

**CESAR CHAVEZ PUBLIC CHARTER
SCHOOLS FOR PUBLIC POLICY**

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

JUNE 30, 2019 AND 2018

TABLE OF CONTENTS

	<u>Page No</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statement of Activities, Year Ended June 30, 2019	5
Statement of Activities, Year Ended June 30, 2018	6
Statement of Functional Expense, Year Ended June 30, 2019	7
Statement of Functional Expense, Year Ended June 30, 2018	8
Statements of Cash Flows	9
Notes to the Financial Statements	10 - 19
REPORTS AND SCHEDULES REQUIRED BY THE UNIFORM GUIDANCE	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	20- 21
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	22 - 23
Schedule of Expenditures of Federal Awards	24
Notes to the Schedule of Expenditures of Federal Awards	25
Schedule of Findings and Questioned Costs	26 – 27
SUPPLEMENTAL SCHEDULES	
Supplemental Schedule of Vendors paid over \$25,000, Year Ended June 30, 2019	28
Supplemental Schedule of Vendors Contracts Awarded over \$25,000, Year Ended June 30, 2019	29



Independent Auditor's Report

To the Board of Trustees of
Cesar Chavez Public Charter Schools for Public Policy
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of Cesar Chavez Public Charter Schools for Public Policy (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cesar Chavez Public Charter Schools for Public Policy as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules on pages 28-29 as required by D.C. Public School Charter School Board ("DCPCSB"), is presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019, on our consideration of Cesar Chavez Public Charter Schools for Public Policy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cesar Chavez Public Charter Schools for Public Policy's internal control over financial reporting and compliance.

Janet Morrison & McQuade PA

Washington, DC
November 22, 2019

CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,692,961	\$ 8,119,436
Restricted cash and cash equivalents, current portion	368,575	340,871
Accounts receivable	69,513	67,133
Grants receivable	659,660	270,355
Prepaid expenses	140,657	167,419
Total Current Assets	7,931,366	8,965,214
PROPERTY AND EQUIPMENT, NET	21,698,701	25,398,529
NON-CURRENT ASSETS		
Restricted cash and cash equivalents, net of current portion	3,290,146	3,215,338
Security deposits	107,375	199,452
Total Non-Current Assets	3,397,521	3,414,790
TOTAL ASSETS	\$ 33,027,588	\$ 37,778,533
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,550,923	\$ 1,854,259
Current portion of long-term debt	715,000	670,000
Total Current Liabilities	2,265,923	2,524,259
NON-CURRENT LIABILITIES		
Deferred rent	369,586	437,223
Long-term debt, net of current portion	21,473,866	22,143,137
Total Non-Current Liabilities	21,843,452	22,580,360
TOTAL LIABILITIES	24,109,375	25,104,619
NET ASSETS		
Without donor restrictions		
Available for operations	7,568,213	11,321,414
Board designated	1,350,000	1,350,000
Total Net Assets Without Donor Restrictions	8,918,213	12,671,414
With donor restrictions	-	2,500
Total Net Assets	8,918,213	12,673,914
TOTAL LIABILITIES AND NET ASSETS	\$ 33,027,588	\$ 37,778,533

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

**CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Per pupil appropriations	\$ 16,879,953	\$ -	\$ 16,879,953
Per pupil facility allowance	3,119,428	-	3,119,428
Federal entitlements and grants	2,364,124	-	2,364,124
Other state and local grants	22,520	-	22,520
Student activity fees	65,427	-	65,427
Contributions	11,206	-	11,206
Interest income	215,898	-	215,898
In-kind contributions	1,050	-	1,050
Other income	14,018	-	14,018
Net assets released from restrictions	2,500	(2,500)	-
Total Revenue and Support	22,696,124	(2,500)	22,693,624
EXPENSES			
Educational services	17,092,060	-	17,092,060
Management and general	6,859,708	-	6,859,708
Fundraising	13,002	-	13,002
Total Expenses	23,964,770	-	23,964,770
CHANGE IN NET ASSETS FROM OPERATIONS	(1,268,646)	(2,500)	(1,271,146)
OTHER CHANGES			
Loss on disposal of property and equipment	(2,516,816)	-	(2,516,816)
Net appreciation in fair value of investments	32,261	-	32,261
Total Other Changes	(2,484,555)	-	(2,484,555)
CHANGE IN NET ASSETS	(3,753,201)	(2,500)	(3,755,701)
NET ASSETS, beginning of year	12,671,414	2,500	12,673,914
NET ASSETS, end of year	\$ 8,918,213	\$ -	\$ 8,918,213

