

**MARY MCLEOD BETHUNE DAY ACADEMY  
PUBLIC CHARTER SCHOOL  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019  
*(Together With Independent Auditor's Report)***



**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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The Board of Trustees  
Mary McLeod Bethune Day Academy Public Charter School  
Washington, D.C.

### Report on Financial Statements

We have audited the accompanying financial statements of the Mary McLeod Bethune Day Academy Public Charter School (the School) which comprise the statement of financial position as of June 30, 2019 and the related statements of activities and changes in net assets, functional expense, 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.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the 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 Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of contract awards over \$25,000 on page 12 and the schedule of expenditures of federal awards on page 18, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### *Report on Comparative Information*

We have previously audited the School's 2018 financial statements. We expressed an unmodified audit opinion on those audited financial statements in our report dated November 30, 2018. In our opinion, the comparative information presented herein, as of and for the year ended June 30, 2018 is consistent in all material respects with audited financial statements from which it was derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

*Bert Smith & Co*

Washington, D.C.  
December 13, 2019

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**  
*(With Comparative Totals for 2018)*

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 1,091,716	\$ 940,497
Due from District Government	221,735	321,117
Other Receivables	43,224	67,634
Prepaid Expenses	856	1,674
<b>Total Current Assets</b>	<b>1,357,531</b>	<b>1,330,922</b>
<b>Noncurrent Assets</b>		
Security Deposit	12,595	12,595
Property and Equipment, net	1,888,236	1,996,784
<b>Total Noncurrent Assets</b>	<b>1,900,831</b>	<b>2,009,379</b>
<b>Total Assets</b>	<b>\$ 3,258,362</b>	<b>\$3,340,301</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 39,733	\$ 120,450
Accrued Payroll and Taxes	399,049	390,708
<b>Total Current Liabilities</b>	<b>438,782</b>	<b>511,158</b>
<b>Noncurrent Liabilities</b>		
Deferred Rent	921,836	767,834
<b>Total Liabilities</b>	<b>1,360,618</b>	<b>1,278,992</b>
<b>Net Assets-Without Donor Restrictions</b>	<b>1,897,744</b>	<b>2,061,309</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,258,362</b>	<b>\$ 3,340,301</b>

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

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
*(With Comparative Totals for 2018)*

	<b>2019</b>	<b>2018</b>
<b>Revenue and support without donor restrictions</b>		
Per Pupil Allotment	\$ 7,884,696	\$ 8,388,222
Federal Funds	870,493	784,273
Before and After Care	50,183	55,387
Other	29,722	41,423
<b>Total Revenue and support without donor restrictions</b>	<b>8,835,094</b>	<b>9,269,305</b>
 <b>Expenses</b>		
Program Services	7,618,653	7,480,179
Management and General	1,380,006	1,304,112
<b>Total Expenses</b>	<b>8,998,659</b>	<b>8,784,291</b>
 <b>Change in Net Assets</b>	<b>(163,565)</b>	<b>485,014</b>
<b>Net Assets, Beginning of Year</b>	<b>2,061,309</b>	<b>1,576,295</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,897,744</b>	<b>\$ 2,061,309</b>

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

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
*(With Comparative Totals for 2018)*

