



CAPITAL CITY PUBLIC CHARTER SCHOOL

**SINGLE AUDIT FINANCIAL REPORT
UNDER UNIFORM GUIDANCE**

JUNE 30, 2020 AND 2019

CAPITAL CITY PUBLIC CHARTER SCHOOL

TABLE OF CONTENTS
JUNE 30, 2020 AND 2019

	<u>Pages</u>
Independent Auditors' Report.....	3-4
Financial Statements	
Statements of Financial Position	5
Statements of Activities	6
Statements of Functional Expenses	7-8
Statements of Cash Flows	9
Notes to Financial Statements.....	10-19
Supplementary and Additional Information	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21-22
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	23-24
Schedule of Expenditures of Federal Awards	25
Notes to Schedule of Expenditures of Federal Awards	26
Schedule of Findings and Questioned Costs.....	27
Supplemental Schedule of Vendors Awarded Contracts Equal to or Greater Than \$25,000 ...	28

Independent Auditors' Report

Board of Trustees
Capital City Public Charter School
Washington, D.C.

Report on the Financial Statements

We have audited the accompanying financial statements of Capital City Public Charter School (CCPCS) 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.

Auditors' 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 auditors' 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 auditors consider 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 CCPCS as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of vendors awarded contracts equal to or greater than \$25,000 and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2020, on our consideration of CCPCS'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 Capital City's 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 CCPCS's internal control over financial reporting and compliance.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
November 23, 2020

Certified Public Accountants

CAPITAL CITY PUBLIC CHARTER SCHOOL

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 17,045,531	\$ 14,222,433
Federal Grants Receivable	328,671	201,132
Other Receivables	219,192	194,619
Prepaid Expenses	<u>93,519</u>	<u>37,358</u>
Total Current Assets	17,686,913	14,655,542
Fixed Assets		
Furniture and Equipment	3,453,105	3,174,770
Equipment under Capital Lease	144,831	146,571
Leasehold Improvements	<u>30,365,817</u>	<u>30,290,059</u>
	33,963,753	33,611,400
Less Accumulated Depreciation and Amortization	<u>(11,494,646)</u>	<u>(10,082,166)</u>
Total Fixed Assets	22,469,107	23,529,234
Deposits	<u>595</u>	<u>595</u>
Total Assets	<u><u>\$ 40,156,615</u></u>	<u><u>\$ 38,185,371</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 1,507,702	\$ 1,777,360
Accrued Vacation	150,776	114,138
Refundable Advances	83,658	258
Capital Lease Payable	33,600	31,472
Loan Payable	<u>667,474</u>	<u>643,266</u>
Total Current Liabilities	2,443,210	2,566,494
Capital Lease, Net of Current Portion	100,748	17,887
Interest Rate Swap	(190,976)	(122,561)
Loan Payable, Net of Current Portion	14,819,936	15,473,935
Accrued Rent Liability - Ground Lease	<u>3,463,330</u>	<u>3,326,885</u>
Total Liabilities	20,636,248	21,262,640
Net Assets		
Without Donor Restrictions	19,460,738	16,845,745
With Donor Restrictions	<u>59,629</u>	<u>76,986</u>
Total Net Assets	<u>19,520,367</u>	<u>16,922,731</u>
Total Liabilities and Net Assets	<u><u>\$ 40,156,615</u></u>	<u><u>\$ 38,185,371</u></u>

See accompanying Notes to Financial Statements.

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

	June 30, 2020			June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue						
Grants and Contributions						
District of Columbia, per Pupil Allocation	\$ 19,257,042	\$ -	\$ 19,257,042	\$ 17,949,802	\$ -	\$ 17,949,802
District of Columbia, per Pupil Facilities	3,308,320	-	3,308,320	3,240,158	-	3,240,158
Federal Entitlements and Grants	1,493,249	-	1,493,249	1,652,873	-	1,652,873
Contributions and Grants	459,806	76,685	536,491	224,571	189,954	414,525
Interest	227,070	-	227,070	74,879	-	74,879
Local and Supplemental Program Revenue	231,148	-	231,148	304,471	-	304,471
Miscellaneous	182,223	-	182,223	127,161	-	127,161
Net Assets Released from Restrictions	94,042	(94,042)	-	245,748	(245,748)	-
Total Revenue	25,252,900	(17,357)	25,235,543	23,819,663	(55,794)	23,763,869
Expenses						
Program Services	18,708,346	-	18,708,346	18,619,259	-	18,619,259
Management and General	3,699,917	-	3,699,917	3,469,813	-	3,469,813
Fundraising	298,058	-	298,058	305,136	-	305,136
Total Expenses	22,706,322	-	22,706,322	22,394,208	-	22,394,208
Change in Net Assets before Change in Fair Value of Interest Rate Swap	2,546,578	(17,357)	2,529,221	1,425,455	(55,794)	1,369,661
Change in Fair Value of Interest Rate Swap	68,415	-	68,415	166,079	-	166,079
Change in Net Assets	2,614,993	(17,357)	2,597,636	1,591,534	(55,794)	1,535,740
Net Assets, Beginning of Year	16,845,745	76,986	16,922,731	15,254,211	132,780	15,386,991
Net Assets, End of Year	\$ 19,460,738	\$ 59,629	\$ 19,520,367	\$ 16,845,745	\$ 76,986	\$ 16,922,731

