

BRIYA PUBLIC CHARTER SCHOOL

WASHINGTON, DC

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COMPARATIVE FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

**KENDALL, PREBOLA AND JONES**

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**Kendall, Prebola and Jones, LLC**  
**Certified Public Accountants**

Board of Trustees  
Briya Public Charter School  
2333 Ontario Road, NW  
Washington, DC 20009

INDEPENDENT AUDITOR'S REPORT

***Report on the Financial Statements***

We have audited the accompanying financial statements of the Briya 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 audits 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***

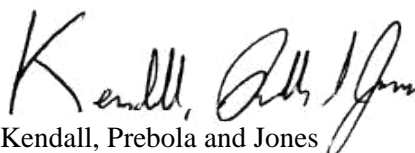
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Briya Public Charter School as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters*****Other Information**

We have audited the financial statements of the Briya Public Charter School as of and for the years ended June 30, 2020 and 2019, and our report thereon dated November 23, 2020, expressed an unmodified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of contracts awarded in excess of \$25,000, which is the responsibility of management, is presented for the purpose of additional analysis and is 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 it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2020, on our consideration of the Briya 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 the Briya 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 the Briya Public Charter School's internal control over financial reporting and compliance.



Kendall, Prebola and Jones  
Certified Public Accountants

Bedford, Pennsylvania  
November 23, 2020

**BRIYA PUBLIC CHARTER SCHOOL**  
**COMPARATIVE STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets:</u></b>		
Cash and Cash Equivalents	\$ 6,473,503	\$ 4,744,994
Certificates of Deposit	5,562,527	5,553,442
Investments	4,462,100	4,267,981
Accounts Receivable	150,178	118,206
Promises Receivable	303,851	250,433
Prepaid Expenses	<u>313,922</u>	<u>416,951</u>
Total Current Assets	<u>\$ 17,266,081</u>	<u>\$ 15,352,007</u>
<b><u>Fixed Assets:</u></b>		
Furniture, Equipment and Computers	\$ 1,947,015	\$ 1,499,269
Accumulated Depreciation - Furniture, Equipment and Computers	(1,262,469)	(998,917)
Leasehold Improvements	2,437,266	2,420,656
Accumulated Amortization - Leasehold Improvements	<u>(874,359)</u>	<u>(797,490)</u>
Total Fixed Assets	<u>\$ 2,247,453</u>	<u>\$ 2,123,518</u>
<b><u>Other Assets:</u></b>		
Deposits	\$ 607,000	\$ 564,763
Investment in Affiliate	<u>-</u>	<u>104,944</u>
Total Other Assets	<u>\$ 607,000</u>	<u>\$ 669,707</u>
TOTAL ASSETS	<u>\$ 20,120,534</u>	<u>\$ 18,145,232</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities:</u></b>		
Accounts Payable	\$ 893,272	\$ 738,615
Income Taxes Payable	-	142
Accrued Salaries and Expenses	43,069	36,158
Refundable Advance	26,039	-
Capital Lease - Current Portion	<u>38,263</u>	<u>35,426</u>
Total Current Liabilities	<u>\$ 1,000,643</u>	<u>\$ 810,341</u>
<b><u>Long-term Liabilities:</u></b>		
Capital Lease	\$ 1,505,145	\$ 1,540,571
Less: Current Portion	(38,263)	(35,426)
Deferred Rent	<u>406,120</u>	<u>421,740</u>
Total Long-term Liabilities	<u>\$ 1,873,002</u>	<u>\$ 1,926,885</u>
Total Liabilities	<u>\$ 2,873,645</u>	<u>\$ 2,737,226</u>
<b><u>Net Assets:</u></b>		
Without Donor Restrictions	\$ 17,214,011	\$ 15,326,339
With Donor Restrictions	<u>32,878</u>	<u>81,667</u>
Total Net Assets	<u>\$ 17,246,889</u>	<u>\$ 15,408,006</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 20,120,534</u>	<u>\$ 18,145,232</u>

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL  
COMPARATIVE STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>June 30, 2020</u>			<u>June 30, 2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues and Other Support:</u>						
Tuition - Per Pupil Funding Allocation	\$ 8,305,873	\$ -	\$ 8,305,873	\$ 7,632,268	\$ -	\$ 7,632,268
Tuition - Per Pupil Facilities Allocation	2,464,565	-	2,464,565	2,342,834	-	2,342,834
Contributions - Federal Government	258,757	-	258,757	218,357	-	218,357
Contributions - State Government	648,861	-	648,861	652,190	-	652,190
Private Grants and Contributions	289,350	92,950	382,300	8,116	67,745	75,861
Student Fees	1,366	-	1,366	26,447	-	26,447
Donated Services, Facilities, Etc.	112,472	-	112,472	91,453	1,980	93,433
Interest, Dividends and Capital Gains	330,199	-	330,199	307,527	-	307,527
Realized Gain/(Loss) on Investments	59,524	-	59,524	-	-	-
Unrealized Gain/(Loss) on Investments	(50,952)	-	(50,952)	110,679	-	110,679
E-rate and Other Revenues	39,689	-	39,689	63,692	-	63,692
Net Assets Released from Restrictions (Satisfaction of Program Restrictions)	<u>141,739</u>	<u>(141,739)</u>	<u>-</u>	<u>386,640</u>	<u>(386,640)</u>	<u>-</u>
Total Revenues and Other Support	<u>\$ 12,601,443</u>	<u>\$ (48,789)</u>	<u>\$ 12,552,654</u>	<u>\$ 11,840,203</u>	<u>\$ (316,915)</u>	<u>\$ 11,523,288</u>
<u>Expenses:</u>						
Educational Services	\$ 9,731,715	\$ -	\$ 9,731,715	\$ 10,514,014	\$ -	\$ 10,514,014
Fundraising	941,724	-	941,724	964,322	-	964,322
General and Administrative	<u>40,332</u>	<u>-</u>	<u>40,332</u>	<u>51,897</u>	<u>-</u>	<u>51,897</u>
Total Expenses	<u>\$ 10,713,771</u>	<u>\$ -</u>	<u>\$ 10,713,771</u>	<u>\$ 11,530,233</u>	<u>\$ -</u>	<u>\$ 11,530,233</u>
Changes in Net Assets	\$ 1,887,672	\$ (48,789)	\$ 1,838,883	\$ 309,970	\$ (316,915)	\$ (6,945)
Net Assets, Beginning of Year	<u>15,326,339</u>	<u>81,667</u>	<u>15,408,006</u>	<u>15,016,369</u>	<u>398,582</u>	<u>15,414,951</u>
Net Assets, End of Year	<u>\$ 17,214,011</u>	<u>\$ 32,878</u>	<u>\$ 17,246,889</u>	<u>\$ 15,326,339</u>	<u>\$ 81,667</u>	<u>\$ 15,408,006</u>

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL  
COMPARATIVE STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	June 30, 2020				June 30, 2019			
	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>
<u>Personnel, Salaries and Benefits:</u>								
Teacher Salaries	\$ 64,123	\$ 64,123	\$ -	\$ -	\$ 54,697	\$ 54,697	\$ -	\$ -
Teaching Assistant Salaries	201,033	201,033	-	-	149,941	149,941	-	-
Student Support Salaries	-	-	-	-	28,252	25,427	2,825	-
Front Office Salaries	82,020	67,677	14,343	-	93,896	80,081	13,815	-
IT Salaries	-	-	-	-	3,546	3,546	-	-
Security Salaries	14,061	11,249	2,812	-	24,797	19,838	4,959	-
Executive Salaries	9,477	1,421	7,582	474	-	-	-	-
Fringe Benefits - Staff	39,294	36,059	3,217	18	45,620	42,862	2,758	-
Contracted Executive Salaries	107,488	85,991	16,123	5,374	127,163	101,731	19,074	6,358
Contracted Business Management Services	342,054	185,138	150,108	6,808	329,338	149,569	163,632	16,137
Contracted Leadership Services	557,870	489,694	52,403	15,773	390,866	334,538	45,147	11,181
Contracted Teaching Services	2,699,537	2,689,002	10,535	-	2,607,606	2,589,770	17,836	-
Contracted Student Support Services	790,469	771,908	18,561	-	781,664	751,637	30,027	-
Contracted IT Support	245,355	196,284	49,071	-	206,348	165,078	41,270	-
Contracted Front Office Support	452,212	343,167	109,045	-	475,247	384,144	91,103	-
Contracted Teaching Assistant Services	286,825	286,825	-	-	261,205	261,205	-	-
Fringe Benefits - Contracted Staff	954,673	887,079	64,578	3,016	893,524	817,667	69,851	6,006
Program Stipends	5,314	5,314	-	-	78,264	77,800	464	-
Temporary Contract Help	682	682	-	-	2,859	2,859	-	-
Staff Development Costs	83,928	77,878	5,810	240	110,710	104,061	6,286	363
Other Staff Related Expenses	<u>446,959</u>	<u>414,742</u>	<u>30,939</u>	<u>1,278</u>	<u>460,822</u>	<u>433,148</u>	<u>26,163</u>	<u>1,511</u>
Total Personnel, Salaries and Benefits	\$ <u>7,383,374</u>	\$ <u>6,815,266</u>	\$ <u>535,127</u>	\$ <u>32,981</u>	\$ <u>7,126,365</u>	\$ <u>6,549,599</u>	\$ <u>535,210</u>	\$ <u>41,556</u>
<u>Direct Student Costs:</u>								
Student Supplies, Snacks, etc.	\$ 66,302	\$ 66,302	\$ -	\$ -	\$ 56,732	\$ 56,732	\$ -	\$ -
Student Assessment and Materials	16,718	16,718	-	-	23,378	23,378	-	-
Student Textbooks	57,400	57,400	-	-	22,045	22,045	-	-
Student Uniforms	5,096	5,096	-	-	13,431	13,431	-	-
Contracted Instructional Fees	101,391	101,391	-	-	145,443	145,443	-	-
Student Travel/Field Trips	10,721	10,721	-	-	40,636	40,636	-	-
Food Service Fees	42,313	42,313	-	-	50,270	50,270	-	-
Other Student Costs	<u>219,266</u>	<u>219,266</u>	<u>-</u>	<u>-</u>	<u>112,885</u>	<u>112,885</u>	<u>-</u>	<u>-</u>
Total Direct Student Costs	\$ <u>519,207</u>	\$ <u>519,207</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>464,820</u>	\$ <u>464,820</u>	\$ <u>-</u>	\$ <u>-</u>