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

**CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Per pupil appropriations	\$ 20,198,298	\$ -	\$ 20,198,298
Per pupil facility allowance	3,757,841	-	3,757,841
Contributions	43,407	5,500	48,907
Federal entitlements and grants	1,980,914	-	1,980,914
Other state and local grants	143,385	-	143,385
Student activity fees	55,966	-	55,966
Interest income	121,827	-	121,827
In-kind contributions	21,400	-	21,400
Other income	12,959	-	12,959
Net assets released from restrictions	5,500	(5,500)	-
Total Revenue and Support	<u>26,341,497</u>	<u>-</u>	<u>26,341,497</u>
EXPENSES			
Educational services	18,967,319	-	18,967,319
Management and general	6,126,521	-	6,126,521
Fundraising	235,459	-	235,459
Total Expenses	<u>25,329,299</u>	<u>-</u>	<u>25,329,299</u>
CHANGE IN NET ASSETS FROM OPERATIONS	1,012,198	-	1,012,198
OTHER CHANGES			
Net depreciation in fair value of investments	<u>(11,935)</u>	<u>-</u>	<u>(11,935)</u>
CHANGE IN NET ASSETS	1,000,263	-	1,000,263
NET ASSETS, beginning of year	<u>11,671,151</u>	<u>2,500</u>	<u>11,673,651</u>
NET ASSETS, end of year	<u>\$ 12,671,414</u>	<u>\$ 2,500</u>	<u>\$ 12,673,914</u>

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

CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Educational Services	Management and General	Fundraising	Total
PERSONNEL, SALARIES AND BENEFITS				
Salaries	\$ 8,711,412	\$ 2,292,203	\$ 7,500	\$ 11,011,115
Employee benefits	938,401	246,918	808	1,186,127
Payroll taxes	732,726	192,800	631	926,157
Professional development	49,052	12,307	-	61,359
Total Personnel, Salaries and Benefits	<u>10,431,591</u>	<u>2,744,228</u>	<u>8,939</u>	<u>13,184,758</u>
DIRECT STUDENT COSTS				
Educational supplies, textbooks, etc.	114,707	-	-	114,707
Student transportation	71,808	-	-	71,808
Contracted instruction fees	798,885	-	-	798,885
Student food service/catering	395,969	-	-	395,969
Student assessments	125,557	-	-	125,557
Other student costs	297,150	-	-	297,150
Total Direct Student Costs	<u>1,804,076</u>	<u>-</u>	<u>-</u>	<u>1,804,076</u>
OCCUPANCY EXPENSES				
Rent	486,378	127,978	419	614,775
Maintenance and repairs	226,417	59,576	195	286,188
Utilities	371,626	97,784	320	469,730
Contracted building services	585,731	154,121	504	740,356
Facility consulting fee	-	14,250	-	14,250
Total Occupancy Expenses	<u>1,670,152</u>	<u>453,709</u>	<u>1,438</u>	<u>2,125,299</u>
OFFICE EXPENSES				
Office supplies and materials	62,866	16,547	-	79,413
Equipment rental	78,052	20,538	-	98,590
Telecommunications	81,996	21,575	-	103,571
Professional fees	1,637,851	1,074,268	-	2,712,119
Postage and shipping	9,343	3,156	126	12,625
Total Office Expenses	<u>1,870,108</u>	<u>1,136,084</u>	<u>126</u>	<u>3,006,318</u>
GENERAL EXPENSES				
Insurance	-	246,479	-	246,479
Interest	-	1,794,414	-	1,794,414
Charter school board administrative fees	162,125	42,660	-	204,785
Dues and subscription	-	57,867	-	57,867
Promotion and advertisement	-	82,145	-	82,145
Travel and entertainment	-	910	-	910
Depreciation and amortization	1,098,950	289,164	-	1,388,114
Meetings, food and beverages	55,058	12,048	2,499	69,605
Miscellaneous	-	-	-	-
Total General Expenses	<u>1,316,133</u>	<u>2,525,687</u>	<u>2,499</u>	<u>3,844,319</u>
TOTAL EXPENSES	<u>\$ 17,092,060</u>	<u>\$ 6,859,708</u>	<u>\$ 13,002</u>	<u>\$ 23,964,770</u>