See accompanying Notes to Financial Statements.

CAPITAL CITY PUBLIC CHARTER SCHOOL

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	Program	Management and General	Fundraising	Total
Personnel, Salaries, and Benefits				
Salaries	\$ 10,685,219	\$ 2,346,672	\$ 219,658	\$ 13,251,549
Employee Benefits	1,860,626	353,463	37,058	2,251,147
Payroll Taxes	922,119	202,514	18,956	1,143,589
Professional Development	159,760	35,086	3,284	198,130
Other Staff-Related Expense	79,368	17,431	1,632	98,431
Total Personnel, Salaries, and Benefits	13,707,092	2,955,166	280,588	16,942,846
Direct Student Costs				
Supplies, Materials, Snacks	270,085	-	-	270,085
Fieldwork and Other Transportation	76,326	-	-	76,326
Contracted Instruction Fees	377,883	-	-	377,883
Textbooks	9,990	-	-	9,990
Student Assessments	39,452	-	-	39,452
Student Food Service Program	464,594	-	-	464,594
Other Student Costs	172,827	-	-	172,827
Total Direct Student Costs	1,411,157	-	-	1,411,157
Occupancy Expense				
Rent	133,034	3,249	162	136,445
Maintenance and Repairs	217,137	5,302	265	222,704
Utilities and Garbage Removal	316,847	7,737	387	324,971
Contracted Building Services	301,389	7,360	368	309,117
Janitorial Supplies	4,069	99	5	4,173
Interest - Facilities	582,608	14,227	712	597,547
Depreciation - Facilities	1,069,685	26,122	1,306	1,097,113
Total Occupancy Expense	2,624,769	64,096	3,205	2,692,070
Office Expense				
Office Supplies	35,530	7,803	730	44,063
Equipment Rent and Maintenance	17,182	3,773	353	21,309
Telecommunications	53,111	11,664	1,092	65,867
Postage	13,010	2,857	267	16,134
Printing and Copying	2,229	489	46	2,764
Computer Support Expenses	140,282	30,809	2,884	173,974
Interest - Operating Assets	3,873	851	80	4,803
Total Office Expense	265,216	58,246	5,452	328,915
General Expense				
Insurance	79,429	17,444	1,633	98,506
Authorizer Fees	-	225,470	-	225,470
Accounting, Auditing, and Payroll	-	196,456	-	196,456
Legal Fees	13,736	25,681	-	39,417
Other Professional and Fundraising Fees	-	19,123	2,507	21,630
Dues, Fees, Licenses, and Fines	24,283	25,182	1,057	50,522
Other General Expense	244,211	18,867	-	263,078
Depreciation - Operating Assets	338,453	94,186	3,616	436,255
Total General Expense	700,112	622,409	8,813	1,331,334
Total	\$ 18,708,346	\$ 3,699,917	\$ 298,058	\$ 22,706,322

See accompanying Notes to Financial Statements.

