

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.

**REPORT ON FINANCIAL STATEMENTS
(with supplementary and other information)**

YEARS ENDED JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Friendship Public Charter School, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Friendship Public Charter School, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friendship Public Charter School, Inc. 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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. 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 audits 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of vendors awarded contracts equal to or above \$25,000 during the fiscal year which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2020, on our consideration of Friendship Public Charter School, Inc.'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 Friendship Public Charter School, Inc.'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 Friendship Public Charter School, Inc.'s internal controls over financial reporting and compliance.

Manes Costeiran PC

October 15, 2020

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

| ASSETS | 2020 | 2019 |
|---|----------------|----------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 31,172,650 | \$ 33,661,314 |
| Investments | 7,715,454 | 5,279,512 |
| Grants and accounts receivable | 4,482,593 | 4,410,835 |
| Prepaid expenses | 138,479 | 582,056 |
| TOTAL CURRENT ASSETS | 43,509,176 | 43,933,717 |
| NONCURRENT ASSETS | | |
| Cash and cash equivalents | 17,688,737 | 13,961,866 |
| Investments | 261,589 | 258,994 |
| Grants and accounts receivable | 278,609 | 429,011 |
| Property and equipment, net of accumulated depreciation | 119,797,526 | 105,709,635 |
| Deposits and other assets | 108,421 | 90,486 |
| TOTAL NONCURRENT ASSETS | 138,134,882 | 120,449,992 |
| TOTAL ASSETS | \$ 181,644,058 | \$ 164,383,709 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 5,618,226 | \$ 4,309,271 |
| Accrued salaries and related | 7,338,156 | 6,046,061 |
| Current portion of long-term debt | 3,273,000 | 2,820,000 |
| TOTAL CURRENT LIABILITIES | 16,229,382 | 13,175,332 |
| LONG-TERM DEBT | | |
| Less current portion and loan issuance costs | 122,207,887 | 109,424,722 |
| TOTAL LIABILITIES | 138,437,269 | 122,600,054 |
| NET ASSETS | | |
| Without donor restrictions | 43,206,789 | 41,679,766 |
| With donor restrictions | - | 103,889 |
| TOTAL NET ASSETS | 43,206,789 | 41,783,655 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 181,644,058 | \$ 164,383,709 |

See notes to financial statements.

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

| | 2020 | 2019 |
|--|---------------|---------------|
| NET ASSETS WITHOUT DONOR RESTRICTIONS | | |
| OPERATING REVENUES | | |
| Pupil revenue | \$ 88,377,133 | \$ 79,255,567 |
| Federal grants | 9,872,825 | 9,720,065 |
| Extended learning and child care services | 2,040,908 | 2,181,202 |
| Other grants and contributions | 1,353,793 | 1,381,012 |
| Other income | 527,352 | 70,533 |
| TOTAL OPERATING REVENUES | 102,172,011 | 92,608,379 |
| Net assets released from restrictions | 103,889 | - |
| Total operating revenues and other additions | 102,275,900 | 92,608,379 |
| OPERATING EXPENSES | | |
| Program services | | |
| Educational activities | 83,535,672 | 74,458,038 |
| Extended learning (includes summer school) | 5,643,327 | 5,204,364 |
| Support services | | |
| Management and general | 11,862,044 | 11,834,620 |
| Fundraising | 309,681 | 57,200 |
| TOTAL OPERATING EXPENSES | 101,350,724 | 91,554,222 |
| CHANGE IN NET ASSETS FROM OPERATIONS | 925,176 | 1,054,157 |
| NONOPERATING ACTIVITIES WITHOUT DONOR RESTRICTIONS | | |
| Interest income and investment return, net | 601,847 | 693,793 |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | 1,527,023 | 1,747,950 |
| NET ASSETS WITH DONOR RESTRICTIONS | | |
| Other grants and contributions | - | 103,889 |
| Net assets released from restrictions | (103,889) | - |
| CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS | (103,889) | 103,889 |
| TOTAL CHANGE IN NET ASSETS | 1,423,134 | 1,851,839 |
| NET ASSETS | | |
| Beginning of year | 41,783,655 | 39,931,816 |
| End of year | \$ 43,206,789 | \$ 41,783,655 |

See notes to financial statements.

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

| | Program Services | | Support Services | | Total Expenses |
|--|-----------------------------|----------------------------|-----------------------------|--------------------------|------------------------------|
| | Educational Activities | Extended Learning | Management and General | Fundraising | |
| EXPENSES | | | | | |
| Personnel salaries and benefits | | | | | |
| Principal/executive salaries | \$ 1,352,742 | \$ 228 | \$ 891,888 | \$ - | \$ 2,244,858 |
| Teacher salaries | 22,306,470 | 829,758 | - | - | 23,136,228 |
| Special education salaries | 5,771,967 | - | - | - | 5,771,967 |
| Other education professional salaries | 4,064,328 | 1,148,465 | - | - | 5,212,793 |
| Business/operations salaries | 1,412,584 | - | - | - | 1,412,584 |
| Administrative/other staff salaries | 11,534,168 | 1,643,622 | 4,831,667 | - | 18,009,457 |
| Employee benefits and payroll taxes | 8,686,939 | 333,554 | 812,015 | - | 9,832,508 |
| Total personnel salaries and benefits | <u>55,129,198</u> | <u>3,955,627</u> | <u>6,535,570</u> | <u>-</u> | <u>65,620,395</u> |
| Direct student expenses | | | | | |
| Educational supplies and textbooks | 2,222,340 | 169,436 | - | - | 2,391,776 |
| Student assessments/program evaluation | 120,015 | - | - | - | 120,015 |
| Contracted student services | 1,356,461 | - | - | - | 1,356,461 |
| Food service | 1,768,742 | 5,440 | - | - | 1,774,182 |
| Other direct student expenses | 783,519 | 140,792 | - | - | 924,311 |
| Total direct student expenses | <u>6,251,077</u> | <u>315,668</u> | <u>-</u> | <u>-</u> | <u>6,566,745</u> |
| Occupancy expenses | | | | | |
| Rent | 33,990 | 2,577 | 1,925 | - | 38,492 |
| Depreciation (facilities) | 3,992,627 | 302,700 | 226,070 | - | 4,521,397 |
| Interest expense (facilities) | 4,521,090 | 342,765 | 255,992 | - | 5,119,847 |
| Building maintenance and repairs | 2,395,556 | 181,618 | 135,641 | - | 2,712,815 |
| Contracted building services | 2,952,086 | 223,811 | 161,653 | - | 3,337,550 |
| Equipment rental and maintenance | 285,771 | 911 | 329,818 | - | 616,500 |
| Other occupancy expenses | 1,745,487 | - | 35,223 | - | 1,780,710 |
| Total occupancy expense | <u>15,926,607</u> | <u>1,054,382</u> | <u>1,146,322</u> | <u>-</u> | <u>18,127,311</u> |
| General and administrative expenses | | | | | |
| Office supplies and materials | 611,248 | 20,716 | 403,733 | 51,834 | 1,087,531 |
| Telephone/telecommunications | 236,559 | 17,935 | 13,394 | - | 267,888 |
| Legal, accounting, and payroll services | 452,777 | 7,761 | 1,313,549 | - | 1,774,087 |
| Insurance | 977,619 | 74,118 | 55,355 | - | 1,107,092 |
| Transportation | 195,483 | 12,473 | 55,066 | - | 263,022 |
| Professional development | 459,969 | 3,139 | 177,785 | - | 640,893 |
| PCSB administrative fee | - | - | 899,729 | - | 899,729 |
| Management fee - online school | 1,738,175 | - | - | - | 1,738,175 |
| Depreciation (non-facility) | 1,146,337 | 86,909 | 64,908 | - | 1,298,154 |
| Other general expenses | 410,623 | 94,599 | 1,196,633 | 257,847 | 1,959,702 |
| Total general and administrative expenses | <u>6,228,790</u> | <u>317,650</u> | <u>4,180,152</u> | <u>309,681</u> | <u>11,036,273</u> |
| TOTAL EXPENSES | <u><u>\$ 83,535,672</u></u> | <u><u>\$ 5,643,327</u></u> | <u><u>\$ 11,862,044</u></u> | <u><u>\$ 309,681</u></u> | <u><u>\$ 101,350,724</u></u> |

