

**ACHIEVEMENT PREPARATORY ACADEMY
PUBLIC CHARTER SCHOOL**

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

JUNE 30, 2021 AND 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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 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 as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021, 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 solely 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 effectiveness of Achievement Preparatory Academy Public Charter School's 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary schedule of vendor contracts awarded equal to and/or over \$25,000, on page 30, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



Washington, DC
November 24, 2021

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 7,366,187	\$ 10,233,571
Grants receivable	1,265,854	399,485
Accounts receivable	15,753	107,626
Medicaid receivable	173,156	414,146
Prepaid expenses	33,558	73,156
Total Current Assets	8,854,508	11,227,984
PROPERTY AND EQUIPMENT, NET	27,608,108	28,840,396
OTHER ASSETS		
Restricted cash and cash equivalents	300,383	430,318
Security deposit	5,900	5,900
Total Other Assets	306,283	436,218
TOTAL ASSETS	\$ 36,768,899	\$ 40,504,598
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 60,250	\$ 120,326
Accrued expenses	51,743	171,894
PPP loan, current portion	447,263	111,816
Accrued interest payable	104,345	104,345
Total Current Liabilities	663,601	508,381
NONCURRENT LIABILITIES		
PPP loan, net of current portion	1,006,342	1,341,789
Notes payable	30,907,414	30,874,603
Total Noncurrent Liabilities	31,913,756	32,216,392
TOTAL LIABILITIES	32,577,357	32,724,773
NET ASSETS		
Without donor restrictions	4,071,542	7,657,825
With donor restrictions	120,000	122,000
Total Net Assets	4,191,542	7,779,825
TOTAL LIABILITIES AND NET ASSETS	\$ 36,768,899	\$ 40,504,598

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

**ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Per pupil appropriations	\$ 4,253,853	\$ -	\$ 4,253,853
Per pupil facility allowance	889,488	-	889,488
Federal entitlements and grants	1,248,797	-	1,248,797
Federal grant – CARES	368,122	-	368,122
State and local grants	7,934	-	7,934
Grants and contributions	2,298	-	2,298
Student activity fees	12,500	-	12,500
Interest income	56,843	-	56,843
Net assets released from restrictions	<u>2,000</u>	<u>(2,000)</u>	<u>-</u>
Total Revenue and Support	6,841,835	(2,000)	6,839,835
EXPENSES			
Program Services:			
Educational services	8,558,666	-	8,558,666
Support Services:			
Management and general	<u>1,869,452</u>	<u>-</u>	<u>1,869,452</u>
Total Expenses	<u>10,428,118</u>	<u>-</u>	<u>10,428,118</u>
CHANGE IN NET ASSETS	(3,586,283)	(2,000)	(3,588,283)
NET ASSETS, beginning of year	<u>7,657,825</u>	<u>122,000</u>	<u>7,779,825</u>
NET ASSETS, end of year	<u>\$ 4,071,542</u>	<u>\$ 120,000</u>	<u>\$ 4,191,542</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
State and local grants	29,096	-	29,096
Grants and contributions	47,566	-	47,566
Student 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:			
Educational services	13,648,776	-	13,648,776
Support Services:			
Management and general	2,990,932	-	2,990,932
Fundraising	448	-	448
Total Support Services	<u>2,991,380</u>	<u>-</u>	<u>2,991,380</u>
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	<u>6,846,643</u>	<u>123,000</u>	<u>6,969,643</u>
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 FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Educational Services	Management and General	Total
PERSONNEL, SALARIES AND BENEFITS			
Salaries	\$ 2,899,834	\$ 638,342	\$ 3,538,176
Employee benefits	222,536	48,988	271,524
Payroll taxes	237,647	52,313	289,960
Contracted staff	51,849	-	51,849
Professional development	219,221	15,353	234,574
Total Personnel, Salaries and Benefits	3,631,087	754,996	4,386,083
DIRECT STUDENT COSTS			
Supplies and materials	62,459	-	62,459
Scholarships	2,000	-	2,000
Contracted student services	171,147	-	171,147
Food service/catering	38,206	-	38,206
Student assessments	81,643	-	81,643
Other student costs	19,495	-	19,495
Total Direct Student Costs	374,950	-	374,950
OCCUPANCY EXPENSES			
Maintenance and repairs	80,681	20,170	100,851
Janitorial services	11,448	2,862	14,310
Utilities	149,355	37,339	186,694
Contracted building services	264,087	66,022	330,109
Total Occupancy Expenses	505,571	126,393	631,964
OFFICE EXPENSES			
Office supplies and materials	11,445	2,861	14,306
Equipment rental	53,133	13,284	66,417
Telecommunications	61,041	15,260	76,301
Postage and shipping	1,857	464	2,321
Total Office Expenses	127,476	31,869	159,345
GENERAL EXPENSES			
Insurance	56,557	14,140	70,697
Authorizer fee	-	65,329	65,329
Accounting, auditing and payroll	-	154,111	154,111
Legal fees	30,245	7,561	37,806
Computer support fees	92,216	23,054	115,270
Other professional fees	-	178,748	178,748
Other expenses	968	246	1,214
Depreciation and amortization	1,029,372	257,343	1,286,715
Dues, fees and fines	-	26,309	26,309
Interest and loan amortization cost	1,213,344	229,353	1,442,697
Management fee	1,496,880	-	1,496,880
Total General Expenses	3,919,582	956,194	4,875,776
Total Expenses	\$ 8,558,666	\$ 1,869,452	\$ 10,428,118