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL  
COMPARATIVE STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	June 30, 2020				June 30, 2019			
	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>
<u>Occupancy Costs:</u>								
Amortization Leasehold Improvements	\$ 8,318	\$ 7,718	\$ 576	\$ 24	\$ 4,845	\$ 4,554	\$ 275	\$ 16
Imputed Interest	76,051	70,570	5,264	217	77,423	72,773	4,396	254
Capital Lease Amortization	68,550	63,609	4,745	196	68,550	64,433	3,892	225
Rent	1,013,035	940,014	70,124	2,897	1,015,704	954,708	57,666	3,330
Loss from LLC - Occupancy Costs	104,944	97,380	7,264	300	1,149,079	1,080,073	65,239	3,767
Maintenance and Custodial Salaries	82,733	66,186	16,547	-	104,212	83,369	20,843	-
Fringe Benefits - Maintenance and Custodial	8,712	6,970	1,742	-	10,970	8,776	2,194	-
Contracted Building Support	69,721	64,696	4,826	199	94,821	89,127	5,383	311
Contracted Building Services	-	-	-	-	3,280	3,083	186	11
Rent - Other	3,000	2,783	208	9	3,000	2,820	170	10
Cleaning and Maintenance	41,174	38,206	2,850	118	64,727	60,840	3,675	212
Facility Consulting Fees	<u>3,950</u>	<u>3,666</u>	<u>273</u>	<u>11</u>	<u>10,707</u>	<u>10,064</u>	<u>608</u>	<u>35</u>
Total Occupancy Costs	<u>\$ 1,480,188</u>	<u>\$ 1,361,798</u>	<u>\$ 114,419</u>	<u>\$ 3,971</u>	<u>\$ 2,607,318</u>	<u>\$ 2,434,620</u>	<u>\$ 164,527</u>	<u>\$ 8,171</u>
<u>Office Expenses:</u>								
Office Supplies and Materials	\$ 57,765	\$ 53,601	\$ 3,999	\$ 165	\$ 51,406	\$ 48,319	\$ 2,919	\$ 168
Equipment Rental and Maintenance	27,457	25,477	1,901	79	42,909	40,332	2,436	141
Telephone and Telecommunications	98,690	91,577	6,831	282	129,193	121,434	7,335	424
Postage, Shipping and Delivery	1,169	1,085	81	3	1,102	1,036	62	4
Printing and Duplication	<u>3,321</u>	<u>3,082</u>	<u>230</u>	<u>9</u>	<u>373</u>	<u>351</u>	<u>21</u>	<u>1</u>
Total Office Expenses	<u>\$ 188,402</u>	<u>\$ 174,822</u>	<u>\$ 13,042</u>	<u>\$ 538</u>	<u>\$ 224,983</u>	<u>\$ 211,472</u>	<u>\$ 12,773</u>	<u>\$ 738</u>
<u>General Expenses:</u>								
Insurance	\$ 35,165	\$ -	\$ 35,165	\$ -	\$ 47,795	\$ -	\$ 47,795	\$ -
Administrative Fee	105,472	98,150	7,322	-	98,018	92,132	5,886	-
Management Fees	105,000	97,711	7,289	-	102,500	96,345	6,155	-
Accounting, Auditing and Payroll	142,652	-	142,652	-	134,771	6,267	128,504	-
Legal Fees	7,073	-	7,073	-	11,525	470	11,055	-
Computer Support Fees	286,672	266,008	19,844	820	265,210	249,283	15,057	870
Other Professional Fees	145,528	111,139	33,254	1,135	150,853	130,768	19,694	391
Business Fees and Dues	22,421	20,805	1,552	64	27,552	25,898	1,564	90
Income Tax	-	-	-	-	61	-	61	-
Bad Debt Expense	5,478	-	5,478	-	-	-	-	-
Imputed Interest	916	790	124	2	1,029	968	58	3
Other Expenses	22,670	21,464	1,139	67	23,661	22,239	1,344	78
Depreciation and Amortization	<u>263,553</u>	<u>244,555</u>	<u>18,244</u>	<u>754</u>	<u>243,772</u>	<u>229,133</u>	<u>14,639</u>	<u>-</u>
Total General Expenses	<u>\$ 1,142,600</u>	<u>\$ 860,622</u>	<u>\$ 279,136</u>	<u>\$ 2,842</u>	<u>\$ 1,106,747</u>	<u>\$ 853,503</u>	<u>\$ 251,812</u>	<u>\$ 1,432</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 10,713,771</u>	<u>\$ 9,731,715</u>	<u>\$ 941,724</u>	<u>\$ 40,332</u>	<u>\$ 11,530,233</u>	<u>\$ 10,514,014</u>	<u>\$ 964,322</u>	<u>\$ 51,897</u>

(See Accompanying Notes and Auditor's Report)



**BRIYA PUBLIC CHARTER SCHOOL**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b><u>Cash Flows from Operating Activities:</u></b>		
Changes in Net Assets	\$ 1,838,883	\$ (6,945)
Adjustments to Reconcile Changes in Net Assets to Net Cash Flows from Operating Activities:		
Unrealized (Gain)/Loss on Investments	50,952	(110,679)
Depreciation and Amortization	340,421	317,167
Bad Debt Expense - (Increase)/Decrease	5,478	-
Accounts Receivable - (Increase)/Decrease	(37,450)	21,377
Promises Receivable - (Increase)/Decrease	(53,418)	405,571
Prepaid Expenses - (Increase)/Decrease	103,029	(50,002)
Deposits - (Increase)/Decrease	(42,237)	(86,255)
Accounts Payable - Increase/(Decrease)	154,657	80,053
Income Taxes Payable - Increase/(Decrease)	(142)	(259)
Accrued Salaries and Expenses - Increase/(Decrease)	6,911	14,166
Refundable Advance - Increase/(Decrease)	26,039	-
Deferred Rent - Increase/(Decrease)	<u>(15,620)</u>	<u>62,480</u>
Net Cash Flows from Operating Activities	<u>\$ 2,377,503</u>	<u>\$ 646,674</u>
<b><u>Cash Flows from Investing Activities:</u></b>		
Purchase of Fixed Assets	\$ (464,356)	\$ (276,678)
Purchase of Investments	(1,359,814)	(4,157,302)
Proceeds on Sale of Investments	1,114,743	-
Net Sales (Purchases) of Certificates of Deposit	(9,085)	(68,173)
Investment in Affiliate	<u>104,944</u>	<u>1,149,079</u>
Net Cash Flows from Investing Activities	<u>\$ (613,568)</u>	<u>\$ (3,353,074)</u>
<b><u>Cash Flows from Financing Activities:</u></b>		
Proceeds on Capital Lease	\$ -	\$ 7,193
Payments Made on Capital Lease	<u>(35,426)</u>	<u>(32,332)</u>
Net Cash Flows from Financing Activities	<u>\$ (35,426)</u>	<u>\$ (25,139)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ 1,728,509	\$ (2,731,539)
Cash and Cash Equivalents at Beginning of Year	<u>4,744,994</u>	<u>7,476,533</u>
Cash and Cash Equivalents at End of Year	<u>\$ 6,473,503</u>	<u>\$ 4,744,994</u>

**Supplemental Disclosures:**

- a) Interest in the amount of \$76,967 and \$78,452 was paid during the years ended June 30, 2020 and 2019, respectively.
- b) Income taxes in the amount of \$531 were paid during the years ended June 30, 2019.