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

CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Educational Services	Management and General	Fundraising	Total
PERSONNEL, SALARIES AND BENEFITS				
Salaries	\$ 9,374,700	\$ 3,167,129	\$ 126,685	\$ 12,668,514
Employee benefits	829,725	280,312	11,213	1,121,250
Payroll taxes	747,158	252,418	10,097	1,009,673
Professional development	61,484	20,771	831	83,086
Total Personnel, Salaries and Benefits	<u>11,013,067</u>	<u>3,720,630</u>	<u>148,826</u>	<u>14,882,523</u>
DIRECT STUDENT COSTS				
Educational supplies, textbooks, etc.	142,590	-	-	142,590
Student transportation	34,007	-	-	34,007
Student food service/catering	549,058	-	-	549,058
Contracted instruction fees	399,724	-	-	399,724
Student assessments	103,602	-	-	103,602
Other student costs	314,362	-	-	314,362
Total Direct Student Costs	<u>1,543,343</u>	<u>-</u>	<u>-</u>	<u>1,543,343</u>
OCCUPANCY EXPENSES				
Rent	463,822	156,697	6,268	626,787
Maintenance and repairs	172,575	58,303	2,332	233,210
Utilities	334,279	112,932	4,517	451,728
Contracted building services	512,315	173,080	6,923	692,318
Total Occupancy Expenses	<u>1,482,991</u>	<u>501,012</u>	<u>20,040</u>	<u>2,004,043</u>
OFFICE EXPENSES				
Office supplies and materials	73,589	24,861	994	99,444
Equipment rental	139,611	47,166	1,887	188,664
Telecommunications	168,147	56,806	2,272	227,225
Professional fees	1,670,229	564,266	22,571	2,257,066
Printing and publications	150	51	2	203
Postage and shipping	10,576	3,573	143	14,292
Total Office Expenses	<u>2,062,302</u>	<u>696,723</u>	<u>27,869</u>	<u>2,786,894</u>
GENERAL EXPENSES				
Insurance	247,287	83,543	3,342	334,172
Interest	1,364,503	460,981	18,439	1,843,923
Charter school board administrative fees	-	234,848	-	234,848
Bank fees	-	5,194	-	5,194
Dues and subscription	50,028	16,901	676	67,605
Promotion and advertisement	96,636	32,647	1,306	130,589
Travel and entertainment	2,371	801	32	3,204
Depreciation and amortization	1,086,503	367,062	14,682	1,468,247
Meetings, food and beverages	8,162	2,758	110	11,030
Miscellaneous	10,126	3,421	137	13,684
Total General Expenses	<u>2,865,616</u>	<u>1,208,156</u>	<u>38,724</u>	<u>4,112,496</u>
TOTAL EXPENSES	<u>\$ 18,967,319</u>	<u>\$ 6,126,521</u>	<u>\$ 235,459</u>	<u>\$ 25,329,299</u>

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

**CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,755,701)	\$ 1,000,263
adjustments to reconcile change in net assets to net cash (used for) provided by operating activities:		
Depreciation and amortization	1,388,114	1,468,247
Loss on disposal fixed assets	2,516,816	-
Amortization of debt issuance costs	33,212	33,212
Amortization of bond discount	12,517	12,517
(Increase) decrease in assets:		
Accounts receivable	(2,380)	954
Grants receivable	(389,305)	327,717
Prepaid expenses	26,762	(120,488)
Restricted cash and cash equivalents	(102,512)	(47,046)
Security deposits	92,077	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(303,336)	65,514
Deferred revenue	-	(28,596)
Deferred rent	(67,637)	(6,616)
Net Cash (Used for) Provided by Operating Activities	(551,373)	2,705,678
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(205,102)	(396,796)
Net Cash Used for Investing Activities	(205,102)	(396,796)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	(670,000)	(630,000)
Net Cash Used for Financing Activities	(670,000)	(630,000)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,426,475)	1,678,882
 CASH AND CASH EQUIVALENTS, beginning of year	8,119,436	6,440,554
 CASH AND CASH EQUIVALENTS, end of year	\$ 6,692,961	\$ 8,119,436
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 1,761,202	\$ 1,847,385