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

	Educational Services	Support Services			Total
		Management and General	Fundraising	Total Support Services	
PERSONNEL, SALARIES AND BENEFITS					
Salaries	\$ 5,791,065	\$ 1,188,154	\$ -	\$ 1,188,154	\$ 6,979,219
Employee benefits	350,514	71,915	-	71,915	422,429
Payroll taxes	511,366	104,917	-	104,917	616,283
Contracted staff	62,782	-	-	-	62,782
Professional development	358,610	24,432	-	24,432	383,042
Total Personnel, Salaries and Benefits	7,074,337	1,389,418	-	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	-	41,640	208,198
Janitorial services	3,871	968	-	968	4,839
Utilities	164,230	41,058	-	41,058	205,288
Contracted building services	300,838	75,209	-	75,209	376,047
Total Occupancy Expenses	635,497	158,875	-	158,875	794,372
OFFICE EXPENSES					
Office supplies and materials	50,785	12,696	-	12,696	63,481
Equipment rental	46,558	11,639	-	11,639	58,197
Equipment repairs and maintenance	6,957	1,739	-	1,739	8,696
Telecommunications	58,681	14,670	-	14,670	73,351
Postage and shipping	1,780	445	-	445	2,225
Total Office Expenses	164,761	41,189	-	41,189	205,950
GENERAL EXPENSES					
Insurance	59,795	14,949	-	14,949	74,744
Administration fee	-	153,868	-	153,868	153,868
Accounting, auditing and payroll	-	166,128	-	166,128	166,128
Legal fees	86,360	42,872	-	42,872	129,232
Computer support fees	83,254	20,813	-	20,813	104,067
Other professional fees	-	429,190	-	429,190	429,190
Other expenses	18,224	4,554	-	4,554	22,778
Depreciation and amortization	1,032,786	258,198	-	258,198	1,290,984
Fundraising	-	-	448	448	448
Dues, fees and fines	-	24,635	-	24,635	24,635
Interest and loan amortization cost	1,144,975	286,243	-	286,243	1,431,218
Management fee	2,389,150	-	-	-	2,389,150
Total General Expenses	4,814,544	1,401,450	448	1,401,898	6,216,442
Total Expenses	\$ 13,648,776	\$ 2,990,932	\$ 448	\$ 2,991,380	\$ 16,640,156

