



ADULT CHARTER HIGH SCHOOL

**THE GOODWILL EXCEL CENTER,  
PUBLIC CHARTER SCHOOL**

**Financial Statements and Supplementary  
Information**

*For the Year Ended June 30, 2019*

*(With Summarized Financial Information for the Year Ended June 30, 2018)*



**and  
Report Thereon**



**Report Required in Accordance with  
Government Auditing Standards**

*For the Year Ended June 30, 2019*



THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

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For the Year Ended June 30, 2019

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Goodwill Excel Center, Public Charter School

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Goodwill Excel Center, Public Charter School (GEC), 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.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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.

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## **Opinion**

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

## **Other Matters**

### *Report on Summarized Comparative Information*

GEC's 2018 financial statements were audited by Raffa, P.C., whose practice was combined with Marcum LLP and whose report dated November 12, 2018, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the financial statements from which it has been derived.

### *Required Regulatory Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of vendor contacts \$25,000 and above is presented for the purposes for additional analysis and is not a required part of the financial statements. Such information, although not a part of the financial statements, is required by the D.C. Public Charter School Board and has not been subjected to the auditing procedures applied in the audit of the financial statements. 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 13, 2019, on our consideration of GEC'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 GEC'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 GEC's internal control over financial reporting and compliance.

*Marcum LLP*

Washington, D.C.  
November 13, 2019

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

June 30, 2019

(With Summarized Financial information as of June 30, 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,181,418	\$ 3,559,077
Receivables	31,245	20,661
Prepaid expenses	<u>121,818</u>	<u>156,630</u>
Total Current Assets	5,334,481	3,736,368
Deposits	189,775	189,775
Property and equipment, net	<u>2,053,555</u>	<u>2,357,054</u>
TOTAL ASSETS	<u>\$ 7,577,811</u>	<u>\$ 6,283,197</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 329,325	\$ 268,330
Deferred rent and lease incentive, current portion	<u>166,475</u>	<u>146,537</u>
Total Current Liabilities	495,800	414,867
Deferred rent and lease incentive, net of current portion	<u>1,703,680</u>	<u>1,870,155</u>
TOTAL LIABILITIES	<u>2,199,480</u>	<u>2,285,022</u>
Net Assets		
Without donor restrictions	5,353,331	3,998,175
With donor restrictions	<u>25,000</u>	<u>-</u>
TOTAL NET ASSETS	<u>5,378,331</u>	<u>3,998,175</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,577,811</u>	<u>\$ 6,283,197</u>

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

**THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2019**

**(With Summarized Financial Information for the Year Ended June 30, 2018)**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2019 Total</u>	<u>2018 Total</u>
REVENUE AND SUPPORT				
Per pupil allocation	\$ 7,228,434	\$ -	\$ 7,228,434	\$ 6,745,492
Private grants and contributions	28,173	25,000	53,173	801,005
Federal grants	34,879	-	34,879	18,677
Interest income	<u>62,886</u>	<u>-</u>	<u>62,886</u>	<u>8,065</u>
 TOTAL REVENUE AND SUPPORT	 <u>7,354,372</u>	 <u>25,000</u>	 <u>7,379,372</u>	 <u>7,573,239</u>
EXPENSES				
Program Service:				
Adult Education	5,559,679	-	5,559,679	4,623,439
Supporting Service:				
Management and general	<u>439,537</u>	<u>-</u>	<u>439,537</u>	<u>468,221</u>
 TOTAL EXPENSES	 <u>5,999,216</u>	 <u>-</u>	 <u>5,999,216</u>	 <u>5,091,660</u>
CHANGE IN NET ASSETS	1,355,156	25,000	1,380,156	2,481,579
NET ASSETS, BEGINNING OF YEAR	<u>3,998,175</u>	<u>-</u>	<u>3,998,175</u>	<u>1,516,596</u>
NET ASSETS, END OF YEAR	<u>\$ 5,353,331</u>	<u>\$ 25,000</u>	<u>\$ 5,378,331</u>	<u>\$ 3,998,175</u>