**Non-Cash Activities:**

- a) During the year ended June 30, 2019, the Charter School purchased an AltaLink Copier in the amount of \$7,193 through a financing lease.

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION:

Briya Public Charter School (Briya PCS), a District of Columbia Not-for-Profit Corporation was incorporated on July 12, 2005, exclusively for educational purposes. Briya PCS operates as part of the District of Columbia Public School system with its focus on providing strengthening families through culturally responsive two-generation education.

**Basic Programs**

Education

Briya Public Charter School is a two-generation public charter school designed to give an integrated educational experience to immigrant parents and their children. Families enroll in Briya's two-generation program together: parents study English, digital literacy, and parenting while their young children receive a high-quality early education. The program builds on families' strengths and provides tools and support for improving educational, economic, and social opportunities. Briya collaborates and co-locates with Mary's Center for Maternal and Child Care, Inc., a Federally Qualified Health Center that offers a variety of medical, dental, and social services. Briya is ranked as a Tier 1 high-performing school in adult and early childhood education by the DC Public Charter School Board.

Briya offers the following programs:

- Adult Education - Parents learn English, from basic to advanced levels, and gain practical digital literacy skills to help their families thrive.
- Early Childhood Education - Infant, toddler, and PreK classes for the children of adult students are held simultaneously with adult classes. Classes use a Reggio Emilia-inspired approach.
- Parenting and Family Time - Briya's unique model brings parents and children together each week. After learning about child development theory during parenting class, adults see their knowledge come to life as they engage with their children in the infant, toddler, and PreK classrooms. With early childhood teachers offering guidance as needed, parents gain confidence to extend and reinforce learning at home.
- Workforce development programs - Two programs help students achieve economic independence with credentials for jobs in health care and early education:
  - Medical Assistant (MA) Program: This 12-15-month program prepares students for a career as a Registered Medical Assistant in medical offices, clinics and hospitals. MA students learn to perform both clinical and administrative duties.
  - Child Development Associate (CDA) Program: This 10-month program, offered in English and Spanish, prepares students to gain the nationally recognized Child Development Associate (CDA) credential. With the CDA credential, graduates can pursue career options such as early childhood teacher, home visitor, or operator of a licensed home daycare facility.
- The National External Diploma Program (NEDP) - Students in Briya's highest-level English class have the opportunity to earn a high school diploma through the NEDP, which is specifically designed to meet the needs of adult learners.

BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION: (Continued)

**Basic Programs** (Continued)

Other Services

- Briya's Student Services Department provides individualized support for comprehensive student needs, including medical care, mental health care, employment, immigration legal services, emergency shelter, continuing education, and more.
- On-site mental health therapist meets one-on-one with students and leads small support groups.
- Language interpretation is available to students during registration, workshops, and referral services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of the Charter School are summarized below:

(a) Basis of Accounting and Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting, which presents financial position, activities, functional expenses, and cash flows in accordance with accounting principles generally accepted in the United States of America.

(b) Revenue Recognition:

**Contributions**

The Charter School has implemented the new accounting and reporting standards surrounding contributions. These new standards affect financial statement reporting and disclosures included within the body of the financial statements. The new standards promulgate clarity for distinguishing between exchange transactions and those of a non-reciprocal arrangement leading to a contribution, while providing rules and guidance on what constitutes an underlying condition that may be associated with a contribution.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional contributions are determined on the basis of whether or not an underlying agreement includes both a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If both exist, then the contribution is conditional. Barriers include and are not limited to:

- Measurable performance-related barrier(s) (e.g., specified level of service, specific output, or outcome, matching requirement);
- Extent to which a stipulation limits discretion on conduct of activity (e.g., qualifying expenses, specific protocols); and

BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(b) Revenue Recognition: (Continued)

**Contributions** (Contributions)

- Extent to which a stipulation is related to the purpose of the agreement (excludes administrative or trivial items).

Conditional contributions are not recognized as revenue until they become unconditional, that is, until all conditions on which they depend are substantially met. Therefore, any respective advance payments received are recorded as a refundable advance and subsequently recognized as contribution revenue when the underlying conditions are fulfilled.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restriction, if any, on the contribution. An allowance for uncollectible contributions receivable is provided based upon management's judgement, including such factors as prior collection history and type of contribution

**Federal and Charter School Funding**

The Charter School receives a student allocation from the District of Columbia as well as federal funding to cover the cost of academic expenses. The student allocation is on a per pupil basis and includes the academic year funding, special education funding and a facilities allotment. The Charter School recognizes this funding in the year in which the school term is conducted. Funding received in advance of the school term is recorded as deferred revenue. Federal entitlements are recognized based on the allowable costs incurred.

**Government Grants**

The Charter School receives grants from federal and state governmental agencies for the purpose of providing a social benefit to the general public. Pursuant to the implementation of the accounting standard ASU No. 2018-08, government grants are classified as conditional contributions when the award includes both a barrier that must be overcome for the Charter School to be entitled to the assets transferred, and a right of return for the transferred assets exists. Contribution income is recognized based on the total costs incurred. Promises receivables are recorded to the extent unreimbursed expenses have been incurred for the purposes specified by the granting agency. Funds received in advance, and those that are unexpended as of year-end, are reflected as a refundable advance.

BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(c) Corporate Taxes:

The Charter School is exempt from federal and state income taxes (other than on unrelated business income) under the provisions of Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. Exemption from District of Columbia income taxes was granted to the Charter School effective July 12, 2005. The Charter School has been classified as other than a private foundation under Section 509(a)(1) of the Internal Revenue Code and, accordingly, contributions to the Charter School qualify as a charitable tax deduction by the contributor.

Under IRC Section 512(a)(7) (the parking and transit tax), certain transportation benefits were subject to unrelated business income tax. On December 20, 2019, the Taxpayer Certainty and Disaster Tax relief Act of 2019 provided certain technical corrections and amendments, among them the repeal of the parking and transit tax. As of June 30, 2019, the Charter School recognized \$127 of income tax expense related to the filing of the 990-T tax return. In addition, \$144 of income tax expense due to the District of Columbia has been reflected in the financial statements related to income tax on transportation benefits for the year ended June 30, 2019. The Charter School did not have any net unrelated business income for the year ended June 30, 2020.

(d) Net Assets:

The Charter School reports information regarding its financial position and activities according to two classes of net assets. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of restrictions on use that are placed by the donor. Accordingly, net assets of the Charter School and changes therein are classified and reported as follows:

**Net Assets without Donor Restrictions**

Net assets without donor restrictions are resources available to support operations and over which the Board of Trustees has discretionary control. The only limits on the use of these net assets are the broad limits resulting from the Charter School's purpose, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements that are entered into in the course of its operations.

**Net Assets with Donor Restrictions**

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature whereby the Charter School must continue to use the resources in accordance with the donor's instructions.

BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(d) Net Assets: (Continued)

**Net Assets with Donor Restrictions** (Continued)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service, unless the donor provides more specific directions about the period of its use.

Net assets with donor restrictions were available at year end for the following programs:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Early Childhood Classrooms	\$ 16,349	\$ -
Emergency Support for Students	13,160	-
Playground Construction	3,369	-
General - Time Restricted	-	50,000
Improving Well Being of Young Immigrant Children and their Families	-	<u>31,667</u>
Total Net Assets Available	<u>\$ 32,878</u>	<u>\$ 81,667</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, the passage of time, or by occurrence of other events specified by donors for the following programs:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
General - Time Restricted	\$ 50,000	\$ -
Improving Well Being of Young Immigrant Children and their Families	41,667	365,702
Emergency Support for Students	20,590	-
Early Childhood Classrooms	14,652	-
Distance Learning	11,899	-
Playground Construction	1,631	6,895
Travel	1,300	2,600
Antibias Training	-	7,000
Books	-	1,980
Coat Drive	-	1,250
Student Loans	-	<u>1,213</u>
Total Net Assets Released from Restrictions	<u>\$ 141,739</u>	<u>\$ 386,640</u>

BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(e) Donated Services, Materials and Facilities:

Donated services and materials are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, if the services received create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contributed services and promises to give services that do not meet the above criteria are not recognized. The time contributed by the Charter School's Board of Trustees is uncompensated and is not reflected as donated services. In-kind contributions are recorded in the statement of activities at estimated fair value and recognized as revenue and expense (or an asset) in the period they are received.