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, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,588,283)	\$ 474,764
Adjustments to reconcile change in net assets to net cash (used for) provided by operating activities:		
Depreciation and amortization	1,286,715	1,290,984
Amortization of deferred financing costs	32,811	32,810
(Increase) decrease in assets:		
Grants receivable	(866,369)	(116,761)
Accounts receivable	91,873	(95,431)
Medicaid receivable	240,990	(78,728)
Prepaid expenses	39,598	97,686
Security deposit	-	6,937
Increase (decrease) in liabilities:		
Accounts payable	(60,076)	(142,451)
Accrued expenses	(120,151)	(1,874)
Accrued interest payable	-	(11,479)
Net Cash (Used for) Provided by Operating Activities	(2,942,892)	1,456,457
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(54,427)	(233,365)
Net Cash Used for Investing Activities	(54,427)	(233,365)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	-	1,453,605
Net Cash Provided by for Financing Activities	-	1,453,605
NET CHANGE IN CASH AND RESTRICTED CASH AND CASH EQUIVALENTS	(2,997,319)	2,676,697
CASH AND RESTRICTED CASH AND CASH EQUIVALENTS, beginning of year	10,663,889	7,987,192
CASH AND RESTRICTED CASH AND CASH EQUIVALENTS, end of year	\$ 7,666,570	\$ 10,663,889
SUPPLEMENTARY INFORMATION:		
Cash paid for interest	\$ 1,409,887	\$ 1,409,887
Cash	\$ 7,366,187	\$ 10,233,571
Restricted cash and cash equivalents	300,383	430,318
Total Cash and Restricted Cash and Cash Equivalents	\$ 7,666,570	\$ 10,663,889

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

**ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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 currently serves children in grades prek3 through third, with plans to grow a grade each year through eighth grade. 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 May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“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

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Adoption of New Accounting Pronouncement – continued

Accounting Standards Codification ("ASC") Topic 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 purposes 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 Adoption	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
Net Assets			
Without donor restrictions	\$ 7,256,234	\$ 401,591	\$ 7,657,825

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 the Medicaid Program are now recognized when the service is completed. Previously such revenues were being recognized only

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Adoption of New Accounting Pronouncement – continued

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 ASC Topic 958, *Not-For-Profit Entities*. In accordance with Topic 958, 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 in perpetuity 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 statements of activities as net assets released from restrictions.

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.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of separate interest-bearing accounts that were established in accordance with the debt agreements.

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.

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 and amortization is computed using the straight-line method over the estimated useful lives of the assets, which range from three to ten years. Leasehold improvements are amortized over the lesser of their useful life or the lease term. Repairs and maintenance are expensed when incurred.

Grants and Accounts Receivable

Grants receivable primarily consist of amounts due from the District of Columbia Office of Public Charter School Financing and Support for state and federal grant programs, whose ability to pay are subject to appropriations. Accounts receivable are related to student activity fees and are recognized as revenue on the accrual basis of accounting at the time the program activity has occurred. Receivables are stated at the amount management expects to collect from outstanding balances. Due to the nature of funding from the federal government and the District of Columbia, management believes that all grants receivable will be collected within one year or less. Therefore, no allowance for doubtful accounts has been recorded for the School's grants receivable.

Medicaid receivable

Medicaid receivable represents reimbursable amounts due to the School as a subrecipient for providing services to eligible students through the Medicaid School Health Services Program. The School expects to receive payment upon the completion of an independent desk audit of the Medicaid Cost Report, which could take 12 to 18 months for the School to receive the funds, depending on the amount of backlog of audits waiting to be performed. However, management believes that all receivables will be collected, and therefore, no allowance for doubtful accounts has been established.

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue Recognition

Per Pupil Appropriations, Per Pupil Facility Allowance and Federal Entitlements and Grants, Federal Grant – CARES, and State and Local 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 statements of financial position.

Per pupil appropriated revenue is recognized during the period for which the associated education services are provided. Per pupil appropriations include \$843,888 and \$3,907,202 for the years ended June 30, 2021 and 2020, respectively, for enhancements, such as special education, English language learners, and at-risk students.

As of June 30, 2021, the School received conditional promises to give in the total amount of \$6,443,598, that are expected to be fulfilled by the fiscal year ending June 30, 2024.

Grants and Contributions

The School recognizes other 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.

Student Activity Fees

Student activity 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, at a point in time, when the services are provided.

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Debt Issuance Costs

Costs incurred in the issuance of debt have been capitalized and are reported on the statements 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, 2021 and 2020, totaled \$32,811 and \$32,810, respectively.

Method Used for Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or a support 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 expenses, which are allocated on the basis of salaries and related costs, which are based on the amount of time and effort expended.

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 believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

The School's information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. The School's information returns for the years ending June 30, 2018 through 2020 are open for examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

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. Timing of revenue receipts also ensures the availability of necessary operational funds. The School's sources of liquidity at its disposal include cash and receivables.