CAPITAL CITY PUBLIC CHARTER SCHOOL

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	Program	Management and General	Fundraising	Total
Personnel, Salaries, and Benefits				
Salaries	\$ 10,076,822	\$ 2,162,296	\$ 210,638	\$ 12,449,756
Employee Benefits	1,585,559	352,594	33,217	1,971,370
Payroll Taxes	808,315	173,450	16,896	998,661
Professional Development	212,956	45,697	4,451	263,104
Other Staff-Related Expense	76,006	16,310	1,589	93,905
Total Personnel, Salaries, and Benefits	12,759,658	2,750,347	266,791	15,776,796
Direct Student Costs				
Supplies, Materials, Snacks	445,879	-	-	445,879
Fieldwork and Other Transportation	146,134	-	-	146,134
Contracted Instruction Fees	430,245	-	-	430,245
Textbooks	27,062	-	-	27,062
Student Assessments	34,064	-	-	34,064
Student Food Service Program	550,931	-	-	550,931
Other Student Costs	209,740	-	-	209,740
Total Direct Student Costs	1,844,055	-	-	1,844,055
Occupancy Expense				
Rent	269,510	6,581	329	276,420
Maintenance and Repairs	256,415	6,262	313	262,990
Utilities and Garbage Removal	359,397	8,776	439	368,612
Contracted Building Services	360,091	8,793	440	369,324
Janitorial Supplies	533	13	1	547
Interest - Facilities	706,415	17,251	863	724,529
Depreciation - Facilities	1,065,916	26,028	1,301	1,093,245
Total Occupancy Expense	3,018,277	73,704	3,686	3,095,667
Office Expense				
Office Supplies	47,903	10,281	1,001	59,185
Equipment Rent and Maintenance	41,475	8,899	867	51,241
Telecommunications	46,636	10,006	975	57,617
Postage	14,022	3,009	293	17,324
Printing and Copying	3,338	716	70	4,124
Computer Support Expenses	140,354	30,117	2,934	173,405
Interest - Operating Assets	2,960	635	62	3,657
Total Office Expense	296,688	63,663	6,202	366,553
General Expense				
Insurance	69,987	15,018	1,463	86,468
Authorizer Fees	-	174,589	-	174,589
Accounting, Auditing, and Payroll	-	177,773	-	177,773
Legal Fees	11,979	25,662	-	37,641
Other Professional and Fundraising Fees	-	26,681	13,260	39,941
Dues, Fees, Licenses, and Fines	17,526	39,622	10,000	67,148
Other General Expense	295,162	15,137	-	310,299
Depreciation - Operating Assets	305,927	107,617	3,734	417,278
Total General Expense	700,581	582,099	28,457	1,311,137
Total	\$ 18,619,259	\$ 3,469,813	\$ 305,136	\$ 22,394,208

See accompanying Notes to Financial Statements.

CAPITAL CITY PUBLIC CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 2,597,636	\$ 1,535,740
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	1,533,368	1,510,523
Loss on Disposal of Fixed Assets	45,402	-
(Increase) Decrease in Federal Grants Receivable	(127,539)	6,975
Increase in Other Receivables	(24,573)	(75,888)
Increase (Decrease) in Prepaid Expenses	(56,161)	20,782
Decrease in Deposits	-	5,820
(Decrease) Increase in Accounts Payable and Accrued Expenses	(269,658)	243,945
Increase (Decrease) in Accrued Vacation	36,638	(67,880)
Increase (Decrease) in Refundable Advances	83,400	(190)
Increase in Accrued Rent Liability - Ground Lease	136,445	276,420
Net Cash Provided by Operating Activities	<u>3,954,958</u>	<u>3,456,247</u>
Cash Flows from Investing Activities		
Purchases of Fixed Assets	<u>(354,092)</u>	<u>(320,044)</u>
Net Cash Used in Investing Activities	<u>(354,092)</u>	<u>(320,044)</u>
Cash Flows from Financing Activities		
Principal Payments on Loan Payable	(629,791)	(653,338)
Change in Value of Interest Rate Swap	(68,415)	(166,080)
Principal Payments on Capital Lease Payable	<u>(79,562)</u>	<u>(34,251)</u>
Net Cash Used in Financing Activities	<u>(777,768)</u>	<u>(853,669)</u>
Net Increase in Cash and Cash Equivalents	2,823,098	2,282,534
Cash and Cash Equivalents, Beginning of Year	<u>14,222,433</u>	<u>11,939,899</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 17,045,531</u></u>	<u><u>\$ 14,222,433</u></u>
Supplementary Disclosure of Cash Flow Information		
Interest Paid	\$ 586,914	\$ 714,396

Noncash Transaction from Investing and Financing Activities

During the year ended June 30, 2020, CCPCS entered into a capital lease agreement for office equipment valued at approximately \$164,600.

See accompanying Notes to Financial Statements.

CAPITAL CITY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Capital City Public Charter School (CCPCS) is a not-for-profit corporation incorporated in the District of Columbia in December of 1999. CCPCS began operations on September 6, 2000. CCPCS implements the Expeditionary Learning Outward Bound (ELOB) school design, which uses “learning expeditions” to challenge students to meet rigorous academic and character standards.

The mission of CCPCS is to enable a diverse group of children to meet high expectations, develop creativity, critical thinking, problem-solving skills, and achieve a deep understanding of complex subjects, while acquiring a love of learning and a strong sense of community and character.

The school served 992 and 993 students during the years ended June 30, 2020 and 2019.

Basis of Accounting

The financial statements of CCPCS have been prepared on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Financial Statement Presentation

CCPCS has presented its financial statements in accordance with U.S. Generally Accepted Accounting Principles. Under those principles, CCPCS is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - resources that are available for general operations and resources as designated in CCPCS’ budget approved by its board of trustees.