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

**THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended June 30, 2019**

**(With Summarized Financial Information for the Year Ended June 30, 2018)**

	<u>Program Service</u>	<u>Supporting Service</u>	<u>2019 Total</u>	<u>2018 Total</u>
	<u>Adult Education</u>	<u>Management and General</u>		
Personnel, Salaries and Benefits				
Contracted labor	\$ 2,992,179	\$ 105,084	\$ 3,097,263	\$ 2,377,479
Professional development	52,624	-	52,624	47,565
Other contracted labor-related expense	<u>3,620</u>	<u>-</u>	<u>3,620</u>	<u>2,788</u>
Total Personnel, Salaries and Benefits	<u>3,048,423</u>	<u>105,084</u>	<u>3,153,507</u>	<u>2,427,832</u>
Direct Student Costs				
Child development center	509,659	-	509,659	479,620
Student transportation stipends	163,655	-	163,655	150,026
Student recruiting	82,209	-	82,209	66,167
Student books and learning material	55,957	-	55,957	16,582
Computer support	52,426	-	52,426	34,061
Other students costs	48,615	-	48,615	37,691
Student assessments	29,516	-	29,516	24,040
Supplies, materials and snacks	<u>31,578</u>	<u>-</u>	<u>31,578</u>	<u>13,891</u>
Total Direct Student Costs	<u>973,615</u>	<u>-</u>	<u>973,615</u>	<u>822,078</u>
Occupancy				
Rent	466,223	-	466,223	552,443
Utilities and garbage removal	63,474	-	63,474	33,368
Maintenance and repairs	49,345	-	49,345	15,815
Other occupancy expenses	25,165	-	25,165	10,629
Interest	-	-	-	8,904
Janitorial supplies	<u>181</u>	<u>-</u>	<u>181</u>	<u>3,259</u>
Total Occupancy	<u>604,388</u>	<u>-</u>	<u>604,388</u>	<u>624,418</u>
Office Expenses				
Telecommunications	-	55,155	55,155	55,931
Printing and copying	4,023	39,727	43,750	28,393
Office supplies	-	28,840	28,840	36,359
Other	-	7,104	7,104	7,388
Postage	<u>-</u>	<u>2,418</u>	<u>2,418</u>	<u>2,038</u>
Total Office Expenses	<u>4,023</u>	<u>133,244</u>	<u>137,267</u>	<u>130,109</u>
General Expenses				
Professional and consulting fees	632,029	5,643	637,672	611,317
Accounting, auditing and payroll	-	46,293	46,293	47,141
Dues, fees, licenses and fines	-	45,200	45,200	36,625
Insurance	-	20,367	20,367	19,813
Other	<u>7,330</u>	<u>9,864</u>	<u>17,194</u>	<u>15,171</u>
Total General Expenses	<u>639,359</u>	<u>127,367</u>	<u>766,726</u>	<u>730,067</u>
Depreciation and amortization	<u>289,871</u>	<u>73,842</u>	<u>363,713</u>	<u>357,156</u>
TOTAL EXPENSES	<u>\$ 5,559,679</u>	<u>\$ 439,537</u>	<u>\$ 5,999,216</u>	<u>\$ 5,091,660</u>

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

**THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL**

**STATEMENT OF CASH FLOWS**

**For the Year Ended June 30, 2019**

**(With Summarized Financial Information for the Year Ended June 30, 2018)**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,380,156	\$ 2,481,579
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	363,713	357,156
Changes in assets and liabilities:		
Receivables	(10,584)	(18,484)
Prepaid expenses	34,812	(40,288)
Deposits	-	6,250
Accounts payable and accrued expenses	60,995	24,424
Deferred rent and lease incentive	<u>(146,537)</u>	<u>(127,085)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,682,555</u>	<u>2,683,552</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(60,214)</u>	<u>(58,481)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(60,214)</u>	<u>(58,481)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on notes payable	<u>-</u>	<u>(1,037,391)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>-</u>	<u>(1,037,391)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,622,341	1,587,680
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>3,559,077</u>	<u>1,971,397</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 5,181,418</u>	<u>\$ 3,559,077</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest paid	<u>\$ -</u>	<u>\$ 8,904</u>