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(continued)

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY - continued

In addition to financial assets available to meet general expenditures over the next 12 months, the School anticipates collecting sufficient revenue to cover general expenditures. The following reflects the School’s financial assets as of June 30:

	2021	2020
Cash	\$ 7,366,187	\$ 10,233,571
Grants receivable	1,265,854	399,485
Accounts receivable	15,753	107,626
Medicaid receivable	173,156	414,146
Total Financial Assets	8,820,950	11,154,828
Less: net assets with donor restrictions	(120,000)	(122,000)
Total Financial Assets Available to meet Cash Needs for General Expenditures Within One Year	\$ 8,700,950	\$ 11,032,828

NOTE E – PROPERTY AND EQUIPMENT

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

	2021	2020
Leasehold improvements	\$ 32,861,872	\$ 32,810,008
Classroom furnishings	1,006,533	979,470
Computers and computer applications	908,229	908,229
Office furnishings	66,616	66,616
Construction in progress	-	24,500
	34,843,250	34,788,823
Less: accumulated depreciation and amortization	(7,235,142)	(5,948,427)
Property and Equipment, Net	\$ 27,608,108	\$ 28,840,396

Depreciation and amortization expense for the years ended June 30, 2021 and 2020, totaled \$1,286,715 and \$1,290,984, respectively. During fiscal year 2021, the School finished the mural painting and moved it from construction in progress to leasehold improvements.

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(continued)

NOTE F – NOTES PAYABLE

New Market Tax Credit

During December 2015, the School became a participant in 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 the School \$23,800,000 to finance its renovations and the construction of a middle school. The NMTC program financing consists of four separate loans (“NMTC Loans”) each scheduled to mature in December 2040. The NMTC Loans accrue interest at fixed rates as stated in the table on the following page. 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”), another CDE, was formed to provide additional qualified funding in the amount of \$7,744,480 to the School under the NMTC program for the purpose of financing improvements of both the middle and elementary schools, and to pay off the previous outstanding debts. The additional financing consists of three separate loans, CURE Loan A-1, CURE Loan A-2, CURE Loan B, collectively “NMTC Loans 2”. The NMTC loans 2 are collateralized by the assets of the School.

The NMTC Loans 2 accrue fixed rates of interest as stated in the table on the following page. Interest only payments are due quarterly through May 2024, followed by 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.

PPP Loan

On June 9, 2020, the School secured a \$1,453,605 loan with EagleBank, (the “Lender”) under the Small Business Administration’s (“SBA”) Paycheck Protection Program (“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 beginning on March 9, 2021, until maturity on June 9, 2025. The School made no payments on the loan during the fiscal year 2021, since it had satisfied the requirements of the loan forgiveness, and its application was pending SBA’s approval. The PPP loan balance as of June 30, 2021 and 2020, totaled \$1,453,605. On July 2021, the School was notified by the SBA that

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(continued)

NOTE F – NOTES PAYABLE – continued

PPP Loan – continued

the loan had been fully forgiven.

Following is the long-term debt as of June 30:

	<u>2021</u>	<u>2020</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
PPP Loan	1,453,605	1,453,605
	<u>32,998,085</u>	<u>32,998,085</u>
Less: current portion	(447,263)	(111,816)
Less: deferred financing costs, net of accumulated amortization	(637,066)	(669,877)
Notes Payable, Net	<u>\$ 31,913,756</u>	<u>\$ 32,216,392</u>

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

	<u>2021</u>	<u>2020</u>
Deferred financing costs	\$ 1,171,584	\$ 1,171,584
Less accumulated amortization	(534,518)	(501,707)
	<u>\$ 637,066</u>	<u>\$ 669,877</u>

Interest expense totaled \$1,442,697 and \$1,431,218, including amortization of deferred financing costs of \$32,811 and \$32,810, for the years ended June 30, 2021 and 2020, respectively.