The estimated value of donated services, materials and facilities has been recorded in the financial statements as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Facilities	\$ 92,024	\$ 89,344
Research and Policy Consulting	19,968	-
Translation Services	480	-
Books	-	1,980
Conference Registration	-	1,839
Legal Services	<u>-</u>	<u>270</u>
Total	<u>\$ 112,472</u>	<u>\$ 93,433</u>

(f) Functional Expense Allocation Policies and Procedures:

The statement of functional expenses presents an allocation of each expense category between program services, general and administrative, and fundraising activities. Program service costs consist of those expenses incurred to fulfill the Charter School's mission. General and administrative costs pertain to supporting activities. Fundraising expenses relate to fundraising activities such as generating contributions and seeking unsolicited financial support and grants.

Management has established functional expense allocation policies and procedures based on a reasonable analysis of cost drivers and reasonable allocation methodologies based on financial results and industry standards.

Expenses that can be identified with a specific program or support service are charged directly to the program or support service. The Charter School has established a method to specifically identify and record those costs that are considered to be direct student expenses. Such program expenses consist of contracted instructional services, food service, student supplies, student transportation and textbooks.

BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(f) Functional Expense Allocation Policies and Procedures: (Continued)

Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Personnel expense for salaries, payroll taxes and employee benefit plans are allocated based on estimated amounts of time spent on particular activities.
- Costs of professional fees, legal and accounting, insurance, other general expense, and other similar expenses are allocated based on the underlying use of these costs by various programs determined by management and evaluated annually.
- Certain staff expenses including travel, meetings and development are generally allocated between administrative and program functions based on estimated amounts of time spent on particular activities by utilizing a full-time employee equivalency calculation.
- Shared costs (office supplies, telephone, equipment rental, postage and computer expense) are allocated based on estimated amounts of time spent on particular activities by utilizing a full-time employee equivalency calculation.
- Costs for facilities such as rent, utilities, maintenance and repairs are allocated based on estimated amounts of time spent on particular activities by utilizing a full-time employee equivalency calculation.

(g) Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

(h) Recognition of Salary Expense:

Salary expense is recognized in the year the service is rendered, which coincides with the academic year. Salaries unpaid at June 30 are recognized as expense and accrued salaries.

(i) Certificates of Deposit:

Certificates of deposit are other investments with original maturities greater than three months and are carried at cost. The certificates of deposit do not qualify as securities as defined in Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") 320, *Investments - Debt and Equity Securities*, thus the fair value disclosures required by ASC 820, *Fair Value Measurements and Disclosures*, are not provided.



BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(j) Fair Value of Certain Financial Instruments:

Some of the Charter School's financial instruments are not measured at fair value on a recurring basis but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such accounts include cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, and accrued expenses.

(k) Reclassifications:

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These reclassifications had no effect on the change in the net assets or to total net assets from the prior years.

(l) Change in Accounting Principles:

The Charter School implemented Financial Accounting Standard Board (FASB) ASU No. 2018-08 "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made" in the current year, applying the changes retrospectively.

ASU 2018-08 was issued to clarify and improve the guidance for distinguishing transactions that are contributions from those that are exchange transactions. The ASU also provides guidance for determining if a contribution that is a promise to give is conditional.

This standard amends the definition of a donor-imposed condition to state it must include both (a) one or more barriers that must be overcome before the organization is entitled to the promised assets, and (b) a right of release from the obligation stipulating the donor has the right to be released from its obligation to transfer assets or to reduce, settle, or cancel liabilities. This standard also provides additional guidance to determine whether grants and contracts from the federal, state, and local governments should be classified as a contribution or an exchange transaction.

The changes had no effect on net assets at July 1, 2019.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Charter School's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

The Charter School has certain donor-restricted net assets that are considered to be available for general expenditures, because the restrictions on the net assets are expected to be met by conducting the normal activities of the programs in the coming year.

BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS: (Continued)

Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 6,473,503	\$ 4,744,994
Certificates of Deposit	5,562,527	5,553,442
Investments	4,462,100	4,267,981
Accounts Receivable	150,178	118,206
Promises Receivable	<u>303,851</u>	<u>250,433</u>
Total Financial Assets	<u>\$ 16,952,159</u>	<u>\$ 14,935,056</u>
Less Amounts Not Available for General Expenditure Within One Year:	<u>\$ -</u>	<u>\$ -</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 16,952,159</u>	<u>\$ 14,935,056</u>

As part of the Charter School's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. In addition, the Charter School invests cash in excess of daily requirements in short-term investments through a repurchase agreement which invests in demand deposit accounts.

4. ACCOUNTING FOR UNCERTAIN TAX POSITIONS:

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in the Charter School's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. The Charter School performed an evaluation of uncertain tax positions for the year ended June 30, 2020, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of June 30, 2020, the statute of limitations for tax years 2016 through 2018 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Charter School files tax returns. It is the Charter School's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of June 30, 2020, the Charter School had no accruals for interest and/or penalties.

**BRIYA PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**

5. **CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT:**

**Cash and Cash Equivalents**

Cash and cash equivalents at year end consisted of the following:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Interest Bearing Checking Account	\$ 6,169,138	\$ 4,487,424
Savings Accounts	110,213	182,980
Non-Interest Bearing Checking Accounts	4,503	4,503
Money Market	<u>189,649</u>	<u>70,087</u>
Total	<u>\$ 6,473,503</u>	<u>\$ 4,744,994</u>

**Certificates of Deposit**

Certificates of deposit are purchased from banking institutions by the Charter School and the Manufacturers and Traders Trust Co. as custodian for the Charter School. Certificates of deposit are valued at original cost plus reinvested interest. Balances at year end consisted of the following:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Certificates of Deposit	<u>\$ 5,562,527</u>	<u>\$ 5,553,442</u>

For purposes of the cash flow statement and financial statement presentation, cash and cash equivalents are short term, highly liquid investments with maturities of three months or less, including money market mutual accounts.

The Charter School maintains its cash in multiple financial institutions. These cash accounts are covered under the Federal Deposit Insurance Corporation (FDIC) Program. Deposits held in non-interest bearing transaction accounts are aggregated with interest bearing deposits and the combined total is insured up to \$250,000 per banking institution.

As of June 30, 2020 and 2019, \$6,096,580 and \$4,386,427, respectively, of the bank balance was deposited in excess of Federal Deposit Insurance Corporation limits. Due to increased cash flows at certain times during the year, the amount of funds at risk may have been greater than at year-end. The Charter School has not experienced any losses related to these accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

The Charter School has entered into two repurchase agreements with PNC Bank and City First Bank in which the banks agreed to transfer to the Charter School an interest in securities issued or guaranteed by the United States or an agency thereof against the transfer of funds from the Charter School to the respective bank. Per the repurchase agreements, funds in excess of \$50,000 and \$200,000 are transferred out on a daily basis. The amount of funds transferred back the next day includes the original purchase price plus interest earned.

BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

5. CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT: (Continued)

The Charter School has not experienced any losses related to these accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents. The balance of these accounts as of June 30, 2020 and 2019 was \$5,936,905 and \$4,264,482, respectively. These amounts are included in the interest bearing checking amounts above.

As of June 30, 2020 and 2019, \$189,649 and \$70,087, respectively, was held in money market funds that are not federally insured. Management has minimized risk related to these money funds by investing in high quality short term securities as well as certain repurchase agreements that are backed by high quality securities. The money market funds seek to maintain a share price of \$1.00.

6. INVESTMENT IN AFFILIATE - MAMIE D. LEE LLC:

Mamie D. Lee, LLC (LLC), was formed on October 1, 2015, by Briya Public Charter School and Bridges Public Charter School for the purpose of leasing property from the District of Columbia and to renovate, remodel, operate, manage, maintain, improve, repair and rent space to the two Member charter schools. Each of the two Member charter schools have equal fifty percent (50%) voting rights in the LLC. Briya Public Charter School's investment in Mamie D. Lee, LLC is accounted for on the equity method. The equity method provides that each Member is allocated their proportionate share of the LLC's net profits and losses. For the years ended June 30, 2020 and 2019, the LLC's net profits, losses and cash flows were allocated based on each Member's share of the investment account balance in the LLC. This investment account balance is calculated by adjusting for capital contributions, distributions, rent usage fees, operating costs and debt service. For the years ended June 30, 2020 and 2019, Briya Public Charter School was allocated 78.55% and 81.38%, respectively, of the LLC's net profits, losses and cash flows. Operating expense is allocated based on square footage occupied by each Member. Debt service was allocated to the Members based on the net debt ratio. Per the agreement between the Charter School and the LLC, Member contributions were required to be paid, all of which were made prior to the year ended June 30, 2016. The balance of the Charter School's investment in Mamie D. Lee, LLC, at June 30, 2020 and 2019 was \$-0- and \$104,944, respectively. The Charter School's proportion of net profits and losses of the LLC for the years ended June 30, 2020 and 2019 was (\$104,944) and (\$1,149,079), respectively. The following tables detail the Charter School's investment in affiliate:

Balance - June 30, 2019	\$ 104,944
Member Contributions	-
Share of Earnings/(Loss)	<u>(104,944)</u>
Balance - June 30, 2020	<u>\$ -</u>
Balance - June 30, 2018	\$ 1,254,023
Member Contributions	-
Share of Earnings/(Loss)	<u>(1,149,079)</u>
Balance - June 30, 2019	<u>\$ 104,944</u>

BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT IN AFFILIATE - MAMIE D. LEE LLC: (Continued)

Assets, liabilities and Members' equity of Mamie D. Lee, LLC, as of June 30, 2020 and 2019 were as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Assets	\$ 31,573,872	\$ 32,730,561
Total Assets	\$ 31,573,872	\$ 32,730,561
Liabilities	\$ 33,136,441	\$ 32,901,813
Members' Equity	<u>(1,562,569)</u>	<u>(171,252)</u>
Total Liabilities and Net Assets	\$ 31,573,872	\$ 32,730,561

The activities of Mamie D. Lee, LLC, as of June 30, 2020 and 2019 were as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Revenues	\$ 2,576,270	\$ 2,530,265
Expenses	<u>(3,967,587)</u>	<u>(3,942,238)</u>
Total Change in Members' Equity	\$ <u>(1,391,317)</u>	\$ <u>(1,411,973)</u>

7. INVESTMENTS:

The Charter School invested in equity securities during the year, which are subject to market fluctuations. Investments in equity securities have been measured at fair value and are recorded as such in the statements of financial position. The fair values for marketable equity securities are based on quoted market prices. Unrealized gains and losses are included in the change in net assets. A comparison of the carrying value of these investments at year end was as follows:

	<u>June 30, 2020</u>			
	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Mutual Funds	\$ 4,402,373	\$ 256,228	\$ (196,501)	\$ 4,462,100
Total	\$ 4,402,373	\$ 256,228	\$ (196,501)	\$ 4,462,100

BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS: (Continued)

June 30, 2019

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Mutual Funds	\$ 4,157,302	\$ 122,635	\$ (11,956)	\$ 4,267,981
Total	\$ 4,157,302	\$ 122,635	\$ (11,956)	\$ 4,267,981

Unrealized gains and losses on investments are based on the difference between book value and fair value. Net unrealized gains at June 30, 2020 and 2019, were \$59,727 and \$110,679.

The composition of investment return consisted of the following:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Interest and Dividends	\$ 225,648	\$ 188,137
Capital Gain Distributions	104,551	119,390
Realized Gain/(Loss)	59,524	-
Unrealized Gain/(Loss)	<u>(50,952)</u>	<u>110,679</u>
Total	<u>\$ 338,771</u>	<u>\$ 418,206</u>

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such change could affect the amounts reported in the statement of financial position. The Charter School attempts to limit its credit risk associated with investments through diversification.

8. FAIR VALUE MEASUREMENTS:

Financial Accounting Standards Board ASC Topic No. 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC No. 820-10 are described as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that the organization has the ability to access.

BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

8. FAIR VALUE MEASUREMENTS: (Continued)

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability (such as interest rate and yield curves);
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable (supported by little or no market activity) and not corroborated by market data. Unobservable inputs reflect the organization's estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020.

Mutual Funds: Valued at the net asset value ("NAV") of shares held by the Charter School at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Charter School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Charter School's assets measured at fair value as of June 30, 2020 and 2019.

June 30, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 4,462,100	\$ -	\$ -	\$ 4,462,100
Total	<u>\$ 4,462,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,462,100</u>

June 30, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 4,267,981	\$ -	\$ -	\$ 4,267,981
Total	<u>\$ 4,267,981</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,267,981</u>

BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

9. ACCOUNTS AND PROMISES RECEIVABLE:

**Accounts Receivable**

Accounts receivable are considered to be fully collectible by management. Balances at year end consisted of the following:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Related Organizations	\$ 74,301	\$ 57,636
E-Rate	30,698	6,149
Per Pupil Funding	26,455	15,425
Interest	16,710	20,445
Other	<u>2,014</u>	<u>18,551</u>
Total	<u>\$ 150,178</u>	<u>\$ 118,206</u>

The Charter School's accounts receivable consists of unsecured amounts due from funding sources whose ability to pay is subject to changes in general economic conditions. Because the Charter School does not require collateral, it is at credit risk for the amounts owed to the Charter School throughout the year and at year end.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Trade receivables related to program service fees are recognized as revenue on the accrual basis of accounting at the time the program activity has occurred. Credit is extended for a period of 60 days with no interest accrual at which time payment is considered delinquent. Trade receivables are written off as uncollectible once management determines that available collection efforts have been exhausted.

**Promises Receivable**

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Promises to give represent amounts committed by donors that have not been received by the Charter School. The Charter School uses the allowance method to determine uncollectible promises to give.



BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

9. ACCOUNTS AND PROMISES RECEIVABLE: (Continued)

**Promises Receivable** (Continued)

Promises receivable at year end consisted of:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Adult and Family Education	\$ 176,080	\$ 113,574
Workforce Investment Council	67,450	-
Immigrant Justice Legal Services	31,745	31,279
Community Schools	23,100	53,553
Scholarship for Opportunity and Results Act (SOAR)	5,026	-
General	450	-
General - Time Restricted	-	50,000
National School Lunch Program	-	1,895
Healthy Schools Act	<u>-</u>	<u>132</u>
Total	<u>\$ 303,851</u>	<u>\$ 250,433</u>

The above unconditional promises receivable are all due to be received in less than one year.

The Charter School received the following conditional promises to give that are not recognized as assets in the financial statements:

	<u>June 30, 2020</u>
Community Schools	\$ 30,509
Immigrant Justice Legal Services	<u>24,630</u>
Total Conditional Promises	<u>\$ 55,139</u>

10. FIXED ASSETS:

Furniture and equipment, and leasehold improvements are recorded at cost or in the case of contributed property at the fair market value at the date of the contribution. If an expenditure in excess of \$1,000 results in an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized at cost and depreciated or amortized over the estimated useful lives of the assets. In addition, bulk purchases of assets with unit costs of less than \$1,000, but a total monetary value for a one-time purchase exceeding \$5,000 will be capitalized as a group and depreciated over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization is removed from the accounts and any resulting gain or loss is reflected in revenues for the period. Depreciation and amortization have been provided on the straight-line method over the estimated useful lives of the assets. Depreciation and amortization expense for the years ended June 30, 2020 and 2019 was \$340,421 and \$317,167, respectively. Maintenance and repairs are charged to expenses as incurred.

**BRIYA PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**

10. **FIXED ASSETS:** (Continued)

Major classifications of fixed assets and their estimated useful lives are as summarized below:

June 30, 2020

	<u>Depreciable Life</u>	<u>Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net Book Value</u>
Furniture and Equipment	5 Years	\$ 333,754	\$ 205,106	\$ 128,648
Computers and Software	3-5 Years	1,613,261	1,057,363	555,898
Building and Leasehold Improvements	Remaining Life of Lease	<u>2,437,266</u>	<u>874,359</u>	<u>1,562,907</u>
Total		<u>\$ 4,384,281</u>	<u>\$ 2,136,828</u>	<u>\$ 2,247,453</u>

June 30, 2019

	<u>Depreciable Life</u>	<u>Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net Book Value</u>
Furniture and Equipment	5 Years	\$ 303,537	\$ 165,151	\$ 138,386
Computers and Software	3-5 Years	1,195,732	833,766	361,966
Building and Leasehold Improvements	Remaining Life of Lease	<u>2,420,656</u>	<u>797,490</u>	<u>1,623,166</u>
Total		<u>\$ 3,919,925</u>	<u>\$ 1,796,407</u>	<u>\$ 2,123,518</u>

11. **FINANCING LEASES PAYABLE:**

**Leasehold - Georgia Avenue**

On November 1, 2010, Briya Public Charter School entered into a 30-year lease with Mary's Center for Maternal and Child Care, Inc., for approximately 7,735 square feet located at 3910 Georgia Avenue, NW, Washington, DC. Rent for approximately 1,215 square feet of space has been abated. Rent is at a fixed rate of \$15 per square foot in year one and shall increase one percent (1%) each subsequent year over the previous year's rate per square foot per year. The commencement date of this lease was July 1, 2011. The lease may be terminated by a written notice of intent to terminate at least six months prior to the date desired and written consent by the landlord. The Charter School has the option to buy in ten years. The Charter School contributed \$374,000 towards the design and construction of leasehold improvements. On July 1, 2011, the cost value of the financing lease was \$2,056,499. This amount includes the total lease payments of \$1,682,499 and \$374,000 for the design and construction.