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

CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE A – ORGANIZATION AND PURPOSE

Cesar Chavez Public Charter Schools for Public Policy (the “School”) was incorporated in February 1998 as a not-for-profit school located in Washington, DC to provide public education, foster educational innovation and reform, inspire young people to become involved in public policy, and develop and improve the quality of schools and curricula. The School was approved by the District of Columbia Public Charter School Board (“PCSB”) to operate a charter school in the District of Columbia. The contract was originally dated September 2, 1998 and has since been renewed on August 29, 2013 for an additional 15 years. The contract will remain in effect unless terminated sooner in accordance with the contract. In December 2017, the PCSB voted to close down the Parkside middle school campus due to academic performance. The campus will be closed over a three-year period, closing one grade a year until final closure in June of 2020. During the school year 2018-2019, the School received funding to service 1,177 students residing in the District of Columbia in grades six through twelve. The School has approval from the PCSB to begin a new middle school at the Parkside campus, which is scheduled to begin enrolling students in six grade in the fiscal year 2020-2021.

The School’s mission is to prepare students to succeed in competitive colleges and to empower them to use public policy to create a more just, free, and equal world.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Adoption of New Accounting Pronouncement

For the year ended June 30, 2019, the School adopted the Financial Accounting Standards Board’s Accounting Standards Update (ASU) No. 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 assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented.

A key change required by ASU 2016-14 is the change to the net assets classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Statement Presentation

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

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

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, the School considers all highly liquid debt instruments purchased with an original maturity of less than three months and money market funds to be cash equivalents.

Cash and Cash Equivalents Restricted by Debt Agreements

Cash and cash equivalents restricted by debt agreements are comprised of cash and cash equivalents held by a trustee or the authority for debt service.

Grants and Accounts Receivable

The School’s grants receivable consist of unsecured amounts due from public funding sources whose ability to pay is subject to appropriations. Accounts receivable are related to program service fees and are recognized as revenue on the accrual basis of accounting at the time the program activity has occurred. Management determines if an allowance for doubtful accounts is necessary based upon review of outstanding receivables, historical collection experience and existing economic conditions. Accounts deemed uncollectible are charged off based on this review. Management believes that all receivables will be collected within one year or less. Therefore, no allowance for doubtful accounts has been established.

CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property and Equipment

Purchases of property and equipment over \$1,000 are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the underlying assets, which range from 3 to 40 years. Leasehold improvements are amortized over the lesser of their useful life or the lease term. Repairs and maintenance are expensed when incurred.

Debt Issuance Costs

Cost incurred in the issuance of debt have been capitalized and are reported on the statement of financial position as a direct deduction from the related debt liability. Debt issuance costs are amortized as interest expense using the straight-line method over the remaining period of the debt, which approximates the effective interest method.

Deferred Rent

The School records rent expense including rent abatement on a straight-line basis over the term of the lease. Deferred rent is recorded for the difference in the rent expense recognized on a straight-line basis and the rent payments.

Per Pupil Appropriations

The School receives a student allocation on a per-pupil basis from the District of Columbia to cover the cost of academic expenses. Per pupil appropriated revenue is recognized during the period for which the associated educational services are provided. Per pupil appropriation revenue includes \$6,184,979 and \$5,488,846 for enhancements such as limited English proficiency, special education and at-risk students for the years ended June 30, 2019 and 2018, respectively.

Federal Entitlements

Federal entitlement revenue is grants received primarily from the District of Columbia Government. The grants are subject to audit by the grantor agencies. Such audits could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate grantor. No provision for possible adjustment has been made in the accompanying financial statements because, in the opinion of management, such adjustment, if any, would not have a material effect on the financial statements.

CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Contributions

Contributions received are recorded as increases to net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends, or the purpose of the restriction is accomplished), 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. When restrictions are met within the same year as restricted funds are contributed, they are classified as contributions without donor restrictions.

In-Kind Contributions

Donated facilities, goods and services are recorded at fair value at the date of donation. Donated services are recognized in the financial statements at their fair value if the services require specialized skills and the services would typically need to be purchased if not donated.

Student Activity Fees

Student activity fees are funds received from students for school related activities such as fieldtrips, events, etc. Student activity fees are recognized at the time the event is held.

Use of Estimates

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

Method Used for Allocation of Expenses from Management and General Activities

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

CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Reclassifications

For comparative purposes, certain amounts for the year ended June 30, 2018, have been reclassified to conform to the current year presentation. The reclassification had no effect on the previously reported net assets or change in net assets.

NOTE C – INCOME TAXES

The School qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, the School is classified as an entity that is not a private foundation under Section 509(a)(1).

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

The tax benefits to be recognized is measured as the largest amount of benefit that is more than fifty percent likely of being realized upon ultimate settlement which could result in the School recording a tax liability that would reduce its net assets.

The School has analyzed its tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to any uncertain tax positions taken on returns filed for open tax years (2016-2018), or expected to be taken in its 2019 tax return. The School is not aware of any tax positions for which it believes that there is a reasonable possibility that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

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

Additionally, although the School does not intend to spend board designated funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, these amounts could be made available if necessary.

In addition to financial assets available to meet general expenditures over the next 12 months, the School anticipates collecting sufficient revenue to cover general expenditures.

CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(continued)

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY - continued

The following reflects the School’s financial assets as of June 30:

	2019	2018
Cash and cash equivalents	\$ 6,692,961	\$ 8,119,436
Restricted cash and cash equivalents	3,658,721	3,556,209
Accounts receivable	69,513	67,133
Grants receivable	659,660	270,355
Total Financial Assets	11,080,855	12,013,133
Less: restricted cash and cash equivalents	(3,658,721)	(3,556,209)
Less: cash encumbered by board restrictions	(1,350,000)	(1,350,000)
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 6,072,134	\$ 7,106,924

NOTE E – PROPERTY AND EQUIPMENT

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

	2019	2018
Land - Parkside	\$ 2,170,205	\$ 2,170,205
Building and improvements	15,579,005	15,579,005
Leasehold improvements	11,113,929	15,857,474
Computer and office equipment	1,762,164	2,951,441
Furniture and equipment	1,064,301	1,496,930
Textbooks	472,942	1,318,137
Vehicles	3,000	43,945
	32,165,546	39,417,137
Less accumulated depreciation and amortization	(10,466,845)	(14,018,608)
Property and Equipment, Net	\$ 21,698,701	\$ 25,398,529

Depreciation and amortization expense for the years ended June 30, 2019 and 2018, totaled \$1,388,114 and \$1,468,247 respectively.

CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(continued)

NOTE F – LONG-TERM DEBT

On March 1, 2011, the School entered into a financing agreement with Wells Fargo Bank, National Association (“Wells Fargo”), as trustee of newly issued District of Columbia Revenue Bonds, Cesar Chavez Public Charter Schools for Public Policy Issue, Series 2011 Bonds (“Series 2011 Bonds”). The proceeds from the Series 2011 Bonds of \$27,210,000, were used to refinance the entire outstanding balance of the School’s previous loans and to purchase the facility that the School was previously leasing from its landlord. The proceeds were also used for renovations of the purchased building as well as the buildings at the two leased campus locations. The loan is recorded net of a discount of \$375,513. Amortization expense of the discount for the years ended June 30, 2019 and 2018, totaled \$12,517 and \$12,517, respectively, which has been charged to interest expense in the statements of activities. The discount, net of accumulated amortization, on the Series 2011 Bonds totaled \$271,204 and \$283,721, as of June 30, 2019 and 2018, respectively. The Series 2011 Bonds include four series of bonds, which mature in five-year increments, with a weighted average fixed interest rate currently at 7.59%. The Series 2011 Bonds have required semi-annual interest payments, which commenced on July 1, 2011. Principal payments are due annually each November until maturity. The Series 2011 Bonds shall mature and be payable subject to the prior redemption or the terms and conditions set forth in the indenture agreement.