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

**THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL**

**NOTES ON FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

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1. Organization and Summary of Significant Accounting Policies

**Organization**

The Goodwill Excel Center, Public Charter School (GEC) was formed on February 23, 2015, and launched operations in August 2016. The goal of the school is to provide Washington, D.C., adult residents the opportunity and support to earn a high school diploma and post-secondary education while developing career paths that present greater employment and career growth opportunities. GEC's revenue and other support consist primarily of the per pupil allocations from the government of the District of Columbia (D.C.), private grants and contributions, and federal sources.

**Basis of Accounting**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The financial statements are prepared using the accrual basis of accounting and include receivables and payables.

**Receivables**

GEC uses the allowance method to record potentially uncollectible accounts receivable.

**Property and Equipment**

Property and equipment are carried at cost. Depreciation and amortization are recorded using the straight-line method in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives. GEC capitalizes property and equipment purchases that have an estimated useful life of greater than one year and cost \$1,000 or more.

Furniture and fixtures	7 years
Software	3 years
Office equipment	5 years
Computer hardware	3 to 5 years

Leasehold improvements are amortized over the remaining life of the lease. Maintenance and repairs are expensed as incurred. Significant renewals and betterments are capitalized. At the time assets are retired or otherwise disposed of, the property and related accumulated depreciation and amortization accounts are relieved of the applicable amounts and any gain or loss is credited or charged to revenue and support.

**Classification of Net Assets**

The net assets of GEC are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for general support of GEC's operations.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of GEC or by

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

NOTES ON FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019

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1. Organization and Summary of Significant Accounting Policies (continued)

**Classification of Net Assets (continued)**

the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of June 30, 2019, GEC had no net assets with donor restrictions that are required to be maintained in perpetuity.

**Revenue Recognition**

Grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received with donor restrictions that are met during the same fiscal year in which they are received are recorded as revenue without donor restriction in the accompanying statement of activities. Revenues from federal grants are recognized when the related expense is incurred.

**Per Pupil Funding**

Per pupil funding represents the per pupil student allocation and facility allowance from DC, as well as federal entitlement funding, to cover the cost of academic expenses. Revenue is recognized ratably over the academic year. Unearned funding is recognized as deferred revenue in the accompanying statement of financial position until earned.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized in the accompanying statement of functional expenses. All expenses are directly attributed to specific functional areas of GEC and are reported as expenses of those functional areas.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**New Accounting Pronouncement**

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset 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 for nonprofit organizations. GEC has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to the summarized comparative information presented for the year ended June 30, 2019.

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

NOTES ON FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019

2. Property and Equipment and Accumulated Depreciation and Amortization

GEC held the following property and equipment as of June 30, 2019:

Leasehold improvements	\$ 2,208,434
Furniture and fixtures	351,259
Computer hardware	242,070
Office equipment	160,151
Software	<u>133,781</u>
Total Property and Equipment	3,095,695
Less: Accumulated Depreciation and Amortization	<u>(1,042,140)</u>
Property and Equipment, Net	<u>\$ 2,053,555</u>

Depreciation and amortization expense totaled \$363,713 for the year ended June 30, 2019.

3. Charter School Funding – Per Pupil Allocation

The per pupil allocation funding for the year ended June 30, 2019, was composed of the following:

General education	\$ 4,680,994
Facilities allowance	1,174,680
At-risk students	859,462
Special education	<u>513,298</u>
Total Per Pupil Allocation	<u>\$ 7,228,434</u>

4. Net Assets

**Net Assets Without Donor Restrictions**

GEC's net assets without donor restrictions are composed of undesignated amounts in the amount of \$5,353,331 as of June 30, 2019.