Net Assets With Donor Restrictions - resources that are subject to donor-imposed time and/or program restrictions. These donor restricted net assets require that resources be used for specific purposes and/or in a later period or after a specified date. Net assets with donor restrictions become unrestricted when the time restriction expires, or the funds are used for their restricted purposes.

Income Taxes

CCPCS is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and did not conduct unrelated business activities. In addition, CCPCS has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Code.

CCPCS requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. CCPCS does not believe its financial statements include, or reflect, any uncertain tax positions.

CCPCS’s Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the taxing authorities generally for three years after filing.

CAPITAL CITY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

A substantial portion of CCPCS's revenue is derived from the District of Columbia Public School system based on enrollment. The revenue is recognized ratably over the school year. Revenue from local and supplemental programs (which includes before and aftercare services and supplemental summer fees) is recognized as the services are provided. Revenue from federal government sources generally represents various federal entitlements and grants and is recognized as earned.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, money market funds, and other highly liquid instruments with maturities, when initially purchased, of less than three months.

Receivables

Receivables consist primarily of amounts due from federal grants, other grants, pledges from individuals, and other receivables from the Office of the State Superintendent of Education of the District of Columbia. The management of CCPCS reviews the collectability of the receivables on a monthly basis. Management believes all amounts are fully collectable and, therefore, no allowance for doubtful accounts is necessary.

Fixed Assets

CCPCS capitalizes all fixed asset acquisitions of \$1,000 and above. Fixed assets are carried at cost, if purchased, or fair market value at date of donation, if contributed. Depreciation is provided using the straight-line method over the estimated useful life of the asset or for leasehold improvements the shorter of the useful life or the remaining lease term. Expenditures for fixed assets and related betterments that extend the useful lives of the assets are capitalized. Expenditures for maintenance and repairs, including planned major maintenance activities, are charged to expense as incurred.

Grants and Contributions

CCPCS reports unconditional grants and contributions as net assets without donor restrictions and available for general operations, unless specifically restricted by the donor. Unconditional grants and contributions received with donor stipulations that limit the use of the donated funds for a particular purpose or for a specific period of time are reported as net assets with donor restrictions. When the stipulated time restriction ends or the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Conditional grants and contributions are not recorded as revenue until the related conditions have been satisfied. Amounts received for conditional grants are recorded as refundable advances until the conditions have been met.

CAPITAL CITY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CCPCS.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and benefits, occupancy, depreciation, and amortization. These expenses are allocated on the basis of estimates of time and effort by employees or facilities use percentage. Expenses directly identifiable to specific programs and supporting activities are presented accordingly.

Reclassifications

Certain 2019 amounts have been reclassified for comparative purposes.

2. CONCENTRATIONS

During the years ended June 30, 2020 and 2019, CCPCS's cash balances at financial institutions exceeded the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

As of June 30, 2020 and 2019, 100% of the total federal grants receivables were due from the District of Columbia Office of the State Superintendent.

3. REFUNDABLE ADVANCES

CCPCS records grant/contract revenue as a refundable advance until it is expended for the purpose of the grant, at which time it is recognized as revenue. The balance in refundable advances at June 30, 2020 and 2019 represents amounts received that will be expended in the next fiscal year in accordance with the grant/contract period.

CAPITAL CITY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

3. REFUNDABLE ADVANCES (CONTINUED)

As of June 30, 2020 and 2019, refundable advances consisted of the following:

Description	2020	2019
Chesapeake Bay Trust	\$ 5,000	\$ -
ESY Funding for Summer School	78,658	258
Total	<u>\$ 83,658</u>	<u>\$ 258</u>

4. PER PUPIL ALLOTMENT

CCPCS receives an annual per pupil allotment from the District of Columbia based on its student enrollment which is a substantial portion of its revenue. If a significant reduction in this revenue should occur, it may have a material effect on CCPCS programs. During the years ended June 30, 2020 and 2019, CCPCS earned revenue of approximately \$22,565,000 and \$21,190,000, respectively, from the District of Columbia, which is approximately 89% of total revenue. These amounts are reflected as the District of Columbia, per pupil allocation and per pupil facilities revenue in the accompanying statements of activities.

5. LOAN PAYABLE AND COMMITMENTS

Loan Payable

In July 2014, the District of Columbia issued \$19,200,000 of tax-exempt variable rate demand revenue bonds (the Series 2014 Bonds), the proceeds of which were loaned to CCPCS via direct placement with a bank. The bonds mature in July 2044. Both principal and interest are payable based on a 23-year mortgage style amortization such that the principal balance will be retired at the end of the first option period of the ground lease discussed in Note 7. Principal is payable based on a fixed schedule, while interest is payable based on a rate that varies monthly. Payments began September 1, 2014. The variable interest rate was set at 78% of the 30-day LIBOR plus 1.76% during the seven-year initial floating rate period, which was set to end in July 2021.