The Series 2011 Bonds mature on November 15, 2040 and are collateralized by the first priority deed of trust lien on the School’s property and equipment, per pupil revenues, and restricted cash and cash equivalents. As of June 30, 2019 and 2018, the outstanding principal balance on the Series 2011 Bonds totaled \$22,890,000 and \$23,560,000, respectively.

The above described debt agreements contain certain restrictive, financial, and nonfinancial covenants. In the opinion of management, the School has not complied with the required covenants for fiscal year 2019, but has complied with the required debt covenants for fiscal year 2018. Interest expense for the years ended June 30, 2019 and 2018, totaled \$1,794,414 and \$1,843,923, respectively.

Long-term debt as of June 30 consisted of the following:

	2019	2018
Series 2011 Bonds, 7.4%, due through 2040	\$ 22,890,000	\$ 23,560,000
Less: discount on bond payable	(271,204)	(283,721)
Less: current installments	(715,000)	(670,000)
Less: debt issuance costs, net	(429,930)	(463,142)
Total Long-Term Debt	\$ 21,473,866	\$ 22,143,137

CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(continued)

NOTE F – LONG-TERM DEBT – continued

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

2020	\$ 715,000
2021	765,000
2022	815,000
2023	445,000
2024	480,000
Thereafter	<u>19,670,000</u>
Total	<u><u>\$ 22,890,000</u></u>

The amortization of debt issuance costs as interest expense for the year ended June 30, 2019 and 2018, totaled \$33,211 and \$33,211, respectively.

Debt issuance costs and accumulated amortization are as follows as of June 30:

	2019	2018
Debt issuance costs	\$ 726,945	\$ 726,945
Less accumulated amortization	<u>(297,015)</u>	<u>(263,803)</u>
Debt Issuance Costs, Net	<u><u>\$ 429,930</u></u>	<u><u>\$ 463,142</u></u>

NOTE G – LEASE COMMITMENTS

On December 1, 2010, the School entered into a lease agreement with ESP Warehouse, LLC, which initial was scheduled to expire on November 1, 2020. However, as of June 30, 2019, the School elected to terminate the lease agreement with ESP Warehouse. As a result of the early termination of the lease agreement, the School paid ESP Warehouse a total of \$165,000, which included the security deposit of \$87,023.

Effective September 1, 2008, the School entered into a thirty-year ground lease for a permanent additional operating location with the District of Columbia. The lease expires on September 30, 2038. The School has the right to extend and renew the terms of the lease for up to two terms of 15 consecutive years, each at the fair market rental value. During the first 12 months of each lease extension period, the School may apply a rent credit equal to the cost of base building alterations approved by the landlord. The lease provides for scheduled annual rent increases of two percent.

However, every fifth year following the commencement date of the lease, the base rent shall be increased by the percentage increase in the per pupil facility allowance during the five-year period less 8% but not less than two percent. In addition, the School is responsible for developing,

CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(continued)

NOTE G – LEASE COMMITMENTS - continued

renovating, maintaining and operating the facility. Qualified improvements must be approved by the District of Columbia in advance of the work being performed.

Effective June 1, 2016, the School entered into a sub-lease agreement with another District of Columbia Public Charter School for office space located at 525 School Street, SW, Washington, DC. The initial sub-lease term was scheduled to expire on June 30, 2021. However, as of June 30, 2018, School elected to terminate the sub-lease agreement.

Facility rent expense for the years ended June 30, 2019 and 2018, totaled \$614,775 and \$626,787, respectively. The future minimum payments under these operating leases are as follows:

2020	\$	146,129
2021		149,051
2022		152,032
2023		155,073
2024		158,175
Thereafter		2,629,902
Total		\$ 3,390,362

NOTE H – IN-KIND CONTRIBUTIONS

During the years ended June 30, 2019 and 2018, the School received \$0 and \$55,197, respectively, of donated services for program services from the District of Columbia Promise Neighborhood Initiative, Inc. The School also received non-federal in-kind contributions for consulting services and the after school all-stars program, totaling \$1,050 and \$21,400 for the years ended June 30, 2019 and 2018, respectively.