See notes to financial statements.

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

| | Program Services | | Support Services | | Total Expenses |
|--|-----------------------------|----------------------------|-----------------------------|-------------------------|-----------------------------|
| | Educational Activities | Extended Learning | Management and General | Fundraising | |
| EXPENSES | | | | | |
| Personnel salaries and benefits | | | | | |
| Principal/executive salaries | \$ 1,164,857 | \$ 1,225 | \$ 991,096 | \$ - | \$ 2,157,178 |
| Teacher salaries | 18,693,025 | 847,980 | - | - | 19,541,005 |
| Special education salaries | 5,015,118 | - | - | - | 5,015,118 |
| Other education professional salaries | 3,570,932 | 830,627 | - | - | 4,401,559 |
| Business/operations salaries | 1,186,496 | - | - | - | 1,186,496 |
| Administrative/other staff salaries | 10,636,560 | 1,607,456 | 4,691,336 | - | 16,935,352 |
| Employee benefits and payroll taxes | 7,418,334 | 307,755 | 827,462 | - | 8,553,551 |
| Total personnel salaries and benefits | <u>47,685,322</u> | <u>3,595,043</u> | <u>6,509,894</u> | <u>-</u> | <u>57,790,259</u> |
| Direct student expenses | | | | | |
| Educational supplies and textbooks | 1,718,929 | 167,789 | - | - | 1,886,718 |
| Student assessments/program evaluation | 103,362 | - | - | - | 103,362 |
| Contracted student services | 792,656 | - | - | - | 792,656 |
| Food service | 2,297,754 | 4,114 | - | - | 2,301,868 |
| Other direct student expenses | 939,599 | 108,754 | - | - | 1,048,353 |
| Total direct student expenses | <u>5,852,300</u> | <u>280,657</u> | <u>-</u> | <u>-</u> | <u>6,132,957</u> |
| Occupancy expenses | | | | | |
| Rent | 24,190 | 1,927 | 1,375 | - | 27,492 |
| Depreciation (facilities) | 3,749,276 | 298,724 | 213,053 | - | 4,261,053 |
| Interest expense (facilities) | 4,184,226 | 333,378 | 237,769 | - | 4,755,373 |
| Building maintenance and repairs | 2,082,145 | 165,895 | 118,318 | - | 2,366,358 |
| Contracted building services | 2,594,917 | 195,633 | 243,310 | - | 3,033,860 |
| Equipment rental and maintenance | 288,552 | 1,957 | 299,581 | - | 590,090 |
| Other occupancy expenses | 1,996,106 | 639 | 14,401 | - | 2,011,146 |
| Total occupancy expense | <u>14,919,412</u> | <u>998,153</u> | <u>1,127,807</u> | <u>-</u> | <u>17,045,372</u> |
| General and administrative expenses | | | | | |
| Office supplies and materials | 536,926 | 43,804 | 351,618 | 4,244 | 936,592 |
| Telephone/telecommunications | 235,819 | 18,789 | 13,400 | - | 268,008 |
| Legal, accounting, and payroll services | 270,683 | 4,231 | 1,406,518 | - | 1,681,432 |
| Insurance | 783,556 | 62,430 | 44,526 | - | 890,512 |
| Transportation | 78,624 | 31,712 | 107,921 | - | 218,257 |
| Professional development | 482,454 | 6,944 | 4,157 | - | 493,555 |
| PCSB administrative fee | - | - | 838,748 | - | 838,748 |
| Management fee - online school | 1,937,023 | - | - | - | 1,937,023 |
| Depreciation (non-facility) | 1,091,631 | 86,976 | 62,032 | - | 1,240,639 |
| Other general expenses | 584,288 | 75,625 | 1,367,999 | 52,956 | 2,080,868 |
| Total general and administrative expenses | <u>6,001,004</u> | <u>330,511</u> | <u>4,196,919</u> | <u>57,200</u> | <u>10,585,634</u> |
| TOTAL EXPENSES | <u><u>\$ 74,458,038</u></u> | <u><u>\$ 5,204,364</u></u> | <u><u>\$ 11,834,620</u></u> | <u><u>\$ 57,200</u></u> | <u><u>\$ 91,554,222</u></u> |

See notes to financial statements.

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

| | 2020 | 2019 |
|--|---------------|---------------|
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | |
| Cash flows from operating activities | | |
| Change in net assets | \$ 1,423,134 | \$ 1,851,839 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities | | |
| Depreciation expense | 5,819,552 | 5,501,692 |
| Amortization of loan premium and issuance costs - net | (148,192) | (170,275) |
| Unrealized (gain) loss on investments | (51,497) | (94,006) |
| Noncash rent credits | (254,000) | - |
| Grants and accounts receivable | 78,644 | 238,414 |
| Prepaid expenses and deposits | 425,642 | (240,351) |
| Accounts payable and accrued expenses | 2,008,302 | 680,032 |
| Deferred revenue | - | (103,797) |
| Total adjustments | 7,878,451 | 5,811,709 |
| Net cash provided by operating activities | 9,301,585 | 7,663,548 |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (19,314,695) | (4,404,898) |
| Purchase of investments | (2,387,040) | (878,804) |
| Net cash used by investing activities | (21,701,735) | (5,283,702) |
| Cash flows from financing activities | | |
| Proceeds from District of Columbia notes payable, net of issuance costs | 16,818,357 | - |
| Payments on principal of notes payable | (3,180,000) | (2,760,000) |
| Net cash provided (used) by financing activities | 13,638,357 | (2,760,000) |
| CHANGE IN CASH AND CASH EQUIVALENTS | 1,238,207 | (380,154) |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of year | 47,623,180 | 48,003,334 |
| End of year | \$ 48,861,387 | \$ 47,623,180 |
| SUPPLEMENTAL DISCLOSURE INFORMATION | 2020 | 2019 |
| Cash interest paid | \$ 5,237,122 | \$ 4,898,487 |
| Property and equipment included in accounts payable and accrued expenses | \$ 592,748 | \$ 769,952 |

See notes to financial statements.