With the tax law change in January 2018, CCPCS's interest rate was adjusted per the terms of the loan documents to 94.80% of 1-Month LIBOR plus 2.14%. In February 2019, the terms of the bond were amended in a reissuance transaction where the variable interest rate was modified to 79% of 1-Month LIBOR plus 1.90%. During this 2019 reissuance, the initial floating rate period was extended to July 2025.

For the years ended June 30, 2020 and 2019, the average interest rates were approximately 3.14% and 4.26%, respectively. Subsequent to the initial floating rate period, the variable rate will be determined by applying a margin to a percentage of the 30-day LIBOR, with such margin and percentage being determined by the bank, or may be converted to a fixed rate. Such determination of the interest rate for each interest rate period will be consistent with the bank's then-current pricing practices. Further, the bank may call or accelerate the loan at the end of the initial or any subsequent floating rate period. The duration, as well as interest rate, of subsequent floating rate periods will be determined at the end of each preceding interest rate period.

CAPITAL CITY PUBLIC CHARTER SCHOOL

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

5. LOAN PAYABLE AND COMMITMENTS (CONTINUED)

Loan Payable (Continued)

Loans payable at June 30, 2020 and 2019, consisted of the following:

	2020	2019
Loan Payable in Monthly Installments	\$ 15,749,822	\$ 16,395,050
Less Current Portion	(667,474)	(643,266)
Less Unamortized Loan Issuance Costs	(262,412)	(277,849)
Total Long-Term Loan Payable	\$ 14,819,936	\$ 15,473,935

The future scheduled maturities of the Series 2014 Bonds are as follows:

For the Years Ending June 30,

2021	\$ 669,510
2022	694,706
2023	720,851
2024	747,980
2025	776,129
Thereafter	12,140,646
Total	\$ 15,749,822

The Series 2014 Bond proceeds were used to repay the outstanding balances of the original Senior Loan and Subordinate Debt used to finance renovating and equipping the School, as well as to fund certain issuance costs. The Series 2014 Bonds are secured by substantially all of the assets of CCPCS and contain restrictive covenants as well as various financial covenants including maintaining a certain debt service coverage ratio and minimum liquidity.

During the year ended June 30, 2017, CCPCS retroactively adopted the requirements in *FASB ASC 835-30* to present loan issuance costs as a reduction of the carrying amount of the debt rather than as an asset. Amortization of loan issuance costs is reported as interest expense in the statements of activities.

Interest Rate Swap Agreement

In July 2014, CCPCS entered into a seven-year interest rate swap agreement (the Swap Agreement) to reduce its exposure to interest rate risk on its variable rate debt. The Swap Agreement covers a nominal principal value of \$9,600,000, which represented 50% of the outstanding principal balance of the Series 2014 bonds at issuance.

The Swap Agreement fixes the interest rate at 3.69% on \$9,600,000 of the variable rate debt. The Swap Agreement matures on July 1, 2021. The fair value of the swap at June 30, 2020 and 2019, are asset positions of (\$190,976) and (\$122,561), respectively. The fair value is determined using forward-looking assumptions of interest rates and is not adjusted for non-performance risk of either party. CCPCS does not believe there is significant counter-party risk associated with its Swap Agreement as its counter-party is a highly rated bank.

CAPITAL CITY PUBLIC CHARTER SCHOOL

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

5. LOAN PAYABLE AND COMMITMENTS (CONTINUED)

Interest Rate Swap Agreement (Continued)

The following table presents the notional principal amounts of CCPCS's interest rate swap and related treatment in the financial statements.

	Notational Value at June 30, 2020	Expiration Date	Estimated Fair Value at June 30, 2020
Series 2014 Bonds	\$ 9,600,000	7/1/2021	\$ 190,976
		2020	2019
Statements of Financial Position Location			
Interest Rate Swap		\$ (190,976)	\$ (122,561)
Location of Gain (Loss) in the Statements of Activities			
Change in Fair Value of Interest Rate Swap		\$ 68,415	\$ 166,079

6. FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets;

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs to the determination of fair value require significant management judgment.