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2019 and 2018, totaled \$0 and \$2,500, respectively, and designated for the garden program.

NOTE J – BOARD DESIGNATED NET ASSETS

The Board of Trustees has designated a portion of the unrestricted funds for improvements to the School and general operations. As of June 30, 2019 and 2018, board designated funds totaled \$1,350,000.

CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(continued)

NOTE K – RETIREMENT PLAN

The School offers a 403(b) qualified retirement plan (the “Plan”) through One America to all full-time employees who meet the eligibility requirements. The Plan allows eligible employees to make deferral contributions beginning in the first year of employment. The School will contribute 5% of a participant’s annual salary beginning in the second year of employment. The School’s matching contribution increases to 7% at the beginning of year four, and to 8% at the beginning of year seven, which is the maximum employer contribution. For the years ended June 30, 2019 and 2018, retirement plan expense totaled \$134,306 and \$157,007, respectively.

NOTE L – CONCENTRATIONS OF RISK

The School is dependent on funding from the District of Columbia, as authorized by the District of Columbia Public Charter Board. During the years ended June 30, 2019 and 2018, approximately 99% and 91% of total support was received from the District of Columbia, respectively.

The School is limited to enrolling students that are residents of the District of Columbia. As a DC Public Charter School, the School must compete for students against the DC Public School system and other DC Public Charter Schools. Per pupil appropriations received from the District of Columbia is based upon actual student enrollment determined by an annual enrollment audit. As a result, actual revenue may vary materially from budgeted revenue if under-enrollment were to occur.

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

NOTE M – CONTINGENCIES

The School was involved in several separate legal matters involving former employees and students, and had engaged legal counsel in its defense. In September 2017, two former employees filed lawsuits in the United States District Court for the District of Columbia. The court was scheduled to enter an order for discovery in October 2018.

NOTE N – SUBSEQUENT EVENTS

Subsequent to June 30, 2019, the lawsuits discussed in Note M above were settled or dismissed.

In preparing these financial statements, the School’s management has evaluated events and transactions for potential recognition or disclosure through November 22, 2019, the date the financial statements were available to be issued. Except as noted above, there were no events or transactions discovered during the evaluation that required recognition or further disclosure.

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



**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards***

To the Board of Trustees of
Cesar Chavez Public Charter Schools for Public Policy
Washington, DC

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cesar Chavez Public Charter Schools for Public Policy (the "School"), which comprise the statement of financial position as of June 30, 2019, 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 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Jane Mauer & M^AQuade PA

Washington, DC
November 22, 2019



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

To the Board of Trustees of
Cesar Chavez Public Charter Schools for Public Policy
Washington, DC

Report on Compliance for Each Major Federal Program

We have audited Cesar Chavez Public Charter Schools for Public Policy's (the "School") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2019. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

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

Jane Harrison & M^oQuade PA

Washington, DC
November 22, 2019

**CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant Identification Number	Federal Expenditures
U.S. Department of Education			
Pass Through from District of Columbia Office of the State Superintendent of Education (OSSE)			
Title I Grants to Local Educational Agencies	84.010	82010A/92010A	\$ 989,327
Supporting Effective Instruction State Grants	84.367	92367A/82365A	198,303
English Language Acquisition State Grants	84.365	82365A/92365A	23,451
Student Support and Academic Enrichment Program	84.424	84424A/92424A	95,124
Special Education Grants to States	84.027	82027A/92027A	271,313
DC Opportunity Scholarship Program	84.370		190,415
Total U.S. Department of Education			1,767,933
U.S. Department of Agriculture			
Pass Through from District of Columbia Office of the State Superintendent of Education (OSSE)			
Fresh Fruit and Vegetable Program	10.582		50,077
Child Nutrition Cluster			
National School Breakfast Program	10.553		56,078
National School Lunch Program	10.555		286,819
Total Child Nutrition Cluster			342,897
Total U.S. Department of Agriculture			392,974
U.S. Department of Health and Human Services			
Pass Through from District of Columbia Office of the State Superintendent of Education (OSSE)			
Medical Assistance Program	93.778		168,706
Total U.S. Department of Health and Human Services			168,706
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,329,613