	<u>Program Services</u>	<u>General Administration</u>	<u>2019</u>	<u>2018</u>
<b>Personnel, Salaries, and Benefits</b>				
Salaries and Wages	\$ 4,278,799	\$ 974,274	\$ 5,253,073	\$ 5,035,101
Payroll Taxes	332,432	75,695	408,127	404,249
Employee Benefits	591,072	134,586	725,658	722,046
<b>Total Personnel, Salaries, and Benefits</b>	<u>5,202,303</u>	<u>1,184,555</u>	<u>6,386,858</u>	<u>6,161,396</u>
<b>Direct Student Costs</b>				
Staff Development	50,918	-	50,918	64,124
Student Supplies	99,986	-	99,986	94,603
Contracted Services	235,491	-	235,491	215,213
Student Lunch	393,048	-	393,048	400,999
Activities/Field Trips	22,996	-	22,996	39,376
Transportation/Bus Expenses	129,188	-	129,188	142,487
Other Student Costs	45,748	-	45,748	26,472
<b>Total Direct Student Costs</b>	<u>977,375</u>	<u>-</u>	<u>977,375</u>	<u>983,274</u>
<b>Occupancy Expenses</b>				
Rent (including utilities)	646,282	87,766	734,048	709,321
Building Supplies/Materials	46,039	6,252	52,291	26,279
Building Maintenance and Repairs	14,846	2,016	16,862	12,529
Contracted Building Services	313,887	42,626	356,513	324,477
<b>Total Occupancy Expenses</b>	<u>1,021,054</u>	<u>138,660</u>	<u>1,159,714</u>	<u>1,072,606</u>
<b>Office Expenses</b>				
Office Supplies	5,126	696	5,822	7,081
Office Equipment Rental and Maintenance	7,894	1,072	8,966	29,893
Communications	46,644	6,334	52,978	50,758
Professional Services	25,216	3,424	28,640	42,764
Printing, Copying and Postage	1,410	191	1,601	3,412
Payroll Processing Expenses	2,259	307	2,566	2,679
Other Office Expense	8,031	1,091	9,122	8,452
<b>Total Office Expenses</b>	<u>96,580</u>	<u>13,115</u>	<u>109,695</u>	<u>145,039</u>
<b>General Expenses</b>				
Depreciation Expense	135,186	18,359	153,545	163,744
Administrative Fees	68,383	9,287	77,670	98,283
Provision for Doubtful Accounts	502	105	607	1,876
Insurance	80,907	10,987	91,894	103,007
Consultants	-	-	-	850
Other General Expenses	36,363	4,938	41,301	54,216
<b>Total General Expenses</b>	<u>321,341</u>	<u>43,676</u>	<u>365,017</u>	<u>421,976</u>
<b>Total Expenses</b>	<u>\$ 7,618,653</u>	<u>\$ 1,380,006</u>	<u>\$ 8,998,659</u>	<u>\$ 8,784,291</u>

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
*(With Comparative Totals for 2018)*

	<b>2019</b>	<b>2018</b>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (163,565)	\$ 485,014
<i>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:</i>		
Provision for Doubtful Accounts	607	1,877
Loss on Disposal of Assets	-	10,556
Depreciation Expense	153,545	163,744
<i>(Increase) Decrease in Assets:</i>		
Receivables	123,185	(167,938)
Prepaid Expenses	818	222
Other Assets	-	(4,000)
<i>Increase (Decrease) in Liabilities:</i>		
Accounts Payable	(80,716)	14,185
Accrued Expenses	8,341	(70,818)
Deferred Rent	154,002	175,177
<b>Net Cash Provided by Operating Activities</b>	<b>196,217</b>	<b>608,019</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of Property and Equipment	(44,998)	(122,331)
<b>Net Cash Used in Investing Activities</b>	<b>(44,998)</b>	<b>(122,331)</b>
<b>Net Increase in Cash</b>	151,219	485,688
<b>Cash, Beginning of Year</b>	940,497	454,809
<b>Cash, End of Year</b>	<b>\$1,091,716</b>	<b>\$ 940,497</b>

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



**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Operations:*** Mary McLeod Bethune Day Academy Public Charter School (the School) was organized in 2004 to operate a charter school pursuant to Section 2203 of the District of Columbia Education Law and in accordance with related charter agreements with the District of Columbia Public Charter School Board (DCPCSB).

The mission of the School is to operate a high performing day school providing a challenging academic program in a supportive, parentally involved, and diverse learning environment thus enabling each student to achieve academic success, talent, and positive social development. The School's major source of funding is an annual per pupil allotment from the Government of the District of Columbia (District). The School also receives funding from the federal government, student fees, and activities.