The following presents CCPCS's assets measured at fair value as of June 30, 2020:

Description	Level 1	Level 2	Level 3	Total
Interest Rate Swap	\$ -	\$ (190,976)	\$ -	\$ (190,976)
Total Liabilities (Assets)	\$ -	\$ (190,976)	\$ -	\$ (190,976)

The following presents CCPCS's assets measured at fair value as of June 30, 2019:

Description	Level 1	Level 2	Level 3	Total
Interest Rate Swap	\$ -	\$ (122,561)	\$ -	\$ (122,561)
Total Liabilities (Assets)	\$ -	\$ (122,561)	\$ -	\$ (122,561)

CAPITAL CITY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

6. FAIR VALUE MEASUREMENTS (CONTINUED)

Cash and Cash Equivalents - The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

Interest Rate Swap Obligation - Fair value is estimated by the commercial bank issuing the swap agreement based on current market terms of swap agreements with similar durations and interest rates.

Loans Payable - The carrying amounts of loans payable approximate fair values because those financial instruments predominantly bear interest at variable rates that approximate current market rates for loans with similar maturities and credit quality.

7. LEASING ARRANGEMENTS

Ground Lease

On October 17, 2011, CCPCS entered into a twenty-five year ground lease (the Ground Lease) with the District of Columbia for the School facility at 100 Peabody Street, NW, Washington, D.C. The Ground Lease commenced on September 1, 2012. The Ground Lease contains an option to extend the term for an additional twenty-five years if exercised within twelve months prior to the expiration of the original term. The Ground Lease contains a credit for the amount spent on leasehold improvements and renovations of the building to be applied to the first fifteen years of rent on a dollar-for-dollar basis. Any remaining amount of renovation costs not used by year fifteen will be taken as a credit and amortized over the remaining term. Annual rent is \$1,496,000. Under the terms of the original Ground Lease and the additional credit approved during the year ended June 30, 2020, the available credit is approximately \$23,165,682. If CCPCS uses the entire credit available, CCPCS would not pay rent until September 1, 2027. Assuming that the entire credit is used, the future minimum Ground Lease payments are expected to be approximately \$8,909,268. Under accounting principles generally accepted in the United States of America (GAAP) all rental payments, including fixed rent increases, are recognized on a straight-line basis over the term of the Ground Lease.

The difference between the GAAP rent expense and the required Ground Lease payments is reflected as accrued rent liability-ground lease in the accompanying statements of financial position.

Rent expense for the years ended June 30, 2020 and 2019, was approximately \$136,000 and \$276,420, respectively.

Capital Lease

CCPCS has entered into capital leases of certain office equipment. CCPCS is obligated under the leases through 2025. The assets and liabilities under capital leases are recorded at the lower of the present value of minimum lease payments or the fair value of the asset. The assets are amortized (or depreciated) over the lower of their related lease terms or their estimated useful lives.

Amortization (or depreciation) of assets under capital leases is included in depreciation expense for the years ended June 30, 2020 and 2019.

CAPITAL CITY PUBLIC CHARTER SCHOOL

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

7. LEASING ARRANGEMENTS (CONTINUED)

Minimum future lease payments under the leases are as follows:

For the Years Ending June 30,

2021	\$ 33,600
2022	33,600
2023	33,600
2024	33,600
2025	<u>19,600</u>
Total Minimum Lease Payments	154,000
Less Amount Representing Interest	<u>(19,652)</u>
Present Value of Total Minimum Lease Payments	<u><u>\$ 134,348</u></u>

8. RETIREMENT PLAN

CCPCS sponsors a 403(b) retirement plan (the Plan). Commencing with the date of hire, both full and part-time employees who average a minimum of 20 hours per week are eligible to participate in the Plan. The Plan provides funding in the amount of 3% for employees who contribute nothing to the Plan and up to 6 % of each eligible employee's annual salary for those employees who contribute 3% to the Plan. CCPCS's contribution under the Plan for the years ended June 30, 2020 and 2019, was approximately \$609,000 and \$706,000, respectively.

9. CONTINGENCIES

CCPCS receives support and revenues from federal government grants and contracts. The ultimate determination of amounts received under these programs is generally based upon allowable costs, which are subject to audit. CCPCS is of the opinion that adjustments, if any, arising from such audits, will not have a material effect on the financial statements.

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofit organizations around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, management continues to assess how best to adapt to changed circumstances.

10. CONDITIONAL GRANTS AND CONTRIBUTIONS

CCPCS receives conditional grants and contributions that are federally funded. The conditional portion has not been recorded as revenue or as a receivable, as the required criteria under generally accepted accounting principles has not been met as of June 30, 2020. The conditional portion of the grants and contributions not yet recognized is in the amount of approximately \$180,700 and requires certain measurable barriers to be met such as meeting specialized cost principles and allowable costs.