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(continued)

NOTE F – NOTES PAYABLE – continued

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

2022	\$	447,263
2023		570,474
2024		3,224,257
2025		1,560,289
2026		1,274,919
Thereafter		25,920,883
Total		\$ 32,998,085

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 on September 1, 2016. The annual base rent is \$777,000 for the first year and will increase 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 the commencement of the construction, capital alteration, and leasehold acquisitions costs were higher than the rent expense for the lease term; therefore, no rent expense is expected to be incurred by the School 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 on 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 was scheduled to terminate on June 30, 2021, which was extended on January 15, 2020, to now terminate on June 30, 2026. 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 to terminate agreement at least 120 days prior to expiration.

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(continued)

NOTE H – MANAGEMENT AGREEMENT – continued

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 the summer school program. Management fees incurred under the agreement for the years ended June 30, 2021 and 2020, totaled \$1,496,880 and \$2,389,150, respectively.

NOTE I – CONCENTRATIONS OF RISK

The School is dependent on funding from the District of Columbia as authorized by the District of Columbia Charter School Board. For each of the years ended June 30, 2021 and 2020, approximately 75% and 90%, respectively, of total revenue was provided from the District of Columbia. Reduction of this source of support would have a significant impact on the School's programs and activities.

The School maintains its cash and cash equivalents in several financial institutions. The cash and cash equivalents balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The School's cash and cash equivalents routinely exceeds the FDIC limit. Management does not believe the School is exposed to any significant credit risk on its cash and cash equivalents.

NOTE J – PENSION PLAN

The School sponsors the Achievement Preparatory Academy 401(k) Profit Sharing Plan and Trust Plan (the "Plan") for all employees who are at least 18 years of age. Employees can enroll in the Plan on the first day of the month following completion of the eligibility requirements. Employees may make elective deferrals from their eligible earnings, up to the amount allowed by the Internal Revenue Code. The School matches the first three percent of a participant's elective salary deferral. For the years ended June 30, 2021 and 2020, pension expense totaled \$63,534 and \$90,044, respectively.

NOTE K - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 and 2020, totaled \$120,000 and \$122,000, respectively, and were designated for the purpose of transportation and scholarships.

ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(continued)

NOTE M – SUBSEQUENT EVENTS

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through November 24, 2021, the date the School's financial statements were available to be issued. Other than the forgiveness of the PPP loan as indicated in Note F, there were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.

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

**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 *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), which comprise the statement of financial position as of June 30, 2021, 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 24, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Achievement Preparatory Academy Public Charter School's internal control over financial reporting (internal control) as a basis for designing 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 Achievement Preparatory Academy Public Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Achievement Preparatory Academy Public Charter 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 Achievement Preparatory Academy Public Charter 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 financial statements. 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 Achievement Preparatory Academy Public Charter 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.



Washington, DC
November 24, 2021

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
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 compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Achievement Preparatory Academy Public Charter School's major federal programs for the year ended June 30, 2021. Achievement Preparatory Academy Public Charter 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Achievement Preparatory Academy Public Charter 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 Achievement Preparatory Academy Public Charter 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 Achievement Preparatory Academy Public Charter 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, 2021.

Report on Internal Control Over Compliance

Management of Achievement Preparatory Academy Public Charter 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 Achievement Preparatory Academy Public Charter 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 Achievement Preparatory Academy Public Charter 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 a 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.



Washington, DC
November 24, 2021

**ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Grant Identification Number	Total 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	84.010A	84.010A	\$ 423,178
DC School Choice Incentive Program	84.370C	84.370C	416,714
Improving Teacher Quality State Grants	84.367A	84.367A	65,198
Student Support and Academic Enrichment Program	84.424A	84.424A	109,178
COVID-19 Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425D	A3SERF	368,122
Special Education Cluster (IDEA) - Cluster			
Special Education Grants to States	84.027A	72027A	139,088
Special Education Preschool Grants	84.173A	84.173A	958
Total Special Education Cluster (IDEA) - Cluster			<u>140,046</u>
Total U.S. Department of Education			<u><u>1,522,436</u></u>
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		5,967
Emergency Food Assistance Program (Administrative Costs)	10.568		73,061
Child Nutrition Cluster:			
School Breakfast Program	10.553		6,468
National School Lunch Program	10.555		11,923
Total Child Nutrition Cluster			<u>18,391</u>
Total U.S. Department of Agriculture			<u><u>97,419</u></u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,619,855</u></u>

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
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of Achievement Preparatory Academy Public Charter School under programs of the federal government for the year ended June 30, 2021. 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). Because the Schedule presents only a selected portion of the operations of Achievement Preparatory Academy Public Charter School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Achievement Preparatory Academy Public Charter School.