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Friendship Public Charter School, Inc. (the Charter) have been prepared on the accrual basis. The Charter's more significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Cash and Cash Equivalents

The Charter considers short-term highly liquid investments, carried at cost (including money market funds) with maturities of three months or less to be cash equivalents. Cash and cash equivalents held in the investment portfolio are excluded from cash and cash equivalents in reporting cash flows.

Investments and Investment Return

Investments consist primarily of debt instruments and mutual funds and are stated at fair value in the statement of financial position. Net investment return or loss is included in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

Investments are managed by professional advisors subject to the Charter's investment policy. The degree and concentration of market and credit risk vary by type of investment.

Accounts and grants receivable are stated at the amount of consideration from customers of which the Charter has an unconditional right to receive. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Grants receivable consist primarily of grant reimbursements outstanding at year-end. Management estimates no allowance for uncollectible amounts is necessary for the years ended June 30, 2020 and 2019.

Property and equipment is recorded at cost, or if donated, at approximate fair value at the date of donation. Depreciation is computed over the remaining estimated useful lives using the straight-line method. The Charter has a capitalization policy of \$1,000.

Loan premiums are added to long-term debt and are amortized into interest expense in proportion to the related interest expense incurred. Loan issuance costs reduce long-term debt and are amortized into interest expense over the life of the loans using the straight-line method.

**FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. The Charter has designated, from net assets without donor restrictions, net assets for furniture and curriculum reserves. Net assets without donor restrictions as of June 30 consist of the following:

| | 2020 | 2019 |
|-----------------------------------|---------------|---------------|
| Undesignated | \$ 42,695,755 | \$ 41,131,901 |
| Designated for furniture reserve | 60,233 | 55,323 |
| Designated for curriculum reserve | 450,801 | 492,542 |
| | \$ 43,206,789 | \$ 41,679,766 |

Net assets with donor restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose has been accomplished (see Note 12).

Contributions

Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts and investment income having donor stipulations that are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions.

Grants and Contracts

Grants and contracts revenue result from agreements, typically with government agencies, corporations, or individuals that fund specific activities for the Charter. The grants and contracts are of two primary types: conditional contributions and contracts with customers. An agreement is a conditional contribution if its primary purpose is to enable the Charter to provide a service to, or maintain a facility for, the direct benefit of the students or the general public rather than to serve the direct needs of the granting or contracting party. In other words, the agreement is a conditional contribution if any benefit to the granting or contracting party is indirect and insubstantial as compared to the public benefit. In contrast, if the grant or contract provides a benefit directly to the granting or contracting party, the agreement is a contract with a customer.

**FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and Contracts (continued)

Conditional contributions are recognized as the Charter incurs qualifying expenditures in compliance with rules and regulations established by the grantor, who is typically a state or federal awarding agency. The grants are paid on a cost-reimbursement basis, most often by drawdowns of the grant funds. Any unused funds are forfeited, and if any expenditures are unallowed, the Charter may be required to refund the amounts drawn down. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Contracts with Customers

Revenue from contracts with customers for extended learning and child care services is reported at the amount that reflects the consideration to which the Charter expects to be entitled in exchange for providing care services to students. Parent/guardians pay directly or may be eligible for an income-based subsidy up to 100% of the weekly fee. Families with more than one student are eligible for a 10% discount, such amounts are not reported as revenue.

Parent/guardian pay revenue is recognized as performance obligations are satisfied, which is on a weekly basis when the services are available to students. Fees are based on stated rates for student weekly enrollment rather than student attendance. A parent/guardian must provide a two week notice for cancellation of services. The parent/guardian will be billed a prorated amount after cancellation.

Income-based subsidy revenue is recognized as performance obligations are satisfied, which is daily when the services are rendered. Fees are based on stated rates for daily attendance.

The composition of extended learning and child care services by payor for the years ended June 30:

| | 2020 | 2019 |
|--|--------------|--------------|
| Parent/guardian | \$ 435,577 | \$ 652,397 |
| Third party payor - DHS Child Care Subsidy | 1,605,331 | 1,528,805 |
| | \$ 2,040,908 | \$ 2,181,202 |

Receivables from contracts with customers are included in grants and accounts receivable on the statement of financial position. For receivables, the net realizable value is determined using estimates of historical collection experience. There were no significant changes in the contract assets and there were no contract liabilities as of June 30 2020 and 2019. Receivables from contracts with customers for the year ended June 30, are summarized as follows:

| | 2020 | 2019 |
|-----------------------|------------|-----------|
| Beginning of the year | \$ 99,558 | \$ 98,486 |
| End of the year | \$ 135,987 | \$ 99,558 |

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities has been summarized on a functional basis on the statement of activities. The statement of functional expenses presents the natural classification of expenses that are allocated to program or supporting functions of the Charter. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of estimates of time and effort. Allocated expenses primarily consist of payroll and related, occupancy and depreciation, and various other expense classifications necessary to support the day-to-day operations of the Charter.

NOTE 2 - NATURE OF ORGANIZATION, RISKS, AND UNCERTAINTIES

Organization - The Friendship Public Charter School, Inc. (the Charter) is a public charter school authorized under Section 2203 of the District of Columbia School Reform Act of 1995 by the District of Columbia Public Charter School Board (DCPCSB). The Charter operates 14 campuses in 10 buildings in Washington, DC, each covering different grade levels ranging from preschool through grade 12. DCPCSB has authorized the Charter through June 30, 2028.

The significant program services for the Charter are as follows:

Education services represent the cost of educating students during the regular school day and school year. Programmatic expenses include the cost of classroom instruction, school leadership, academic support and other school support services such as janitorial and food services.

Extended learning includes a before and after school program and summer school programs. The before and after school program reinforces standards and teaching practices of the Charter through project-based learning and exploration. The summer school programs are both credit recovery and academic enrichment programs offered to Charter students during the summer months.

The Charter has been granted tax-exempt status under the provisions of Section 501(c)(3) of the Internal Revenue Code and, as such, is not subject to federal income taxes other than those arising from unrelated business income.