• **Program Services:**

– *Academics*

The School's mission is accomplished by engaging children in powerful learning experiences based on world-class educational methods and standards, providing strong community and parental involvement, and fostering and energetic and highly motivated staff, respecting the abilities and potential of what each child can achieve. The entire school community works cooperatively to create a safe and caring learning environment nurturing and empowering students, their parents and the teaching staff. At present, the program supports pre-school through eighth grade students.

– *Before/Aftercare*

Before/after-care is provided to all students desiring to participate for a weekly or daily fee. Hours of operations are structured so as to be in congruence with the typical workday of parent of the students. Both programs offer food service to students.

***Basis of Accounting:*** The accompanying financial statements of the School have been prepared on the accrual basis of accounting.

***Net Asset Classification:*** The School's financial statements follow accounting standard for financial statements of not-for-profit organizations. Under these standards, the School reports information regarding its financial position and activities according to the following net asset classifications.

- ... **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the School's management the board of directors.

... **Net assets without donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funded be maintained in perpetuity.

Revenues are reported and recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets. If a donor restriction expires in the same reporting period, the School reports the contributions as without donor restrictions.

**Revenue Recognition:** The School records revenue when earned. Amounts received that have not been earned are recorded as deferred revenue.

**Cash and Cash Equivalents:** The School considers all highly liquid investments with maturities of three months or less to be cash equivalents.

**Property and Equipment:** The School capitalizes all property and equipment with a unit cost of \$1,000 or more. Depreciation expense is recorded using the straight-line method over the property and equipment's estimated useful lives. Leasehold improvements are depreciated over the life of the lease. Maintenance and repairs are expensed. The estimated useful lives are as follows:

Building	25 Years
Equipment and Furniture	5-10 Years
Vehicle	5 Years

**Deferred Rent:** Deferred rent represents the difference between the total minimum lease payments amortized over the lease term and actual rent paid each fiscal year.

**Income Taxes:** The School, a nonprofit organization operating under Section 501(c)(3) of the Internal Revenue Code, is generally exempt from federal, state and local income taxes, and, accordingly, no provision for income taxes is included in the financial statements.

Financial Accounting Standards Board (FASB), Accounting Standards Codification 740, *Income Taxes* (ASC 740) requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. As of June 30, 2019, management has assessed its various tax positions and it believes there are no liabilities for uncertain tax positions.

The School's tax returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

**Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts of assets and liabilities.

These estimates also affect the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates.

**Functional Allocation of Expenses:** The costs of providing the various programs and other activities have been summarized as additional information on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses are allocated based on direct charges and estimated percentage of administrative salaries.

**Pronouncement Adopted:** Financial Accounting Standards Board (FASB) issued Topic 842, “Lease.” Under the pronouncement, lessees with an operating lease will be required to recognize (a) a right-of-use asset and a lease liability, initially measured at the present value of the lease payments in the statement of financial position and (b) single lease cost, calculated so that the cost of the lease is allocated over the lease term on a generally straight line basis.

**Pronouncement to be Adopted:** FASB 958, “Presentation of Financial Statements of Not-for-Profit Entities”. This standard enhances disclosure amends the requirements for financial statements and notes for non-profit organizations to require the presentation of the financial statements in two classes of net assets rather than for the currently required three classes. In addition, the amendment no longer requires the presentation or disclosure of the indirect method (reconciliation) if using the direct method. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early implementation of the standard is permitted. The School has elected not to early implement.

## NOTE 2 AVAILABILITY AND LIQUIDITY

The following table represents the School’s financial assets at June 30, 2019.

Financial assets at year-end	
Cash	\$ 1,091,716
Due from District Government	221,735
Other Receivables	43,224
Total Financial Assets	<u>\$ 1,356,675</u>
Financial assets available to meet cash needs for general expenditures within one year	
	<u>\$ 1,356,675</u>

The School pays close attention to its cash, receivables, and spending especially during the last quarter of the fiscal year. The School makes every effort to keep spending within the annual budget and ensure a minimum 45 days of cash on hand at the end of the fiscal year. A large part of the School's revenue is generated by quarterly payments from the District. The first payment is received within 20 days of year-end with subsequent payments every 90 days until the end of the year.