**Net Assets With Donor Restrictions**

As of June 30, 2019, net assets with donor restrictions were restricted due to time for one year in the amount of \$25,000.

5. Risks and Commitments

**Concentration of Risk**

GEC maintains its cash and cash equivalents with highly creditworthy financial institutions. At times, the aggregate balance may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit. At June 30, 2019, GEC had approximately \$5,012,000 in excess of FDIC insured limits.

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

NOTES ON FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019

5. Risks and Commitments (continued)

**Related Party**

GEC is affiliated with Goodwill of Greater Washington (GGW) through common management. GGW is a tax-exempt organization under Internal Revenue Code (IRC) Section 501(c)(3). GGW was established as a provider of quality service programs to those in need of support and/or training to assume a self-sufficient role in their community. Under its Management and Administrative Support Services, Staffing and Sublicense Agreement with GGW, executed as of May 1, 2015, with subsequent amendments effective on July 1, 2016, July 1, 2018, and July 1, 2019, GEC paid GGW \$567,231 in management fees. Additionally, GEC was billed \$2,788,335 for reimbursable costs relating to labor and other direct costs, of which \$7,088 was outstanding as of June 30, 2019, in accordance with the terms of the agreement. This expense is reported in personnel, salaries and benefits; direct student costs; general expenses; professional and consulting fees; and dues, fees, licenses and fines in the accompanying statement of functional expenses. The accounts payable and accrued expenses in the amount of \$7,088 are reported in the accompanying statement of financial position.

**Operating Lease**

In December 2015, GEC entered into a noncancelable operating lease for office space in Washington, D.C., which expires in April 2027. The terms of the lease required a deposit of \$126,517, and include monthly base rent of \$63,258 and a 15-month rental abatement. The lease also contains a fixed escalation clause for an increase in the annual minimum rent at a rate of 2.5%, except for the sixth lease-year, for which the increase will be based on \$2 per square foot of rentable area. The lease also provided a tenant improvement allowance of up to \$1,272,700. Under GAAP, all fixed rent increases and lease incentives are recognized on a straight-line basis over the term of the lease and are reported as deferred rent and lease incentive liability in the accompanying statement of financial position. In addition, GEC is obligated to pay its share of increases in real estate taxes and operating expenses of the office building.

GEC applied for the public charter school real property tax rebate during the fiscal year and received a rebate of \$204,189, which is included and reported in rent expense of \$466,223 in the accompanying statement functional expenses.

As of June 30, 2019, the future minimum lease payments required under this lease were as follows:

For the Year Ending June 30,	
2020	\$ 817,469
2021	837,906
2022	858,853
2023	880,325
2024	902,333
Thereafter	<u>2,682,665</u>
Total Lease Payments Due	<u>\$ 6,979,551</u>

Continued

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

NOTES ON FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019

5. Risks and Commitments (continued)

**Curriculum Licensing Agreement**

On November 11, 2014, GGW entered into a Licensing and Services Agreement with Goodwill Education Initiatives, Inc. (GEI) for the use of GEI's intellectual property, educational expertise and other consulting services in connection with the operation of GEC. GGW sublicensed this agreement to GEC, and GEC must abide by all terms and conditions of this license agreement. Under the sublicense agreement with GGW, GEC was required to pay a start-up fee of \$50,000 to assist in the school opening, followed by annual fees. On September 1, 2017, GGW entered into a Membership Agreement with GEI replacing the existing Licensing and Services Agreement. All the services to be provided under the agreement remained the same. GGW will pay GEI a monthly fee of \$3,000. The agreement expires on July 31, 2021, with options to renew for two additional three-year terms.

**Child Development Center**

On June 17, 2016, GEC entered into an agreement with the Young Men's Christian Association of Metropolitan Washington to operate an on-site child development center at GEC's school building located in Washington, D.C. The initial agreement was for two years beginning on July 1, 2016, and was set to expire on June 30, 2018, with the option to extend the contract for up to three one-year extensions. The contract was extended for an additional year, which represents the second one-year extension, from July 1, 2019 through June 30, 2020 at an annual fee of \$509,659.