The Charter is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments that potentially subject the Charter to concentrations of credit risk consist principally of temporary cash, investments, and receivables. The Charter places its temporary cash investments with FDIC insured financial institutions. Although such investments and cash balances exceeded the federally insured limits at certain times during the year and at year-end they are, in the opinion of management, subject to minimal risk. Investments are exposed to various risk such as interest rate, market, and credit risks. Concentrations of credit risk with respect to receivables is limited due to the nature of the organizations that fund the Charter's activities.

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - NATURE OF ORGANIZATION, RISKS, AND UNCERTAINTIES (continued)

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the 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.

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the 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.

The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Friendship Public Charter School community and families, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition and results of operations is uncertain.

The Charter evaluates events and transactions that occur after year-end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through October 15, 2020, which is the date the financial statements were available to be issued.

In preparation of tax returns, tax positions are taken based on interpretation of federal, state and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state and local tax returns generally remain open for examination by the various taxing authorities for a period of 3 to 4 years.

Under the terms of the grant agreements, the final determination of allowable expenses is subject to interpretation and adjustments by grantor agencies.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Charter regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Charter considers all expenditures related to its educational and extended learning activities as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets in excess of daily cash requirements are held in the Charter's investment portfolio or in high-yield savings accounts. The overall investment objectives are 1) preservation of capital; 2) liquidity and the ability to access funds necessary for operations; 3) compliance with all applicable financial covenants; and 4) optimization of investment returns within acceptable investment risk parameters.

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - LIQUIDITY AND AVAILABILITY (continued)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following at June 30:

| | 2020 | 2019 |
|---|---------------|---------------|
| Current assets | \$ 43,509,176 | \$ 43,933,717 |
| Less excludable items | | |
| Prepaid expenses | (138,479) | (582,056) |
| Board designated curriculum and furniture reserves | (511,034) | (547,865) |
| Donor restricted net assets | - | (103,889) |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 42,859,663 | \$ 42,699,907 |

In addition to financial assets available to meet general expenditures over the next 12 months, the Charter operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

NOTE 4 - CASH AND CASH EQUIVALENTS

| | 2020 | 2019 |
|---|---------------|---------------|
| Current assets - cash and cash equivalents | \$ 31,172,650 | \$ 33,661,314 |
| Noncurrent assets - cash and cash equivalents | | |
| Repair and replacement reserves - money market funds (2016A) | 645,899 | 573,063 |
| Debt service reserves - money market funds (2012) | 4,338,143 | 4,268,870 |
| Debt service reserves - Repayment of the District of Columbia Office of Public Charter School Financing and Support note payable - money market funds | 3,000,000 | 3,000,000 |
| Unspent project proceeds - money market funds | 9,704,695 | 6,119,933 |
| | 17,688,737 | 13,961,866 |
| | \$ 48,861,387 | \$ 47,623,180 |

External restrictions have been placed on noncurrent cash and cash equivalents under the terms of loan and bond documents.

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - FAIR VALUE MEASUREMENTS

The Charter's investments are classified using a hierarchy that prioritizes the inputs to valuation techniques giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) when market prices are not readily available or reliable. The three levels of the hierarchy are described below:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Charter's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

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

The following is a description of the valuation methodologies use for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Charter are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at the price. The mutual funds held by the Charter are deemed to be actively traded.

Debt instruments - corporate bonds and U.S. government securities: The investment grade debt securities held by the Charter often do not trade in active markets on the measurement date. If they do, they are measured at the closing price in that active market. In the absence of a trade on the measurement date for the identical security in an active market, corporate bonds and U.S. government securities are valued using inputs including yields currently available on comparable securities of issuers with similar credit ratings, recent market price quotations (where observable), bond spreads, and fundamental data relating to the issuer.

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

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - FAIR VALUE MEASUREMENTS (continued)

From time to time, changes in valuation techniques may result in reclassification of an investment's assigned level within the hierarchy.

The following are market value summaries by the level of inputs used as of June 30, in evaluating the Charter's assets carried at fair value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in these securities.

Assets at Fair Value as of June 30, 2020

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|---------------------|---------------------|----------------|---------------------|
| Money market funds | \$ 1,368,160 | \$ - | \$ - | \$ 1,368,160 |
| Mutual funds | | | | |
| Equity | 78,511 | - | - | 78,511 |
| Fixed income | 183,078 | - | - | 183,078 |
| Debt instruments | | | | |
| Corporate bonds and U.S. government securities | <u>-</u> | <u>6,347,294</u> | <u>-</u> | <u>6,347,294</u> |
| Total investments at fair value | <u>\$ 1,629,749</u> | <u>\$ 6,347,294</u> | <u>\$ -</u> | <u>\$ 7,977,043</u> |

Assets at Fair Value as of June 30, 2019

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|-------------------|---------------------|----------------|---------------------|
| Mutual funds | | | | |
| Equity | \$ 61,560 | \$ - | \$ - | \$ 61,560 |
| Fixed income | 197,434 | - | - | 197,434 |
| Debt instruments | | | | |
| Corporate bonds and U.S. government securities | <u>-</u> | <u>5,279,512</u> | <u>-</u> | <u>5,279,512</u> |
| Total investments at fair value | <u>\$ 258,994</u> | <u>\$ 5,279,512</u> | <u>\$ -</u> | <u>\$ 5,538,506</u> |

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment at June 30 consists of the following:

| | Years of Useful Life | <u>2020</u> | <u>2019</u> |
|--|-------------------------|-----------------------|-----------------------|
| Land | | \$ 9,727,627 | \$ 7,345,512 |
| Buildings and leasehold improvements | 20 - 40 | 141,731,237 | 130,683,680 |
| Software and computer equipment | 3 - 5 | 5,462,016 | 5,710,386 |
| Furniture and office equipment | 15 - 20 | 3,133,571 | 2,532,763 |
| Curriculum | 5 | 2,007,845 | 2,819,733 |
| Construction in progress | | <u>7,848,803</u> | <u>3,013,778</u> |
| | | 169,911,099 | 152,105,852 |
| Less accumulated depreciation and amortization | | <u>50,113,573</u> | <u>46,396,217</u> |
| | | <u>\$ 119,797,526</u> | <u>\$ 105,709,635</u> |
| Depreciation expense | | <u>\$ 5,819,552</u> | <u>\$ 5,501,692</u> |

The Charter leases the Collegiate Academy building and improvements under a capital lease (see Note 7). The property include above subject to a capital lease at June 30 is as follows:

| | <u>2020</u> | <u>2019</u> |
|--------------------------|---------------------|---------------------|
| Property and equipment | <u>\$ 2,869,327</u> | <u>\$ 2,869,327</u> |
| Accumulated depreciation | <u>\$ 529,830</u> | <u>\$ 412,090</u> |
| Depreciation expense | <u>\$ 117,740</u> | <u>\$ 117,740</u> |