**BRIYA PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**

11. **FINANCING LEASES PAYABLE:** (Continued)

**Leasehold - Georgia Avenue** (Continued)

The lease has been capitalized and is being amortized over 30 years beginning on July 1, 2011. Interest expense was \$76,051 and \$77,423, respectively, for the years ended June 30, 2020 and 2019, using an implicit rate of 5%. The lease is secured by the building and leasehold improvements that cost \$2,056,499, and is presented as part of Building and Leasehold Improvements. For the years ended June 30, 2020 and 2019, amortization expense in the amount of \$68,550 on the building and leasehold improvements is included in depreciation expense. Accumulated amortization was \$616,949 and \$548,399, respectively, at June 30, 2020 and 2019. The balance of the financing lease payable at June 30, 2020 and 2019 was \$1,491,169 and \$1,521,022, respectively. The Charter School is committed under this financing lease to make future minimum payments as follows:

<u>Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 106,962	\$ 32,404	\$ 74,558
2022	108,032	35,094	72,938
2023	109,113	37,929	71,184
2024	110,203	40,916	69,287
2025	111,305	44,064	67,241
Thereafter	<u>1,940,105</u>	<u>1,300,762</u>	<u>639,343</u>
Total Future Minimum Lease Payments	<u>\$ 2,485,720</u>	<u>\$ 1,491,169</u>	<u>\$ 994,551</u>

**Copiers**

On October 18, 2017, Briya Public Charter School entered into a financing lease for the rental of two Konica Minolta Bizhub C658 photocopiers. The amount financed on this lease was \$19,595, payable over 60 months with a monthly payment of \$370. Maturity is scheduled for October 31, 2022. Interest expense was \$593 and \$780 for the years ended June 30, 2020 and 2019, respectively, using an implicit rate of 5%. The lease is secured by the photocopy equipment that cost \$19,595, and is presented as part of Furniture and Equipment. For the years ended June 30, 2020 and 2019, amortization expense in the amount of \$3,919, on the photocopiers is included in depreciation expense. Accumulated amortization was \$10,451 and \$6,532 at June 30, 2020 and 2019, respectively. The balance of the financing lease at June 30, 2020 and 2019 was \$9,754 and \$13,599, respectively. The Charter School is committed under this financing lease to make future minimum payments as follows:

<u>Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 4,437	\$ 4,041	\$ 396
2022	4,437	4,248	189
2023	<u>1,480</u>	<u>1,465</u>	<u>15</u>
Total Future Minimum Lease Payments	<u>\$ 10,354</u>	<u>\$ 9,754</u>	<u>\$ 600</u>

**BRIYA PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**

11. **FINANCING LEASES PAYABLE:** (Continued)

**Copiers** (Continued)

On August 23, 2018, Briya Public Charter School entered into a financing lease with Canon Financial Services for the rental of an AltaLink C8055 copier. The amount financed on this lease was \$7,193, payable over 48 months with a monthly payment of \$166. Maturity is scheduled for September 19, 2022. Interest expense was \$258 and \$249 for the years ended June 30, 2020 and 2019, respectively, using an implicit rate of 5%. The lease is secured by the photocopy equipment that cost \$7,193, and is presented as part of Furniture and Equipment. For the years ended June 30, 2020 and 2019, amortization expense in the amount of \$1,438 and \$1,079, respectively, on the photocopier is included in depreciation expense. Accumulated amortization was \$2,517 and \$1,079, respectively, at June 30, 2020 and 2019. The balance of the financing lease at June 30, 2020 and 2019, was \$4,222 and \$5,950, respectively. The Charter School is committed under this financing lease to make future minimum payments as follows:

<u>Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,988	\$ 1,818	\$ 170
2022	1,988	1,911	77
2023	<u>498</u>	<u>493</u>	<u>5</u>
Total Future Minimum Lease Payments	<u>\$ 4,474</u>	<u>\$ 4,222</u>	<u>\$ 252</u>

12. **DEFERRED RENT:**

Accounting principles generally accepted in the United States of America require that rent expense, pursuant to a non-cancelable lease that includes fixed scheduled rent increases, be recorded on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected as a deferred rent in the accompanying statements of financial position. The Charter School entered into an operating lease agreement and a sublease agreement, as more fully discussed in Note 16, for the rental and sublease of space at the Gallatin Street Building in Washington, DC. As a result of these agreements, a net amount of \$406,120 representing future payments has been recorded as a liability to adjust the actual rent paid to conform to the straight-line basis. The balance of the unamortized deferred rent at June 30, 2020 and 2019 was \$406,120 and \$421,740, respectively. A summary of the net rent obligation and change in deferred rent related to these leases are as follows:

<u>Year Ending June 30,</u>	<u>Rent Obligation</u>	<u>Deferred Rent</u>	<u>Rent Payment</u>
2021	\$ 687,280	\$ 15,620	\$ 702,900
2022	687,280	15,620	702,900
2023	687,280	15,620	702,900
2024	687,280	15,620	702,900
2025	687,280	15,620	702,900
Thereafter	<u>14,432,870</u>	<u>328,020</u>	<u>14,760,890</u>
Totals	<u>\$ 17,869,270</u>	<u>\$ 406,120</u>	<u>\$ 18,275,390</u>

BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

13. DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD CONTRACT:

The Charter School was approved by the District of Columbia Public Charter School Board to operate a charter school in the District of Columbia. The District of Columbia Public Charter School Board (DCPCSB) is responsible for the ongoing oversight of the Charter School's fiscal management and academic acceptability. The contract, dated July 1, 2006, provides for a 15-year charter effective the date of first operation. The charter contract may be renewed for successive 15-year periods if the DCPCSB deems that the Briya Public Charter School is in compliance with its charter contract and District statutory provisions. In addition, in accordance with the Charter School Act, the DCPCSB is required to review the charter every five years. The DCPCSB may revoke (or not renew) a charter school contract if a school violates applicable law, materially violates the charter contract or fails to meet the student academic achievement expectations set forth in the charter contract. Consequently, management does not anticipate non-renewal or revocation of its charter.

As part of the agreement with the DCPCSB, the Charter School may be charged a public charter school fee, which is not to exceed one percent (.9% for the 19/20 and 18/19 school years) of the total revenues (less philanthropic and investment revenues) within the annual budget to cover the costs of undertaking the ongoing administrative responsibilities of the Board. For the years ended June 30, 2020 and 2019, the Charter School incurred \$105,472 and \$98,018, respectively, in administrative fees.

The charter contract provides that the Charter School may educate up to a predetermined number of students. However, this enrollment limit may be raised upon notification to and acceptance by the DCPCSB. The Charter School enrollment ceiling for the year ended June 30, 2020, was 902 students. Actual enrollment for the 2019/2020 year was 739 students.

14. PER-PUPIL FUNDING ALLOCATION:

The Charter School receives local funding from the District of Columbia in the form of per-pupil educational allotments and facility allotments. This funding is based on the equivalent number of full-time students and is determined annually. For the year ended June 30, 2020, the per pupil rate ranged from \$9,772 to \$14,713 for the educational allotment and \$3,335 for the facility allotment. For the year ended June 30, 2019, the per pupil rate ranged from \$9,486 to \$14,282 for the educational allotment and \$3,263 for the facility allotment. Additional allotments were given for Special Education needs and At Risk Students. The number of equivalent full-time students for the years ended June 30, 2020 and 2019 was 739 and 718, respectively. Per-pupil funding for the years ended June 30, 2020 and 2019 was as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Pre-School	\$ 441,396	\$ 399,888
Pre-Kindergarten	471,042	318,674
Adult	6,606,007	6,326,909
Special Education	225,562	204,367
English as a Second Language	425,035	339,457
At Risk	37,059	42,973
One-Time Payment	99,772	-
Facilities Allowance	<u>2,464,565</u>	<u>2,342,834</u>
Total	<u>\$ 10,770,438</u>	<u>\$ 9,975,102</u>

**BRIYA PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**

**15. FEDERAL ENTITLEMENTS AND GRANTS:**

During the years ended June 30, 2020 and 2019, the Charter School participated in the following federal award programs:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Adult Education and Family Literacy Act	\$ 141,695	\$ 69,449
Scholarship for Opportunity and Results Act (SOAR)	87,186	113,141
National School Lunch and Breakfast Program	22,366	26,175
Individuals with Disabilities Education Act (IDEA)	7,019	9,014
Donated Commodities	<u>491</u>	<u>578</u>
Total	<u>\$ 258,757</u>	<u>\$ 218,357</u>

**16. COMMITMENTS:**

**Ontario Road - Mary's Center**

The Charter School entered into an amended lease agreement with the Mary's Center for Maternal and Childcare, Inc., effective for a one-year period commencing on August 16, 2010, and ending on August 15, 2011, for the rental of 4,171 square feet of space in a building located at 2355 Ontario Road, NW, and 1707 Kalorama Road, NW, Washington, DC. This lease calls for monthly lease payments of \$10,080. The Charter School renewed the lease terms annually through July 31, 2021. The cost per square foot is \$29. The cost of these facilities was \$120,960 for each of the years ended June 30, 2020 and 2019. Future minimum payments due under this lease are as follows:

Year Ending June 30,

2021	\$ 120,960
2022	<u>10,080</u>
Total	<u>\$ 131,040</u>

**Kalorama Road - Mary's Center**

On September 1, 2011, the Charter School entered into a lease agreement with the Mary's Center for Maternal and Childcare, Inc., for five years commencing on September 1, 2011, for 2,220 square feet of additional space at 2355 Ontario Road, NW, and 1707 Kalorama Road, NW, at \$21 per square foot. The payments increase by one percent (1%) each subsequent year over the previous year's rate. The lease currently calls for monthly lease payments of \$4,207. The lease has been renewed with the same terms through August 31, 2021. The cost of these facilities was \$50,400 and \$49,900 for the years ended June 30, 2020 and 2019, respectively.