**NOTE 3            CONCENTRATION OF CREDIT RISK**

The School maintains its cash in two financial institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2019, the uninsured cash balances totaled \$704,635.

**NOTE 4            DUE FROM DISTRICT GOVERNMENT**

The School receives an annual per pupil allotment and federal and local funds as a pass-through from the District. At June 30, 2019, the amount due from the District was \$221,735.

**NOTE 5            PROPERTY AND EQUIPMENT**

<b>Nondepreciable</b>	
Land	\$ 267,750
Building	198,336
 <b>Depreciable</b>	
Building	391,217
Leasehold Improvements	1,369,319
Equipment and Furniture	505,212
Vehicles	138,012
Total Property and Equipment	<u>2,869,846</u>
Less: Accumulated Depreciation	<u>(981,610)</u>
Net Property and Equipment	<u><u>\$ 1,888,236</u></u>

Depreciation expense during fiscal year 2019 was \$153,545.

**NOTE 6            PER PUPIL ALLOTMENT**

The School receives an annual per pupil allotment from the District that is based on its student enrollment. The pupil allotment represented about 89% of the School's total revenue.

The per pupil allotment consist of the following for the fiscal year ended:

Education	\$5,145,923
Facilities	1,347,619
Special Education	930,387
At Risk	460,767
	<u><u>\$7,884,696</u></u>

**NOTE 7            RETIREMENT PLAN**

The School maintains a defined contribution plan (the Plan) under section 401(k) of the Internal Revenue Code (the Code), under which all staff employed for at least one month of service are eligible to participate. The Plan allows for discretionary employer matching contributions equal to a percentage of eligible employee’s salary deferrals, as determined each year. In Fiscal Year 2019, the School matched up to five percent of employees’ contributions. The School’s matching contributions for the fiscal year ended June 30, 2019 totaled \$96,147.

**NOTE 8            COMMITMENTS AND CONTINGENCIES**

***Occupancy Lease***

The School has two operating occupancy leases. It has a 25-year lease with the District for the property at 1404 Jackson Street, NE and a 5-year lease with Sixth Presbyterian Church for the property at 5413 16<sup>th</sup> Street, N.W. The future minimum lease payments under the leases are as follows:

2020	\$ 426,674
2021	340,937
2022	337,784
2023	355,748
2024	374,072
Thereafter	8,168,208
Total	<u>\$10,003,429</u>

Rent expense for fiscal year 2019 was \$558,990. The actual rent paid during the fiscal year was \$404,989.

***Contingencies***

The School asserts that there have been no material claims, suits, or complaints filed nor any pending against the organization. In the opinion of legal counsel, all other matters which are asserted or unasserted are without merit and would not have a significant effect on the financial position or results of operations of the organization if disposed of favorably.

**NOTE 9            SUBSEQUENT EVENTS**

The School has evaluated subsequent events through December 13, 2019, which is the date the financial statements were available to issue. This review and evaluation revealed no additional material events that would require disclosure or have an effect on the financial statements.

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**SUPPLEMENTAL SCHEDULE OF CONTRACT AWARDS OVER \$25,000**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Name of Vendor	Type of Service	Contract Award Amount	Amount Paid
AAS, LLC	Special Education Services	\$ 55,000	\$ 60,612
Carefirst via Benefit Design Group	Group Health Insurance	\$500,000	\$484,716
CJ Maintenance	Janitorial Services	\$170,000	\$175,539
District Government	Property Lease	non-procurement	\$285,992
D.C Public Charter School Board	Oversight Fee	non-procurement	\$ 77,670
D.C Water and Sewer Authority	Utility-Water	\$ 40,000	\$ 52,740
Deadwyler Transportation	Bus Parking Lease	non-procurement	\$ 25,500
Great West (Empower)	Retirement	non-procurement	\$ 96,147
Kaiser	Group Health Insurance	\$100,000	\$118,625
Pepco	Utility-Electricity	\$ 80,000	\$ 92,382
Philadelphia Insurance	General Business/Auto Insurance	\$ 61,000	\$ 66,282
Psychological Assessment Solutions	Special Education Services	<\$25K	\$ 47,425
Revolution Foods	National School Lunch Program	\$370,000	\$365,220
Six Presbyterian Church	Property Lease	non-procurement	\$118,996
The Achievement Network	Student Assessment	\$ 27,550	\$ 27,190
The Hartford	Worker's Compensation Insurance	\$ 65,000	\$ 49,116
Washington Gas	Utility-Gas	\$ 25,000	\$ 27,810
Waste Management	Trash removal and pick up	\$ 45,000	\$ 49,609