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM DEBT

Notes payable consists of the following at June 30:

| | 2020 | 2019 |
|--|----------------|----------------|
| 2012 Note payable - District of Columbia payable quarterly in annual totals ranging from \$835,000 to \$2,260,000 through 2042, plus interest at 4.78% to 5.00%. Secured by revenues from all related campuses, on parity with the 2016A, 2016B, and 2019 notes payable plus real estate of the Tech Prep campus, and the 2012 debt service reserve funds. | \$ 31,285,000 | \$ 32,090,000 |
| 2016A Note payable - District of Columbia payable quarterly in annual totals ranging from \$1,750,000 to \$4,420,000 through 2046, plus interest at 5.00%. Secured by revenues from all related campuses, on parity with the 2012, 2016B, and 2019 notes payable, and the 2016A debt service reserve funds. | 57,895,000 | 57,895,000 |
| 2016B Note payable - District of Columbia payable quarterly in annual totals ranging from \$2,060,000 to \$2,285,000 through 2026, plus interest at 2.1%. Secured by revenues from all related campuses, on parity with the 2012, 2016A, and 2019 notes payable. | 13,015,000 | 15,030,000 |
| 2019 Note payable - District of Columbia payable quarterly in annual totals ranging from \$378,000 to \$549,000 through 2034 with \$10,426,000 due 8/1/2034, plus interest at 2.87%. Secured by revenues from all related campuses, on parity with the 2012, 2016A and 2016B notes payable. | 16,840,000 | - |
| Note payable - District of Columbia Office of Public Charter School Financing and Support (OPCSFS), with interest only payments until maturity in 2046. Interest earnings of the Credit Enhancement Account (see Note 4) to be remitted quarterly to OPCSFS. | 3,000,000 | 3,000,000 |
| Total notes payable before loan issuance costs and bond premium | 122,035,000 | 108,015,000 |
| Less unamortized loan issuance costs | (3,215,779) | (3,008,532) |
| Plus unamortized bond premium on 2012 note payable | 663,386 | 712,959 |
| Plus unamortized bond premium on 2016A note payable | 4,940,907 | 5,213,922 |
| Total notes payable | 124,423,514 | 110,933,349 |
| Less current portion | 3,273,000 | 2,820,000 |
| | \$ 121,150,514 | \$ 108,113,349 |

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM DEBT (continued)

2012 Note Payable

Payments made on the 2012 note payable to the District of Columbia have been assigned by the District of Columbia under a trust agreement, for the benefit of the bond holders for the full payment of the \$35,780,000 District of Columbia Revenue Bonds (Friendship Public Charter School, Inc. Issue - Series 2012A) issued in October 2012. The 2012 bonds were issued primarily to finance construction, renovation, and acquisition of furniture, fixtures, and equipment, the repayment of existing debt and reimbursement of pre-construction expenditures for the Tech Prep School. As of June 30, 2020, \$31,285,000 of the 2012 bonds remained outstanding.

2016A Note Payable

Payments made on the 2016A note payable to the District of Columbia have been assigned by the District of Columbia under a trust agreement, for the benefit of the bond holders for the full payment of the \$57,895,000 District of Columbia Revenue Bonds (Friendship Public Charter School, Inc. Issue - Series 2016A) issued in March 2016. The 2016A bonds were issued primarily to finance the current refundings of the 2003 and 2006 notes payable, fund the cost of certain capital projects, refinance a \$4,500,000 loan issued to acquire one of its previously lease campuses, fund a portion of the 2016A debt service reserve fund, and to pay certain costs related to the issuance of the 2016A bonds. As of June 30, 2020, \$57,895,000 of the 2016A bonds remained outstanding.

2016B Note Payable

Payments made on the 2016B note payable to the District of Columbia have been assigned by the District of Columbia under a trust agreement, for the benefit of the bond holders for the full payment of the \$20,915,000 District of Columbia Revenue Bonds (Friendship Public Charter School, Inc. Issue - Series 2016B) issued in March 2016. The 2016B bonds were issued primarily to finance the current refunding of the 2007 note payable and to fund certain costs related to the issuance of the 2016B bonds. As of June 30, 2020, \$13,015,000 of the 2016B bonds remained outstanding.

2019 Note Payable

Payments made on the 2019 note payable to the District of Columbia have been assigned by the District of Columbia under a trust agreement, for the benefit of the bond holders for the full payment of the \$17,200,000 District of Columbia Revenue Bonds (Friendship Public Charter School, Inc. Issue - Series 2019A) issued in August 2019. The 2019 bonds were issued primarily to finance the property acquisition of Ideal Academy, building renovation, acquisition of furniture, fixtures, and equipment and to fund certain costs related to the issuance of the 2019A bonds. As of June 30, 2020, \$16,840,000 of the 2019A bonds remained outstanding.

The interest rate on the 2016B and 2019 Notes payable are subject to change if the maximum corporate tax rate changes, the Charter does not maintain at least \$12,500,000 with the bond purchaser and the Charter does not maintain a credit rating of at least BBB-/Baa3.

The Charter is subject to certain financial covenants under the terms of the 2012, 2016A, 2016B and 2019 notes payable to the District of Columbia for which the Charter is in compliance.

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM DEBT (continued)

Maturities of notes payable are as follows:

| Year Ending June 30, | | |
|-------------------------|----|----------------|
| 2021 | \$ | 3,273,000 |
| 2022 | | 3,354,000 |
| 2023 | | 3,440,000 |
| 2024 | | 3,541,000 |
| 2025 | | 3,644,000 |
| Thereafter | | 104,783,000 |
| | | \$ 122,035,000 |

Capital Lease Obligation

Payments on the Collegiate Academy capital lease are subject to a base rent which increases at 2% annually until 2021. The lease is subject to a fair market value adjustment in base rent in 2021 and continue at a 2% annual increase through end of the initial lease term in 2040. The fair market value adjustment is unknown and therefore not included in the capital lease obligation. Annual rent payments range from approximately \$472,000 to \$728,000 which are reduced by available rent credits subject to an annual minimum payment of \$63,000.

| | 2020 | 2019 |
|--|--------------|--------------|
| Capital lease obligation due for Collegiate Academy High School with interest imputed at 5.0%. Payments of principal and interest are due monthly and increase annually at 2%. | \$ 1,057,373 | \$ 1,311,373 |

Future payments on the capital lease obligation are as follows:

| Year Ending June 30, | | |
|-------------------------|----|--------------|
| 2021 | \$ | 63,000 |
| 2022 | | 63,000 |
| 2023 | | 63,000 |
| 2024 | | 63,000 |
| 2025 | | 63,000 |
| Thereafter | | 2,108,833 |
| | | 2,423,833 |
| Less interest | | 1,366,460 |
| | | \$ 1,057,373 |

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM DEBT (continued)

The initial operating lease for Collegiate allowed for rent credits for leasehold improvements made to the property by the Charter totaling approximately \$13.5 million. These rent credits are netted against the capitalized assets and capital lease obligation because they related to the leasehold improvements previously capitalized by the Charter. An additional \$2.7 million of lease credits related to the CAPCS assumption of debt were granted in the capital lease negotiated in 2016.