**BRIYA PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**

16. **COMMITMENTS:** (Continued)

**Kalorama Road - Mary's Center** (Continued)

Future minimum payments due under this lease are as follows:

Year Ending June 30,

2021	\$ 50,904
2022	<u>8,498</u>
Total	<u>\$ 59,402</u>

**Newton Street - Jacqueline Bennett**

On August 20, 2016, the Charter School entered into a lease agreement with Jacqueline L. Bennett for the rental of storage space and internship housing located at 1726 Newton Street, NW. The lease was for one year and called for a monthly payment of \$3,211. This lease was extended for an additional two-year term through August 31, 2019. Monthly lease payments of \$3,474 were required as of June 30, 2019. A security deposit of \$2,800 was required to be made related to this lease. Rental expense was \$14,896 and \$40,420 for the years ended June 30, 2020 and 2019, respectively.

**Gallatin Street - Mamie D. Lee, LLC**

On November 25, 2015, the Charter School entered into a thirty (30) year (sublease) agreement with Mamie D. Lee, LLC, (a related party) to occupy a portion of a new school building located at 100 Gallatin Street, NE, Washington, DC. The lease commenced on July 1, 2016, and is scheduled to expire on June 30, 2046. The Charter School has an option to renew the lease for an additional fourteen-year term. The Charter School has provided Mamie D. Lee, LLC, a first priority lien on the Charter School's Revenues. The annual usage fee represents an amount equal to a predetermined number of students multiplied by the per pupil facilities allowance received from the District of Columbia. The usage fee is full service and includes all utilities, tax, maintenance, repairs, cleaning, snow removal, security monitoring and pest control. The cost of these facilities was \$1,158,193 and \$1,138,518, respectively, for the years ended June 30, 2020 and 2019. Future minimum rental lease payments due under this lease along with the change in deferred rent over the remaining life of the lease are as follows:

<u>Year Ending June 30,</u>	<u>Rent Obligation</u>	<u>Deferred Rent</u>	<u>Rent Payment</u>
2021	\$ 1,110,717	\$ (84,753)	\$ 1,025,964
2022	1,110,717	(76,677)	1,034,040
2023	1,110,717	(68,397)	1,042,320
2024	1,110,717	(59,913)	1,050,804
2025	1,110,717	(51,213)	1,059,504
Thereafter	<u>23,325,037</u>	<u>1,371,887</u>	<u>24,696,924</u>
Totals	<u>\$ 28,878,622</u>	<u>\$ 1,030,934</u>	<u>\$ 29,909,556</u>

**BRIYA PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**

16. **COMMITMENTS:** (Continued)

**Gallatin Street (Sublease) - Mary's Center**

On November 25, 2015, Mary's Center (a related party), entered into a thirty (30) year use (sublease) agreement with Briya Public Charter School to occupy 12,000 square feet within the Charter School's space in the new school building located at 100 Gallatin Street, NE, Washington, DC. The lease commenced on July 1, 2016, and is scheduled to expire on June 30, 2046. Monthly rental payments of \$24,375 began on January 1, 2017, after a six-month abatement period. Rental payments increase annually on July 1. The monthly rental payment to the Charter School at June 30, 2020, was \$26,266. Rent expense was reduced by a total of \$423,438 for the years ended June 30, 2020 and 2019 related to this sublease. The future minimum payments to be paid by Mary's Center to Briya Public Charter School are as follows:

<u>Year Ending June 30,</u>	<u>Rent Obligation</u>	<u>Deferred Rent</u>	<u>Rent Payment</u>
2021	\$ (423,437)	\$ 100,373	\$ (323,064)
2022	(423,437)	92,297	(331,140)
2023	(423,437)	84,017	(339,420)
2024	(423,437)	75,533	(347,904)
2025	(423,437)	66,833	(356,604)
Thereafter	<u>(8,892,167)</u>	<u>(1,043,867)</u>	<u>(9,936,034)</u>
Totals	<u><u>\$(11,009,352)</u></u>	<u><u>\$ (624,814)</u></u>	<u><u>\$ (11,634,166)</u></u>

The following schedule shows the composition of rental expense for the years ended June 30, 2020 and 2019:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Minimum Rentals	\$ 1,344,449	\$ 1,349,798
Donated Rent	92,024	89,344
Less: Sublease	<u>(423,438)</u>	<u>(423,438)</u>
Net Rental Expense	<u><u>\$ 1,013,035</u></u>	<u><u>\$ 1,015,704</u></u>

**Paycheck Protection Program Loan**

The Charter School applied for a loan under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The Charter School received a loan from City First Bank of DC for an amount of \$91,804. This loan was for a two-year term beginning April 17, 2020 and maturing April 17, 2022. This loan was paid in full on May 15, 2020. Total interest paid related to this loan for the year ended June 30, 2020 was \$65.



BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

17. GUARANTEE OF INDEBTEDNESS:

Briya Public Charter School is a guarantor on a loan obtained by Mamie D. Lee, LLC, for which Briya Public Charter School is a member, as more fully explained in Note 6. Mamie D. Lee, LLC, obtained a loan in the amount of \$1,340,000 for the school facility. Briya Public Charter School is a guarantor of fifty percent (50%) of this principal balance. Bridges Public Charter School, the other member of Mamie D. Lee, LLC, is a guarantor for the other fifty percent (50%) of the principal balance. The guarantee on this loan includes interest, fees, late charges and any costs associated with the loan or collection of the loan. In addition to the guarantee on the loan, there are financial covenants related to this loan that need to be met as follows:

- a) Each guarantor needs to maintain a lease service coverage ratio of not less than 1.2 to 1.0.
- b) The guarantors along with Mamie D. Lee, LLC, need to maintain, on a combined basis, minimum unrestricted net assets of at least \$12,000,000.
- c) The guarantors need to maintain, on a combined basis, unencumbered liquid assets of not less than \$4,000,000.
- d) Each guarantor needs to maintain one or more deposit accounts with City First Bank of DC with a minimum balance of \$500,000.

These covenants are tested annually at the end of each fiscal year ended on June 30.

18. FUNDRAISING:

Expenses incurred during the years ended June 30, 2020 and 2019, for purposes of fundraising were \$40,332 and \$51,897, respectively.

19. RELATED PARTY TRANSACTIONS:

**Mamie D. Lee, LLC**

Briya Public Charter School and Bridges Public Charter School formed Mamie D. Lee, LLC (the LLC), which was established to lease a school building from the District of Columbia. These two schools, who are both 501(c)(3) organizations, are the only members of the LLC. This school building was renovated by the LLC in order to be subleased to Briya and Bridges Public Charter Schools for a period of thirty years commencing on July 1, 2016, and expiring on June 30, 2046. The Charter School recognized \$1,158,193 and \$1,138,518, respectively, of rent expense related to the lease with Mamie D. Lee, LLC, for the years ended June 30, 2020 and 2019.

The balance of the Charter School's investment in Mamie D. Lee, LLC, at June 30, 2020 and 2019 was \$-0- and \$104,944, respectively. The Charter School's proportion of net profits and losses of the LLC for the years ended June 30, 2020 and 2019 was (\$104,944) and (\$1,149,079), respectively.

During the year ended June 30, 2017, the LLC entered into five separate loan agreements. Four of these loans are through the New Market Tax Credit program, which encourages investment in real estate projects in low-income communities by allowing investors to receive tax credits in exchange for making qualified investments in Community Development Entities (CDEs). The CDEs then provide loans to benefit the low-income communities to qualified entities. Mamie D. Lee, LLC, obtained these New Market Tax Credit loans on March 22, 2017. There are certain guarantees related to this debt by the Charter School. As of June 30, 2020 and 2019, the outstanding debt balance of the LLC is \$32,186,293 and \$31,934,599, respectively.

BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

19. RELATED PARTY TRANSACTIONS: (Continued)

**Mamie D. Lee, LLC** (Continued)

During the years ended June 30, 2020 and 2019, the LLC reimbursed the Charter School for janitorial and facilities services, repair and maintenance costs of \$155,279 and \$151,533, respectively. On June 30, 2020 and 2019, an amount receivable from the LLC of \$34,065 and \$10,141, respectively, was reflected in the Charter School's statements of financial position.