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.

NOTE C – INDIRECT COST RATE

Achievement Preparatory Academy Public Charter School elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE D – RECONCILIATION TO THE FINANCIAL STATEMENTS

Expenditures per the Schedule excludes a debit balance of \$2,936 that was expended in fiscal year 2020, but received during fiscal year 2021 as part of the Federal Communications Commission E-Rate program, which is reported as a reduction to the federal entitlements and grants revenue in the statement of activities. Funding under the Federal Communications Commission E-Rate and the Medicaid programs is considered to be federal funds, however, these funds do not qualify as direct financial support, and therefore, are exempt from Federal Audit requirements.

**ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- | | |
|--|---------------|
| (a) Type of auditor's report issued on the financial statements | Unmodified |
| (b) Internal control over financial reporting: | |
| Material weaknesses identified? | No |
| Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| (c) Noncompliance material to financial statements noted? | No |

Federal Awards

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

Major programs

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

**ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021
(continued)**

SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None Noted

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None Noted

SECTION IV – SCHEDULE OF PRIOR YEAR FINDINGS

None Noted

SUPPLEMENTARY SCHEDULE REQUIRED BY DCPCSB

**ACHIEVEMENT PREPARATORY ACADEMY PUBLIC CHARTER SCHOOL
SUPPLEMENTARY SCHEDULE OF VENDOR CONTRACTS AWARDED EQUAL TO AND/OR OVER \$25,000
UNAUDITED
YEAR ENDED JUNE 30, 2021**

Award Date	Effective Date	Vendor Name	Goods or Services	Contractual Amount	Actual Amount Spent During FYE 6/30/21	Conflict of Interest (Indicate "YES" or "NO")
5/1/2020	7/1/2020	School Leader Lab	School leader training	\$ 30-40,000	\$ 30,608	NO
5/26/2020	7/1/2020	Achievement Network	Teacher training	45-50,000	45,000	NO
7/1/2020	7/1/2020	United Healthcare	Health and dental insurance	235-240,000	237,887	NO
7/1/2020	7/1/2020	Metropolitan Area Communication Services	Special education services	25-40,000	29,895	NO
7/1/2020	7/1/2020	Washington Gas	Gas utility	22-28,000	33,167	NO
7/1/2020	7/1/2020	DC Water and Sewer	Water/sewer	65-75,000	69,529	NO
7/1/2020	7/1/2020	Pepco	Electric utility	75-85,000	73,628	NO
7/14/2020	7/14/2020	Davis Squared Consulting	Professional development	45-50,000	45,458	NO
8/3/2020	8/3/2020	Employers Assurance	Workers comp insurance	175-180,000	178,425	NO
8/3/2020	8/3/2020	Philadelphia Insurance	Liability insurance	65-70,000	67,029	NO
6/15/2021	7/1/2021	EdOps	finance, accounting, and data services	200-230,000	None - FY22 Contract	NO
6/15/2021	7/1/2021	Dynamic Network Solutions	IT support	40-50,000	None - FY22 Contract	NO
6/15/2021	7/7/2021	DC Water and Sewer	Water/sewer	50-60,000	None - FY22 Contract	NO
6/21/2021	7/7/2021	Pepco	Electric utility	59-85,000	None - FY22 Contract	NO
6/21/2021	7/7/2021	Washington Gas	Gas utility	28-45,000	None - FY22 Contract	NO
6/21/2021	7/7/2021	Comcast	Internet	35-55,000	None - FY22 Contract	NO
Extension	3/18/2019	kglobal	Communications consultant	35-40,000	38,009	NO
N/a	7/1/2020	M and G Services	Janitorial and facilities management	340-350,000	347,060	NO
N/a	7/1/2020	Urban Teacher	Teacher training	90-95,000	91,500	NO
N/a	7/1/2020	End-To-End Solutions	Special education services	40-45,000	40,279	NO

NOTE: The above schedule includes all vendors/contractors for which either a formal contract was entered into, executed or negotiated, whether or not services were provided during fiscal year ended June 30, 2021.