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

**CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the School under programs of the federal government for the year ended June 30, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Therefore some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – RECONCILIATION TO THE FINANCIAL STATEMENTS

Expenditures per the Schedule exclude \$34,511 of federal awards provided under the Federal Communications Commission E-Rate program, which is reported as a federal entitlement and grant revenue in the statement of activities. Funding under this program is considered to be federal funds, however, does not qualify as direct financial support, and therefore, is exempt from Uniform Guidance requirements. In addition, the Schedule includes \$50,077 of non-cash assistance classified as federal entitlements and grants in the financial statements.

**CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

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

Major Programs:

- | | |
|---|-----------|
| (d) Name of Federal Programs and CFDA Number:

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

**CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019
(continued)**

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted

**SECTION III – FINDINGS AND QUESTIONED COSTS RELATED
TO FEDERAL AWARDS**

None noted

**SECTION IV – SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS**

None noted

SUPPLEMENTAL SCHEDULES

**CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
SUPPLEMENTAL SCHEDULE OF VENDORS PAID OVER \$25,000
YEAR ENDED JUNE 30, 2019**

Vendor Name	Services Provided	Amount paid
TenSquare	School Turnaround Services	\$ 1,746,125
CDMSYSTEM	Employee Healthcare	999,294
BMS Realty Services, LLC	Rent for Prep campus	494,853
Smart Cleaning Solutions, Inc.	Janitorial services	491,332
Preferred Meal System, Inc.	Schools meals vendor	376,122
Align Staffing	Substitute Staff	268,434
Pepco	Utilities	265,518
Carefirst Administrators	Employee Healthcare	235,332
ESP Warehouse LLC	Rent for Capitol Hill campus	233,507
Bond, Schoeneck & King, PLLC	Legal Services	206,435
LGC Security	Security Services	158,528
DC Treasurer	DCPS Retirement	131,286
EdOps	Accounting Services	128,975
Swing Education Inc.	Substitute Staff	123,250
The Shanahan Law Firm LLC	Legal Services	96,740
Beacon Hill Staffing Group	Substitute Staff	93,824
Seasonair IncComfort Systems USA	Facilities Maintenance	84,787
Soliant Health	Social Work Services	84,676
Mutual of Omaha	Employee Healthcare	81,244
Massie Ritsch	Communications Consultant	77,160
MetLife Small Business Center	Employee Benefits	63,250
Charlotte Adjusting	Legal Services	58,409
Copier Workshop	Copier Service	52,055
MINTZ	Legal Services	50,975
Buck Financial Advisors LLC	Financial Consultant	48,750
ELLIS Therapeutic Consultants, Inc.	Special Education Services	28,257
Full Circle Mental Health Services	Special Education Services	27,000

Note: The above schedule includes all vendors/contractors who were paid \$25,000 or more for which either a formal contract was executed or no formal contract was entered into, executed or negotiated during the fiscal year ended June 30, 2019.

**CESAR CHAVEZ PUBLIC CHARTER SCHOOLS FOR PUBLIC POLICY
 SUPPLEMENTAL SCHEDULE OF VENDOR CONTRACTS AWARDED OVER \$25,000
 YEAR ENDED JUNE 30, 2019**

Vendor Name	Services Provided	Approx. Value
DC Central Kitchen	Food Services Agreement	258,000
Pepco	Utilities - Electricity	221,000
Mutual of Omaha	Life insurance and EAP services	45,000
DC Water	Utilities - water	43,200
MetLife Small Business Center	Dental and legal benefits	40,000
Seasonair Inc.	HVAC services	40,000

This schedule only reflects those unique vendors for which a verbal or written contract was entered into during fiscal year June 30, 2019, that are expected to equal or exceed \$25,000, for which services had not yet begun nor any payment received as of June 30, 2019. Therefore, this schedule does not include any vendors listed on the preceding schedule of vendors paid over \$25,000.