**Mary's Center for Maternal and Childcare, Inc.**

Mary's Center for Maternal and Childcare, Inc., is a not-for-profit corporation. Briya Public Charter School and the Mary's Center for Maternal and Childcare, Inc., have separate independent boards of directors and all relationships between the two organizations are by contract.

The Charter School leased employees and facilities from Mary's Center for the years ended June 30, 2020 and 2019. The Charter School paid Mary's Center a human resource services management fee of \$105,000 and \$102,500, respectively, during the years ended June 30, 2020 and 2019. Payments to Mary's Center for contracted employees amounted to \$6,828,795 and \$5,653,949, respectively, for the years ended June 30, 2020 and 2019. Payments to Mary's Center for contracted employees are made on a cost reimbursement basis the following month. Therefore, to cover a portion of the cash Mary's Center uses to pay contracted employees, the Charter School paid Mary's Center a deposit for contracted employee costs that is reflected in Other Assets - Deposits, the balance of which was \$565,000 and \$525,000, respectively, at June 30, 2020 and 2019.

During the years ended June 30, 2020 and 2019, the Charter School reimbursed Mary's Center \$53,739 and \$92,142, respectively, for telephone, supplies and professional development. Mary's Center paid the Charter School \$14,030 and \$5,165 for exam fees, CDA classes, supplies and professional development during the years ended June 30, 2020 and 2019, respectively. Mary's Center also reimbursed the Charter School \$10,835 for flooring replacement during the year ended Jun 30, 2019.

On November 1, 2010, Briya Public Charter School entered into a 30-year lease with Mary's Center for the rental of 7,735 square feet located at 3910 Georgia Avenue, NW, Washington, DC, as more fully described in Note 11. This lease has been reflected as a financing lease payable in the statements of financial position. The Charter School made payments to Mary's Center totaling \$105,903 and \$104,855 of principal and interest during the years ended June 30, 2020 and 2019, respectively, related to this lease. The balance of the financing lease payable at June 30, 2020 and 2019 was \$1,491,169 and \$1,521,022, respectively.

During the year ended June 30, 2016, Mary's Center entered into a lease to lease space from Briya Public Charter School for a period of thirty years commencing on July 1, 2016, and expiring on June 30, 2046, as more fully described in Note 16. Rental expense was decreased by \$423,438 related to the lease with Mary's Center.

Mary's Center also leases to the Charter School space in buildings located at Kalorama Road and Ontario Road. Total rental payments made to Mary's Center for the years ended June 30, 2020 and 2019 were \$171,359 and \$170,860, respectively.

BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

19. RELATED PARTY TRANSACTIONS: (Continued)

**Mary's Center for Maternal and Childcare, Inc.** (Continued)

On June 30, 2020 and 2019, an amount receivable from Mary's Center of \$40,236 and \$47,495, respectively, was reflected in the Charter School's statements of financial position. At June 30, 2020, the Charter School owed Mary's Center \$591,900.

20. CONCENTRATIONS:

The Charter School is dependent on funding from the District of Columbia Public School System, as authorized by the District of Columbia Public Charter School Board. During the years ended June 30, 2020 and 2019, eighty-seven percent (87%) of total support, excluding donated services and facilities, was received from the District of Columbia for per pupil funding.

21. CONTINGENCIES:

**Revenues**

The Charter School depends on per pupil allocations, grants, and contributions for a significant portion of its revenues. The ability of the sources of revenues to continue giving amounts comparable with prior years may be dependent upon future economic conditions and continued deductibility for income tax purposes of grants and contributions to the Charter School. While the Charter School's Board of Trustees and management believes the Charter School has the resources to continue its programs, its ability to do so, and the extent to which it continues, may be dependent on the above factors.

The Charter School receives grant revenues from foundations and government agencies which are subject to financial and compliance audits by the granting agencies. As such, there exists a contingent liability for potential disallowed claims and questioned costs resulting from such audits. Management does not anticipate any significant adjustments as a result of such an audit.

Laws and regulations governing charter schools are complex and subject to interpretation. There are also certain requirements of the New Market Tax Credit program that the Charter School must adhere to. The Charter School believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The viability of public charter schools and funding for these schools is dependent upon the consensus of current and future administration of the District of Columbia. Any future change in dynamics could adversely affect the operations of public charter schools.

**Litigation**

From time to time, the Charter School is involved in routine litigation that arises in the ordinary course of business. There are no pending significant legal proceedings to which the Charter School is a party for which management believes the ultimate outcome would have a material adverse effect on the Charter School's financial position.

BRIYA PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS

21. CONTINGENCIES: (Continued)

**Pandemic**

The Charter School has been negatively impacted by the effects of the worldwide coronavirus pandemic. The Charter School is closely monitoring its operations as well as the potential effects on its 2020/2021 academic year and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Charter School's financial position is not known.

22. SUBSEQUENT EVENTS:

**Financial Statement Preparation**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 23, 2020, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.

23. CONSOLIDATION:

Management has applied the principles of FASB ASC 958-810, *Reporting of Related Entities by Not-for-Profit Organizations*, in assessing the need to consolidate the financial statements of the Charter School with those of Mamie D. Lee, LLC. Under FASB ASC 958-810, consolidation should occur if both an economic interest between the organizations and control by a majority of common board members exist. Based on the criteria stipulated in the pronouncement, management has determined that financial statement consolidation is not appropriate for the fiscal years ending June 30, 2020 and 2019. Therefore, the accompanying financial statements reflect only the activity and net assets of the Charter School.

**Kendall, Prebola and Jones, LLC**  
**Certified Public Accountants**

Board of Trustees  
Briya Public Charter School  
2333 Ontario Road, NW  
Washington, DC 20009

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Briya Public Charter School (a nonprofit organization), 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 23, 2020.

***Internal Control Over Financial Reporting***

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

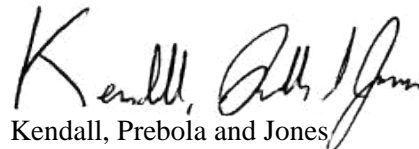
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 the Briya 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 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 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 Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kendall, Prebola and Jones  
Certified Public Accountants

Bedford, Pennsylvania  
November 23, 2020

BRIYA PUBLIC CHARTER SCHOOL  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020

There were no audit findings in the prior year.

BRIYA PUBLIC CHARTER SCHOOL  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020

I. Summary of Audit Results

- a. The auditor's report expresses an unmodified opinion on whether the financial statements of the Briya Public Charter School were prepared in accordance with generally accepted accounting principles.
- b. No significant deficiencies relating to the audit of the financial statements have been reported.
- c. No instances of noncompliance material to the financial statements of the Charter School, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

II. Findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*

There were no findings in the current year.



BRIYA PUBLIC CHARTER SCHOOL  
SCHEDULE OF CONTRACTS AWARDED IN EXCESS OF \$25,000  
UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2020

<u>Vendor Name</u>	<u>Services Provided</u>	<u>Value</u>	<u>Conflict of Interest</u>
Mary's Center for Maternal and Child Care	Rent/Staffing/Human Resources/Miscellaneous	7,009,647	no
Mamie D Lee LLC	Rent	1,263,137	no
LookThink	Student Information System Support	166,800	no
CDW Government, Inc.	Laptops and Technical Supplies	144,516	no
CDI Computer Dealers, Inc.	Laptops and Technical Supplies	135,748	no
Dell Marketing LP	Laptops and Technical Supplies	127,777	no
Lutheran Volunteer Corps	Staffing	123,625	no
EdOps	Accounting and Finance/Procurement/Consulting	112,870	no
DC Public Charter School Board	Administration Fee	105,472	no
Comdata	Prepaid Debit Cards	88,760	no
Merit Research, Policy, and Evaluation	Research and Policy Consulting Services	82,806	no
CITI - Community IT Innovators, Inc.	IT Support	80,962	no
Julia M Toro Law Firm, PLLC	Legal Service	80,590	yes
Amy Houser Consulting	Branding, Marketing, Communication	60,945	yes
Amazon	Miscellaneous Supplies and Equipment	46,666	no
Revolution Foods, Inc.	Food Service	42,313	no
Comcast	Telecommunications	38,244	no
Council for Professional Recognition	CDA Supplies and CDA Exam Fees	34,060	no
Philadelphia Insurance Companies	Health and Life Insurance	33,201	no
Salesforce.org	Student Information System Support	31,113	no
Young and Well OT for Kids	Special Education	27,644	no
Jill McFarren Aviles, LLC	Contracted Instruction	27,450	no
DC-NET Finance	Telecommunications	25,619	no
Kendall, Prebola and Jones, LLC	Audit	25,523	no