CAPITAL CITY PUBLIC CHARTER SCHOOL

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

11. NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2020 and 2019, net assets with donor restrictions consisted of the following:

Purpose	2020	2019
Family Engagement and College Readiness	\$ -	\$ 2,673
Community Values	5,199	27,681
Other Various Projects	15,080	21,626
Capital Partners for Education	-	1,556
Students Scholarship	39,350	23,450
Total Net Assets With Donor Restrictions	<u>\$ 59,629</u>	<u>\$ 76,986</u>

For the years ended June 30, 2020 and 2019, net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

Purpose	2020	2019
School Redesign/Breakthrough Schools	\$ -	\$ 2,509
Family Engagement and College Readiness	2,673	-
Theatre Campaign	270	10,731
Community Values	36,852	24,448
Other Various Projects	47,691	142,794
Capital Partners for Education	1,556	4,000
Family Campaign	-	56,266
Students Scholarship	5,000	5,000
Total Releases	<u>\$ 94,042</u>	<u>\$ 245,748</u>

12. ADOPTION OF ACCOUNTING STANDARDS

Adoption of Accounting Standards Codification 606

During the year ended June 30, 2020, CCPCS adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Management believes that the adoption of this standard provides better consistency and comparability across non-profit and for-profit entities. The standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaces most existing revenue recognition guidance in U.S. GAAP. This change in accounting principle was adopted on a modified retrospective method as of July 1, 2019, and was applied to all contracts open at July 1, 2019. Analysis of the various provisions of this standard resulted in no significant changes in the way CCPCS recognizes revenue; however, the presentation and disclosure of revenue has been enhanced.

Adoption of Accounting Standards Update 2018-08

During the year ended June 30, 2020, CCPCS adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

CAPITAL CITY PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

12. ADOPTION OF ACCOUNTING STANDARDS (CONTINUED)

Adoption of Accounting Standards Update 2018-08 (Continued)

The ASU provides additional guidance in (1) evaluating whether transactions should be accounted for as contributions (within the scope of ASC 958) or as exchange (reciprocal) transactions (subject to ASC 606); and (2) distinguishing between conditional and unconditional contributions. Management believes that the adoption of this ASU enhances the comparability of financial information among not-for-profit entities. This change in accounting principle was adopted on a modified prospective basis in the year ended June 30, 2020. The impact of adoption was not material to the financial statements.

Adoption of Accounting Standards Update 2016-14

For the year ended June 30, 2019, CCPCS adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification and provides information about liquidity and availability of resources. The changes required by the update have been applied retrospectively to all periods presented. A key change under ASU 2016-14 is the terminology of net asset classes used in these financial statements. Amounts previously reported as temporarily and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions. Additionally, ASU 2016-14 requires a presentation of expenses on a functional basis.

13. LIQUIDITY AND AVAILABILITY OF RESOURCES

CCPCS's cash flows have seasonal variations due to the timing of contributions, program revenues, and vendor payments. CCPCS manages its liquidity to meet general expenditures, liabilities, and other obligations as they become due.

As of June 30, 2020 and 2019, the following financial assets and liquidity sources are available for general operating expenditures for the years ending June 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
<i>Financial Assets at Year End</i>		
Cash and Cash Equivalents	\$ 17,045,531	\$ 14,222,433
Federal Grants Receivable	328,671	201,132
Other Receivables	<u>219,192</u>	<u>194,619</u>
Total Financial Assets and Liquidity Resources Available	<u>\$ 17,593,394</u>	<u>\$ 14,618,184</u>

14. SUBSEQUENT EVENTS

Subsequent events were evaluated through November 23, 2020, which is the date the financial statements were available to be issued.

SUPPLEMENTARY AND ADDITIONAL INFORMATION

**Independent Auditors' 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***

Board of Trustees
Capital City Public Charter School
Washington, D.C.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Capital City Public Charter School (CCPCS), 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 CCPCS's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CCPCS's internal control. Accordingly, we do not express an opinion on the effectiveness of CCPCS'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 CCPCS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCPCS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
November 23, 2020

Certified Public Accountants

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

Board of Trustees
Capital City Public Charter School
Washington, D.C.