6. Availability and Liquidity

GEC regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. GEC's financial assets available within one year of the statement of financial position date for general expenditures at June 30, 2019, were as follows:

Cash and cash equivalents	\$ 5,181,418
Receivables	<u>31,245</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 5,212,663</u>

Management is focused on sustaining the financial liquidity of GEC throughout the year. This is done through monitoring and reviewing GEC's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of GEC's cash flow related to GEC's various funding sources and is therefore, able to ensure that there is cash available to meet current liquidity needs.

**THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL**

**NOTES ON FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

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7. Income Taxes

Under Section 501(c)(3) of the IRC, GEC is exempt from the payment of taxes on income other than net unrelated business income. For the year ended June 30, 2019, no provision for income taxes was made, as GEC had no net unrelated business income.

GEC adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. GEC evaluated its uncertainty in income taxes for the year ended June 30, 2019, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status; however, no examinations were in process. It is GEC's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense.

8. Subsequent Events

GEC's management has evaluated subsequent events through November 13, 2019, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these financial statements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
The Goodwill Excel Center, Public Charter School

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 The Goodwill Excel Center, Public Charter School (GEC), 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 13, 2019.

**Internal Control Over Financial Reporting**

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

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether GEC'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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GEC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marcum LLP*

Washington, D.C.  
November 13, 2019

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

SCHEDULE OF VENDOR CONTRACTS \$25,000 AND ABOVE  
For the Year Ended June 30, 2019

Vendor	Type of Service		Contract Value	Amount Paid	Conflict of Interest
Goodwill of Greater Washington	Contracted labor at cost (FY 2019)	**	N/A	\$ 3,951,884	Yes*
Goodwill of Greater Washington	Administrative and executive management services (FY 2019)		\$ 567,231	\$ 567,231	Yes*
Washington Real Estate Investment Trust	Rent and utilities	**	N/A	\$ 918,563	No
Young Men's Christian Association of Metropolitan Washington	Operation of on-site child development center (FY 2019)		\$ 509,659	\$ 511,447	No
Washington Metro Area Transit Agency	SmartTrip cards – student transportation stipends	**	N/A	\$ 178,607	No
Kelly Services Inc.	Temporary staffing services	**	N/A	\$ 101,312	No
Jennifer Greenidge	ASL interpreter	**	N/A	\$ 94,475	No
Rosenberg Media	Advertising broker	**	N/A	\$ 80,440	No
G4S Secure Solutions Inc.	Security services	**	N/A	\$ 76,633	No
District of Columbia Public School Charter Board	Authorizer fees	**	N/A	\$ 82,250	No
Staples	Office supplies	**	N/A	\$ 68,396	No
Carver-Wynn Workforce Development	Contracted instruction fees	**	N/A	\$ 32,088	No
XO Communications Services, LLC	Internet services	**	N/A	\$ 29,796	No
Goodwill of Greater Washington	Administrative and executive management services (FY 2020)	**	\$ 619,938	\$ -	Yes*
Young Men's Christian Association of Metropolitan Washington	Operation of on-site child development center (FY 2020)	**	\$ 509,659	\$ -	No
Rosenberg Media	Advertising broker (FY 2020)	**	N/A	\$ -	No

\* *Conflicting interest contract for which all applicable DC PCSB Procurement Policy requirements have been met.*

\*\* *No contract value as payments are based on usage of goods and services*

**THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL**  
**NOTE TO SCHEDULE OF VENDOR CONTRACTS \$25,000 AND ABOVE**  
**For the Year Ended June 30, 2019**

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1. Basis of Presentation

This schedule of vendor contracts \$25,000 and above is required regulatory information and is reported in accordance with The DC Public Charter School Board (DC PCSB) fiscal year 2019 Audit Guidelines, Section ***Audit Reports – Audit Package***.