Approximately \$10 million of the total rent credits remain available for use at June 30, 2020. Based on current estimates, the rent credits are expected to be fully utilized by the fiscal year 2039. Due to the existence of the rent credits, payments on the capital lease are effectively interest only until fiscal year 2039.

The following is a reconciliation of long-term debt balances as presented in the statements of financial position at June 30:

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|-----------------------------|-----------------------------|
| Current portion of long-term debt | | |
| Notes payable | \$ 3,273,000 | \$ 2,820,000 |
| | <u> </u> | <u> </u> |
| Long-term debt - less current portion | | |
| Notes payable | \$ 121,150,514 | \$ 108,113,349 |
| Capital lease obligation | 1,057,373 | 1,311,373 |
| | <u> </u> | <u> </u> |
| | <u>\$ 122,207,887</u> | <u>\$ 109,424,722</u> |

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at June 30:

| | <u>2020</u> | <u>2019</u> |
|--------------------------|-----------------------------|-----------------------------|
| Accounts payable - trade | \$ 5,072,530 | \$ 3,783,943 |
| Accrued interest payable | 503,597 | 472,679 |
| Due to student groups | 42,099 | 52,649 |
| | <u> </u> | <u> </u> |
| | <u>\$ 5,618,226</u> | <u>\$ 4,309,271</u> |

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - OPERATING LEASES

The Charter leases Friendship Online Academy school facilities from the District of Columbia Public Schools (a governmental entity) under an operating lease expiring through 2021. In addition, the Charter leases equipment under operating leases at various buildings.

Future minimum operating lease payments required over the remaining lease terms are as follows:

| Year Ending <u>June 30,</u> | |
|--------------------------------|-------------------|
| 2021 | \$ 154,505 |
| 2022 | 86,413 |
| 2023 | 23,726 |
| 2024 | <u>2,796</u> |
| | <u>\$ 267,440</u> |

Facilities and equipment rent expense, including short term leases, for the years ended June 30, 2020 and 2019, was \$654,082 and \$614,078, respectively.

NOTE 10 - RETIREMENT AND BENEFIT PLANS

Substantially all employees may participate in a 403(b) plan established by the Charter in July 2007. Under the plan, employee contributions are matched at the discretion of the Charter. For the years ended June 30, 2020 and 2019, the Charter matched employee contributions by 50% up to 4% of the employee's compensation. The Charter has a deferred compensation agreement with certain key individuals. Under the agreement, the participants are entitled to deferred compensation upon separation from the Charter. The Charter contributed approximately \$280,000 and \$190,000 to these plans in 2020 and 2019, respectively.

Effective July 1, 2018 Friendship Public Charter School, Inc. revised its workers compensation plan for a \$100,000 deductible per occurrence and \$600,000 policy aggregate per policy year. A liability for reserves and claim adjustments from the open policy years of \$200,000 and \$100,000 was recorded at June 30, 2020 and 2019, respectively. This liability is included in accounts payable and accrued expenses on the statements of financial position.

**FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - PUPIL REVENUE

The allocation of the per pupil revenue for the year ended June 30, are as follows:

| | <u>2020</u> | <u>2019</u> |
|---------------------------|----------------------|----------------------|
| General education | \$ 52,723,779 | \$ 48,102,043 |
| Categorical enhancements | | |
| Special education | 15,231,027 | 12,148,918 |
| At-risk | 6,008,256 | 5,643,812 |
| English language learners | 430,416 | 370,791 |
| DC facilities allowance | <u>13,983,655</u> | <u>12,990,003</u> |
| | <u>\$ 88,377,133</u> | <u>\$ 79,255,567</u> |

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes for the years ended June 30:

| | <u>Balance June 30, 2019</u> | <u>Additions</u> | <u>Released from Restrictions</u> | <u>Balance June 30, 2020</u> |
|---------------------|----------------------------------|-------------------|---------------------------------------|----------------------------------|
| Purpose restricted | | | | |
| Alumni support | \$ 1,000 | \$ - | \$ (1,000) | \$ - |
| Classroom equipment | 18,637 | - | (18,637) | - |
| Academic support | <u>84,252</u> | <u>-</u> | <u>(84,252)</u> | <u>-</u> |
| | <u>\$ 103,889</u> | <u>\$ -</u> | <u>\$ (103,889)</u> | <u>\$ -</u> |
| | | | | |
| | <u>Balance June 30, 2018</u> | <u>Additions</u> | <u>Released from Restrictions</u> | <u>Balance June 30, 2019</u> |
| Purpose restricted | | | | |
| Alumni support | \$ - | \$ 1,000 | \$ - | \$ 1,000 |
| Classroom equipment | - | 18,637 | - | 18,637 |
| Academic support | <u>-</u> | <u>84,252</u> | <u>-</u> | <u>84,252</u> |
| | <u>\$ -</u> | <u>\$ 103,889</u> | <u>\$ -</u> | <u>\$ 103,889</u> |

NOTE 13 - CONTINGENCIES

During 2015, the Charter recorded buildings and land for \$26.5 million and \$1.0 million, respectively, as a result of the assumption of the CAPCS Armstrong property. The District of Columbia has a reversionary interest in the property which gives it the right to reacquire the property in the event the property is not used for public education purposes by a public charter school as defined by the D.C. Official Code. The District of Columbia would have the right to reacquire the property for the price it originally paid, plus any approved loan amounts secured by the property. As of June 30, 2020, the District of Columbia would have the right to reacquire the property for \$22.8 million if the restrictions on use were not maintained.