Report on Compliance for Each Major Federal Program

We have audited Capital City Public Charter School's (CCPCS) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CCPCS's major federal programs for the year ended June 30, 2020. CCPCS's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, CCPCS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of CCPCS is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CCPCS's internal control over compliance

Report on Internal Control over Compliance (Continued)

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
November 23, 2020

Certified Public Accountants

CAPITAL CITY PUBLIC CHARTER SCHOOL

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass-Through Grant Number	Federal Expenditures
<u>U.S. Department of Education</u>			
<i>Pass-Through Programs from the Office of the State Superintendent of Education of the District of Columbia</i>			
Title I Grants to Local Educational Agencies	84.010A	82010A/84.010	\$ 501,092
Supporting Effective Instructions State Grants (formerly Improving Teacher Quality State Grants)	84.367A	84.367A	110,699
English Language Acquisition State Grants	84.365A	84.365A	30,901
Student Support and Academic Enrichment Program	84.424A	84.424A	57,253
Special Education Cluster - Special Education Grants to States	84.027A	92027A; A2027A	189,325
Special Education Cluster - Special Education Preschool Grants	84.173A	A2027A	733
Charter Schools	84.282A	VB.282A	16,005
DC School Choice Incentive Program	84.370C	CHOICE	164,892
Coronavirus Aid Relief and Economic Security Act - Education Stabilization Fund	84.425D	A3SERF	<u>44,532</u>
Total Pass-Through Programs from the Office of the State Superintendent			<u>1,115,432</u>
Total U.S. Department of Education			<u>1,115,432</u>
<u>Department of Agriculture - Food and Nutrition Service</u>			
<i>Pass-Through Programs from the Office of the State Superintendent of Education of the District of Columbia</i>			
Child Nutrition Cluster			
National School Lunch Program	10.555	N/A	184,093
National School Breakfast Program	10.553	N/A	58,673
COVID-19 - National School Lunch Program	10.555	N/A	76,563
COVID-19 - School Snack Program	10.555	N/A	20,280
Fresh Fruit and Vegetable Program (Noncash Commodities)	10.555	N/A	<u>18,484</u>
Total Department of Agriculture and Child Nutrition Cluster			<u>358,093</u>
Total Expenditures of Federal Awards			<u>\$ 1,473,525</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CAPITAL CITY PUBLIC CHARTER SCHOOL

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Capital City Public Charter School, under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Capital City Public Charter School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Capital City Public Charter School.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

Capital City Public Charter School has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. PASS-THROUGH TO SUBRECIPIENTS

There were no funds passed through to subrecipients.

5. RECONCILIATION OF EXPENDITURES

The financial statements of Capital City Public Charter School are presented in accordance with U.S. generally accepted accounting principles. Expenditures per the schedule of expenditures of federal awards are reported on the statement of activities in the audited financial statements as follows:

<u>Description</u>	<u>Total</u>
Federal Entitlements and Grants	\$ 1,493,249
Less E-Rate (Not Considered Federal Financial Assistance)	<u>(19,724)</u>
Total Schedule of Expenditures of Federal Awards	<u><u>\$ 1,473,525</u></u>

CAPITAL CITY PUBLIC CHARTER SCHOOL

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:..... Unmodified

Internal control over financial reporting:

Material weakness(es) identified?..... No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?..... No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

Type of auditors' report issued on compliance for major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	
84.370	DC School Choice Incentive Program	Unmodified
	Special Education Cluster	
84.027	Special Education Grants to States	Unmodified
84.173	Special Education Preschool Grants	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a). No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.370	DC School Choice Incentive Program
	Special Education Cluster
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants

Dollar threshold used to distinguish between Type A and Type B programs. \$750,000

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

None were reported.

Section III - Federal Award Findings and Questioned Costs

None were reported.

CAPITAL CITY PUBLIC CHARTER SCHOOL

**SUPPLEMENTAL SCHEDULE OF VENDORS AWARDED CONTRACTS EQUAL TO OR GREATER THAN \$25,000
FOR THE YEAR ENDED JUNE 30, 2020**

Vendor Name	Services Provided	Award Amount	Conflict of Interest
Cigna	Health Insurance Services	\$ 1,350,000	N
SERVPRO	General Contracting Services	1,000,000	N
Busy Bee Environmental Services, Inc.	General Contracting Services/Janitorial Services	489,000	N
Revolution Foods, Inc.	Food Service	568,000	N
Pepco/Liberty	Utilities	500,000	N
CDW Government, Inc.	IT Supplies	400,000	N
Conaboy and Associates, Inc.	Contracted Special Education Services	290,000	N
EdOps	Financial Services	130,000	N
DC Water and Sewer Authority	Water and Sewer Services	100,000	N
Staples Advantage	Office Supplies	150,000	N
GreatAmerica Financial Svcs.	Copier Services	100,000	N
Councilor, Buchanan & Mitchell, P.C.	Auditor	52,000	N
Selective	Commercial Insurance	40,000	N
MIC Wright Specialty	Business Insurance Services	50,000	N
Venpor Investments LLC	Transportation Services	130,000	N
DC-NET	Telephone and Telecommunications	40,000	N
Corbett Technology Solutions, Inc.	IT Services	30,000	N
Amazon	Office Supplies	60,000	N
Rediker Software, Inc.	Technology	69,000	N