federal government for the year ended June 30, 2020. The information in the 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 preparation of the financial statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein, certain types of expenses are not allowable or are limited as to reimbursement. The School elected not to use the 10 percent de minimis indirect cost rate. Pass through programs, agencies, and entity identifying numbers are presented where available.

NOTE C – RECONCILIATION TO THE FINANCIAL STATEMENTS

Expenditures per the Schedule exclude \$27,858 of federal funds provided under the Federal Communications Commission E-Rate program, which are reported as federal entitlements and grants in the statement of activities. Funding under the Federal Communications Commission E-Rate program is considered to be federal funds, however, does not qualify as direct financial support, and therefore, is exempt from Federal Audit requirements.

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report issued on the financial statements	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weakness?	No
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	None reported

Major programs

Name of Federal Program:	Title I: Grants to Local Educational Agencies
CFDA Number:	84.010
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020
(continued)

SECTION II – FINANCIAL STATEMENTS FINDINGS

None

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None

SECTION IV – SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None

SUPPLEMENTAL SCHEDULES REQUIRED BY DCPCSB

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
SUPPLEMENTAL SCHEDULE OF VENDORS PAID OVER \$25,000
YEAR ENDED JUNE 30, 2020

<u>Vendor Name</u>	<u>Services Provided</u>	<u>Amount Paid</u>
ADP	Payroll/retirement services	\$ 32,028
AppleTree Institute - V	Pre-K Management Services	2,388,323
Archangel Global Security LLC	Security Services	80,291
Bellwether Education Partners	TransformedED Partnership	60,000
Brustein and Manasevit	Legal Servies	86,360
Canon Financial Services	Copier rental	42,585
Canon Solutions America	Copier services	33,306
Capitol Boiler Works	Maintenance services	45,631
City First Capital 41, LLC	Loan payments	423,297
City First Capital 45, LLC	LoanPayments	556,605
City Year	Contracted staff	134,400
Comcast	Internet/Cable	46,291
CURE VIII	Loan payments	55,937
CURE VIII Community Urban Revitalization Enterpri	Loan payments	362,569
Curriculum Associates	Student assessment materials	28,467
D.C. Public Charter School Board	Authorizer fee	153,868
DC WASA	Utilities	93,938
Dynamic Network Solutions, Inc.	Computer services	193,336
EdOps	Finance, HR and data services	197,820
Employers Assurance	Workers compensation insurance	48,907
End-to-End Solutions	Special education services	72,992
Enriched Schools	Contracted staff	62,783
kglobal, LLC	Communications Contracting	103,000
Kone Inc	Maintenance services	27,972
M and G Services Unlimited Inc	Janitorial services	436,394
Metropolitan Area Communication Services	Special education services	65,068
Pearson Education	Student Textbooks	30,360
Pepco	Utilities	71,933
Philadelphia Insurance Companies	Business Insurance	70,899
Promise54	Staff Development	35,000
Reading Partners	Contracted Instruction	24,999
Revolution Foods	Food Supply	389,232
School Leader Lab	Staff Development	109,498
Staples Advantage	Student/Office Supplies	46,971
SYNCBAMAZON Amazon.com	Student/Office Supplies	27,409
United Healthcare	Insurance	446,349
Washington Gas	Utilities	26,829

Note: The above schedule includes all vendors/contractors paid greater than or \$25,000 for which either a formal contract was executed or no formal contract was entered into, executed or negotiated.

**ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
SUPPLEMENTAL SCHEDULE OF VENDOR CONTRACTS AWARDED OVER \$25,000
YEAR ENDED JUNE 30, 2020**

<u>Vendor Name</u>	<u>Services Provided</u>	<u>Approximate</u>
NONE		

Note: The above schedule includes only those contracts entered into by the School as of June 30, 2020 for services that will amount to more than \$25,000 over the term of the contract, services have not begun, nor had anything been paid as of June 30, 2020.