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**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**

The Board of Trustees  
Mary McLeod Bethune Day Academy Public Charter School  
Washington, D.C.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Mary McLeod Bethune Day Academy Public Charter School (the School), as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2019.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Bert Smith & Co.*

Washington, D.C.  
December 13, 2019





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

The Board of Directors  
Mary McLeod Bethune Day Academy Public Charter School  
Washington, D.C.

**Report on Compliance for Each Major Federal Program**

We have audited the Mary McLeod Bethune Day Academy Public Charter School (School) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the School's major federal program for the year ended June 30, 2019. The School's major federal program is 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 on the School's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

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

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## Report on Internal Control Over Compliance

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

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

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

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

*Bert Smith & Co.*

Washington, D.C.  
December 13, 2019

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

<b>Grantor Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Education:</b>		
<i>Pass-Through Programs From:</i>		
<i>District of Columbia Office of State Superintendent of Education</i>		
<b>Title I Part A Grants to Local Educational Agencies</b>		
Title I Part A (FY18)	84.010A	\$ 30,419
Title I Part A (FY19)	84.010A	218,818
Total Title I Part A		<u>249,237</u>
<b>Title II Part A Improving Teacher Quality Grants</b>		
Title II Part A FY18	84.367A	41,755
Total Title II Part A		<u>41,755</u>
<b>Title IV Student Support and Academic Enrichment Program</b>		
Title IV-A FY18	84.424A	25,070
Total Title IV		<u>25,070</u>
<b>Special Education Cluster (IDEA)</b>		
IDEA Part B, Section 611	84.027A	62,965
IDEA Part B, Section 619	84.173A	347
Total Special Education (IDEA) Cluster		<u>63,312</u>
<b>SOAR Act Funding</b>		
Academic Quality Grants for Charters FY17	84.370C	19,857
Academic Quality Grants for Charters FY18	84.370C	86,612
Total SOAR Act Funding		<u>106,469</u>
<b>Total U.S. Department of Education</b>		<u>485,843</u>
<b>U.S. Department of Agriculture:</b>		
<i>Pass-through Programs from District of Columbia</i>		
<i>Office of State Superintendent of Education</i>		
<b>National School Breakfast and Lunch Program</b>	10.553/10.555	365,251
<b>Fresh Fruits and Vegetables</b>	10.589	<u>19,399</u>
<b>Total U.S. Department of Agriculture</b>		<u>384,650</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 870,493</u>

*The accompanying notes are an integral part of this Schedule*

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2019**

**NOTE 1      BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Mary McLeod Bethune Day Academy Public Charter School (School) under programs of the federal government for the year June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets or cash flows of the School.

**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.

**NOTE 3      INDIRECT COST RATE**

The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**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?	No
• Significant deficiency(ies) identified?	None reported
• Noncompliance material to financial statements noted?	No

***Federal Awards***

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No
Identification of Major Federal Programs:	
10.553/10.555 National School Breakfast and Lunch Program	
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low risk auditee:	Yes

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**Section II: Financial Statement Findings**

No matters were reported.

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Section III: Federal Award Findings**

No matters were reported.

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

<b>AUDIT REFERENCE NO.</b>	<b>COMPLIANCE REQUIREMENT</b>	<b>FINDING</b>	<b>STATUS</b>
<b>2018-001</b>	Reporting	The School's meal reimbursement requests for four (4) months did not agree with its daily tally forms.	Corrected