SUPPLEMENTARY INFORMATION

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Pass-through Grantor's Number | Federal Expenditures |
|---|---------------------------|----------------------------------|-------------------------|
| <u>U.S. Department of Agriculture</u> | | | |
| Passed through District of Columbia Office of the State Superintendent of Education | | | |
| Child Nutrition Cluster | | | |
| Non-cash Assistance (commodities) | | | |
| National School Lunch - Entitlement | 10.555 | | \$ 246,644 |
| Cash Assistance | | | |
| National School Lunch Programs | 10.555 | 21NSL1-19 | 375,140 |
| National School Lunch Programs | 10.555 | 31NSL1-20 | 992,807 |
| Total National School Lunch Programs - cash assistance | | | 1,367,947 |
| Total CFDA #10.555 | | | 1,614,591 |
| National School Breakfast Programs | 10.553 | 21NSB1-18 | 148,839 |
| National School Breakfast Programs | 10.553 | 31NSL1-19 | 532,752 |
| Total CFDA #10.553 | | | 681,591 |
| Total cash assistance | | | 2,049,538 |
| Total Child Nutrition Cluster | | | 2,296,182 |
| Fresh Fruit and Vegetable Program | 10.582 | 21FFV1-19 | 9,670 |
| Fresh Fruit and Vegetable Program | 10.582 | 31FFV1-20 | 80,722 |
| Total CFDA #10.582 | | | 90,392 |
| Child and Adult Care Food Program | 10.558 | 21CAC1-19 | 2,281 |
| Child and Adult Care Food Program | 10.558 | 31CAC1-20 | 10,255 |
| Child and Adult Care Food Program | 10.558 | 21CAF1-19 | 32,756 |
| Child and Adult Care Food Program | 10.558 | 31CAF1-20 | 231,265 |
| Total CFDA #10.558 | | | 276,557 |
| Total U.S. Department of Agriculture passed through District of Columbia Office of State Superintendent of Education | | | 2,663,131 |
| <u>U.S. Department of Education</u> | | | |
| Passed through District of Columbia Office of the State Superintendent of Education | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 82010A-20 | 3,034,912 |
| Charter Schools | 84.282 | VB84.282A-20 | 471,505 |
| Supporting Effective Instruction State Grants | 84.367 | 82367A-20 | 519,496 |
| Student Support and Academic Enrichment Grants | 84.424 | 84424A-20 | 275,219 |

The accompanying notes are an integral part of this schedule.

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Pass-through Grantor's Number | Federal Expenditures |
|--|---------------------------|----------------------------------|----------------------------|
| <u>U.S. Department of Education (continued)</u> | | | |
| Passed through District of Columbia Office of the State Superintendent of Education (continued) | | | |
| Education For Homeless Children and Youth | 84.196 | A2196A/20 | \$ 64,353 |
| Career and Technical Education | 84.048 | 82048A-20 | 204,443 |
| Special Education Cluster (IDEA) | | | |
| Special Education - Grants to States | 84.027 | 82027A-20 | 901,858 |
| Special Education Preschool Grants | 84.173 | 82173A-20 | 4,766 |
| Total Special Education Cluster (IDEA) | | | <u>906,624</u> |
| School Improvement Grants | 84.377 | 72377A-17 | 271,604 |
| DC Opportunity Scholarship Program | 84.370 | 84370C-20 | <u>1,180,272</u> |
| Total U.S. Department of Education passed through District of Columbia Office of the State Superintendent of Education | | | <u>6,928,428</u> |
| <u>U.S. Department of Health and Human Services</u> | | | |
| Passed through District of Columbia Office of the State Superintendent of Education | | | |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | 1H79SM080961-01 | <u>281,266</u> |
| Total U.S. Department of Health and Human Services passed through District of Columbia Office of the State Superintendent of Education | | | <u>281,266</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u><u>\$ 9,872,825</u></u> |

The accompanying notes are an integral part of this schedule.

FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Friendship Public Charter School, Inc. under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 Friendship Public Charter School, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Friendship Public Charter School, Inc.

NOTE 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. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Friendship Public Charter School, Inc. has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - PASS-THROUGH FUNDS

The Charter did not pass through any federal funds to subrecipients.

**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
Friendship Public Charter School, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Friendship Public Charter School, Inc., 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 October 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Friendship Public Charter School, Inc.'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 Friendship Public Charter School, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Friendship Public Charter School, Inc.'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 Friendship Public Charter School, Inc.'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 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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maney Costeiran PC

October 15, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees
Friendship Public Charter School, Inc.

Report on Compliance for Each Major Federal Program

We have audited Friendship Public Charter School, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Friendship Public Charter School, Inc.'s major federal programs for the year ended June 30, 2020. Friendship Public Charter School, Inc.'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 Friendship Public Charter School, Inc.'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* (CFR) 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 Friendship Public Charter School, Inc.'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 unmodified opinion on compliance for major federal programs. However, our audit does not provide a legal determination of Friendship Public Charter School, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Friendship Public Charter School, Inc. 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 Friendship Public Charter School, Inc. 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 Friendship Public Charter School, Inc.'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 Friendship Public Charter School, Inc.'s internal control over compliance.

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

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

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

Manes Costeiran PC

October 15, 2020

**FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)? Yes X No

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|----------------|------------------------------------|
| 10.553, 10.555 | Child Nutrition Cluster |
| 84.027, 84.173 | Special Education Cluster (IDEA) |

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

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

**FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019**

There were no findings for the year ended June 30, 2019.

OTHER INFORMATION

**FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
SCHEDULE OF VENDORS AWARDED CONTRACTS EQUAL TO
OR ABOVE \$25,000 DURING THE FISCAL YEAR
YEAR ENDED JUNE 30, 2020**

| Vendor | Good/Service | Amount |
|---|--|------------|
| 4 imprints | Branded and personalized goods | \$ 40,962 |
| AlignStaffing | Temp staffing/sub teachers | 376,726 |
| Amazon Credit Plan | Classroom supplies | 397,608 |
| Apple Store for Education | Apple computers | 93,473 |
| AppleTree Institute for Education Innovation | Pre k curriculum | 35,904 |
| Aramark Corporation | Convocation 2019 | 91,200 |
| Arizona State University | Duel enrollment | 42,325 |
| Automatic Data Processing (ADP) | Payroll processing services | 271,654 |
| Bedford, Freeman & Worth Publishing Group | Curriculum | 28,174 |
| Berkshire Hathaway Homestate Companies | Workers comp insurance | 710,255 |
| BSN Sports | Athletic attire | 46,637 |
| Busy Bee Environmental Services, Inc. | HVAC, Janitorial and Maintenance | 10,476,358 |
| Capitol Document Solutions | Copiers | 33,557 |
| Caribbean Coach LLC | Student Transportation | 29,050 |
| Carol M. Seifert | Grant writing | 140,992 |
| CDWG | Technology/Computer products | 834,538 |
| Central Avenue Bus Service | Student transportation | 188,879 |
| Chatterbox LLC | Student support services | 64,370 |
| Cloverland Farms Dairy | NSLP-milk and dairy products | 319,202 |
| Cobb Pediatric Therapy Services | Related services for students needing clinical services | 37,583 |
| College Board of AP | AP prep curriculum | 26,341 |
| College Summit-Peer Forward | College prep curriculum | 27,000 |
| Columbia Lighthouse for the Blind | Support Services for visually impaired | 29,010 |
| Constellation | Energy/Pepco | 38,926 |
| COUPA Software, Inc. | AP software | 61,464 |
| Creative Print Group | Graphic design and print services | 158,808 |
| Curriculum Associates | Academic Technology & Intervention programing | 174,220 |
| Davis Publications | Arts Curriculum | 86,654 |
| DC Association of Chartered Public Schools | Annual membership | 37,400 |
| DC Public Charter School Board | Charter Board Fee | 920,006 |
| DC Special Education Co-operative | Student services | 37,000 |
| DC Treasurer | Athletic event space rental | 120,016 |
| DC Treasurer - Property Tax | Municipal fees | 34,542 |
| DC Treasurer-OSSE | Grant reimbursement | 105,941 |
| DC Water And Sewer Authority | Utility | 388,099 |
| DE Lage Landen Financial Services | Ricoh copier lease | 34,033 |
| Delta Education | School Specialty Group | 57,087 |

**FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
SCHEDULE OF VENDORS AWARDED CONTRACTS EQUAL TO
OR ABOVE \$25,000 DURING THE FISCAL YEAR
YEAR ENDED JUNE 30, 2020**

| Vendor | Good/Service | Amount |
|---|--|------------|
| Delta-T Group Virginia, Inc. | Temp staffing/sub teachers | \$ 212,494 |
| Earthwalk Communications | Computers & supporting equipment | 56,625 |
| Edgenuity, Inc. | Intervention Curriculum | 38,685 |
| Edmentum | On-line HS | 89,500 |
| EFX Media | Video and Interactive Solutions | 154,433 |
| Elizabeth Onyilofor | Nurse at Southeast/Ideal | 39,696 |
| EmpowerK12 | Data warehouse | 49,375 |
| Enome, Inc. | Intervention curriculum | 33,660 |
| Excellent Tours | Student Transportation | 104,090 |
| First Choice Transportation, LLC | Student Transportation | 32,450 |
| FOCUS | Annual membership | 34,075 |
| FPC Distribution | Paper goods | 125,748 |
| FPCS Solar, LLC | Solar Energy brokerage services | 94,505 |
| G.Cefalu & Bro. | Produce for school lunches | 31,901 |
| Granite State College | Duel enrollment | 105,545 |
| Great Minds | Curriculum | 239,509 |
| Greenstein DeLorme & Luchs, P.C. | Legal services | 72,998 |
| GTR Turf, Inc. | Collegiate football field | 1,544,185 |
| H & S Bakery, Inc | Baked goods | 33,561 |
| Heinemann | Curriculum Resource Prek 3-12 | 112,514 |
| Houghton Mifflin Company | Instructional supplies | 208,043 |
| iCIMS.com | HR recruitment software | 57,016 |
| K12 Classroom | K-8 Online Public Education | 25,000 |
| K12 Management, Inc. | K-8 Online Public Education | 1,862,332 |
| Keany Produce Company | School lunch program | 141,325 |
| Kelly Services, Inc. | Temp staffing-substitute teachers | 164,613 |
| KForce Professional Staffing | Temp staffing service - Finance team | 29,700 |
| Kim Lewis Consulting, LLC | SPED Consulting | 93,100 |
| Larry Duncan | MPD | 26,480 |
| Lavinia Group | Consulting Services | 380,081 |
| Leah Nathan/Psychological Consulting Services, LLC | Related services for students needing clinical services | 72,750 |
| Lisa M. Christian | Positive action coordinator | 67,119 |
| Mackin Educational Resources- Great Minds | Curriculum | 122,087 |
| Maner Costerisan PC | Audit services | 100,775 |
| Marcum, LLP | Accounting services | 93,604 |
| Marcum Technology, LLC | GP support | 75,548 |
| Marriott Marquis | 2020 TOY event location and catering | 193,750 |
| Meadowdale, LLC | Construction consulting | 153,000 |
| Michael Marshall Design, LLC | Architectural consulting services | 1,511,566 |

**FRIENDSHIP PUBLIC CHARTER SCHOOL, INC.
SCHEDULE OF VENDORS AWARDED CONTRACTS EQUAL TO
OR ABOVE \$25,000 DURING THE FISCAL YEAR
YEAR ENDED JUNE 30, 2020**

| | | |
|---|--|-----------|
| National Inventors Hall of Fame | Stem curriculum | \$ 70,610 |
| Naviance, Inc. | PD and software for College readiness | 25,043 |
| | Mental Health, speech and | |
| Next Level Therapeutic Interventions | language services | 85,140 |
| Northwest Evaluation Association | Map testing | 48,188 |
| Officedepot.com | Office, janitorial and school supplies | 217,675 |
| Paradigm Therapy Partners, LLC | Clinical Services for students | 332,818 |
| Pepco | Utility | 1,236,345 |
| PFG Carroll County Foods | Groceries/Food | 954,681 |
| Philadelphia Insurance Companies | Insurance | 405,552 |
| Pitney Bowes Purchase Power | Office equipment lease | 41,996 |
| Power School University | Registration, application and LMS | 105,566 |
| Precon Events | Event support services | 407,230 |
| ProBar Professional Barcode Integration | LEA inventory | 35,994 |
| Project Lead The Way, Inc. | CTE supplies | 79,655 |
| Ricoh USA, Inc. | Campus copiers and master agreement | 445,920 |
| Robyn Silbey | Academic consulting services | 205,000 |
| RSVP Catering | Catering Services | 45,000 |
| | Delta Education-Common core coach- | |
| School Specialty-Delta Education | Instructional supplies | 49,597 |
| ShirtBoy | Branded goods | 47,198 |
| Sprint | Telecommunication services | 73,130 |
| Stuart Center/CEDC | Printing and graphic design | 43,640 |
| Sunrise Solutions | Tele communications hardware | |
| | and technology | 55,568 |
| The District of Columbia - | | |
| Nicholson Lease | Online campus lease | 90,492 |
| The McGraw Hill Companies | Books and edmaterials and curriculum | 98,615 |
| The Mecca Group | Student services | 70,327 |
| TIAA BANK | Copier Lease | 62,642 |
| Unimpeachable Bus Service, LLC | Student transportation | 53,800 |
| United Security and Communications | LEA building security monitoring | 210,160 |
| Universal Bus Charter, Inc. | Student transportation | 138,140 |
| Urban Teacher Center, Inc. | Teacher training | 213,500 |
| US Office Solutions | Office supplies and furniture | 354,523 |
| VA-Spaces, LLC | Architectural consulting services | 323,853 |
| Vena Solutions USA, Inc. | Budget software | 103,369 |
| Washington Convention and | | |
| Sports Authority | Convocation location | 104,415 |
| Washington Gas | Utility | 129,382 |
| Wilson Language Training Corporation | Learning intervention curriculum | 37,967 |
| Windstream | Internet access | 148,601 |
| Wye River Group, Inc | Bond & Financial Consulting | 26,677 |