

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
WASHINGTON, DC

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COMPARATIVE FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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**Kendall, Prebola and Jones, LLC**  
**Certified Public Accountants**

Board of Directors  
Maya Angelou Public Charter School  
600 Pennsylvania Avenue, SE, Suite 210  
Washington, DC 20003

INDEPENDENT AUDITOR'S REPORT

***Report on the Financial Statements***

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

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

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 the Maya Angelou Public Charter School as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

We have audited the financial statements of the Maya Angelou Public Charter School as of and for the years ended June 30, 2019 and 2018, and our report thereon dated December 16, 2019, expressed an unmodified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of contracts awarded in excess of \$25,000, which is the responsibility of management, is presented for the purpose 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 December 16, 2019, on our consideration of the Maya Angelou Public Charter 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 solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Maya Angelou Public Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Maya Angelou Public Charter School's internal control over financial reporting and compliance.



Kendall, Prebola and Jones  
Certified Public Accountants

Bedford, Pennsylvania  
December 16, 2019

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
COMPARATIVE STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 1,041,647	\$ 598,898
Investments	192,590	845,673
Accounts Receivable	132,690	94,743
Grants Receivable	327,410	820,191
Promises Receivable	792,000	50,000
Prepaid Expenses	<u>102,104</u>	<u>105,033</u>
Total Current Assets	<u>\$ 2,588,441</u>	<u>\$ 2,514,538</u>
<u>Fixed Assets:</u>		
Property and Equipment	\$ 19,294,645	\$ 18,040,486
Construction in Progress	-	638,295
Less: Accumulated Depreciation	<u>(4,576,249)</u>	<u>(3,601,271)</u>
Total Fixed Assets	<u>\$ 14,718,396</u>	<u>\$ 15,077,510</u>
<u>Other Assets:</u>		
Promises Receivable - Non-Current	\$ 73,049	\$ -
Deposits	<u>19,990</u>	<u>9,500</u>
Total Other Assets	<u>\$ 93,039</u>	<u>\$ 9,500</u>
TOTAL ASSETS	<u>\$ 17,399,876</u>	<u>\$ 17,601,548</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts Payable and Accrued Expenses	\$ 245,166	\$ 818,242
Accrued Interest Payable	15,243	15,647
Accrued Salaries and Compensated Absences	561,324	393,399
Payroll Taxes and Related Liabilities	41,238	22,630
Deferred Grant Revenue	8,784	-
Due to Parent Entity	88,848	235,154
Due to Parent Entity - Construction Loan, Current Portion	101,117	96,157
Capital Lease Obligation, Current Portion	<u>4,349</u>	<u>23,075</u>
Total Current Liabilities	<u>\$ 1,066,069</u>	<u>\$ 1,604,304</u>
<u>Long-Term Liabilities:</u>		
Due to Parent Entity - Construction Loan, Net of Current Portion	\$ 3,528,257	\$ 3,629,375
Security Deposit Payable	50,000	50,000
Capital Lease Obligation, Net of Current Portion	<u>-</u>	<u>4,349</u>
Total Long-Term Liabilities	<u>\$ 3,578,257</u>	<u>\$ 3,683,724</u>
Total Liabilities	<u>\$ 4,644,326</u>	<u>\$ 5,288,028</u>
<u>Net Assets:</u>		
Without Donor Restrictions	\$ 11,862,801	\$ 11,753,806
With Donor Restrictions	<u>892,749</u>	<u>559,714</u>
Total Net Assets	<u>\$ 12,755,550</u>	<u>\$ 12,313,520</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,399,876</u>	<u>\$ 17,601,548</u>

(See Accompanying Notes and Auditor's Report)

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
COMPARATIVE STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>June 30, 2019</u>			<u>June 30, 2018</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues, Gains and Other Support:</u>						
Tuition - Per Pupil Funding Allocation	\$ 9,898,967	\$ -	\$ 9,898,967	\$ 7,906,506	\$ -	\$ 7,906,506
Federal Entitlements and Grants	639,473	-	639,473	1,155,736	-	1,155,736
Donated Federal Commodities	5,523	-	5,523	6,510	-	6,510
Other Government Grants and Entitlements	260,997	-	260,997	236,548	-	236,548
Private Grants and Contributions	81,648	1,509,563	1,591,211	247,223	1,280,225	1,527,448
Contributions, See Forever Foundation	-	-	-	-	511,160	511,160
Donated Services and Materials	110,584	-	110,584	89,226	-	89,226
Student Fees and Other	3,442	-	3,442	2,313	-	2,313
Interest, Dividends and Realized Gains, Net of Investment Fees	7,419	-	7,419	51,758	-	51,758
Unrealized Gains/(Losses) on Investments	19,552	-	19,552	(29,085)	-	(29,085)
Rental Income	158,425	-	158,425	437	-	437
Net Assets Released from Restrictions (Satisfaction of Program Restrictions)	<u>1,176,528</u>	<u>(1,176,528)</u>	<u>-</u>	<u>1,468,295</u>	<u>(1,468,295)</u>	<u>-</u>
Subtotal	<u>\$ 12,362,558</u>	<u>\$ 333,035</u>	<u>\$ 12,695,593</u>	<u>\$ 11,135,467</u>	<u>\$ 323,090</u>	<u>\$ 11,458,557</u>
Unusual Item - Gain from Forgiveness of Rent (Note 16)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,155,460</u>	<u>\$ -</u>	<u>\$ 2,155,460</u>
Total Revenues, Gains and Other Support	<u>\$ 12,362,558</u>	<u>\$ 333,035</u>	<u>\$ 12,695,593</u>	<u>\$ 13,290,927</u>	<u>\$ 323,090</u>	<u>\$ 13,614,017</u>
<u>Expenses and Losses:</u>						
Educational Services	\$ 11,330,623	\$ -	\$ 11,330,623	\$ 9,765,018	\$ -	\$ 9,765,018
General and Administrative	907,144	-	907,144	1,209,715	-	1,209,715
Fundraising	<u>15,796</u>	<u>-</u>	<u>15,796</u>	<u>215,164</u>	<u>-</u>	<u>215,164</u>
Total Expenses	<u>\$ 12,253,563</u>	<u>\$ -</u>	<u>\$ 12,253,563</u>	<u>\$ 11,189,897</u>	<u>\$ -</u>	<u>\$ 11,189,897</u>
Changes in Net Assets	<u>\$ 108,995</u>	<u>\$ 333,035</u>	<u>\$ 442,030</u>	<u>\$ 2,101,030</u>	<u>\$ 323,090</u>	<u>\$ 2,424,120</u>
Net Assets, Beginning of Year, as Previously Reported	\$ 11,753,806	\$ 559,714	\$ 12,313,520	\$ 9,652,735	\$ 236,624	\$ 9,889,359
Adjustment for Restatement of Net Assets Beginning Balance (Note 3)	<u>-</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>41</u>
Net Assets, Beginning of Year, As Restated	<u>11,753,806</u>	<u>559,714</u>	<u>12,313,520</u>	<u>9,652,776</u>	<u>236,624</u>	<u>9,889,400</u>
Net Assets, End of Year	<u>\$ 11,862,801</u>	<u>\$ 892,749</u>	<u>\$ 12,755,550</u>	<u>\$ 11,753,806</u>	<u>\$ 559,714</u>	<u>\$ 12,313,520</u>

(See Accompanying Notes and Auditor's Report)

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
COMPARATIVE STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	June 30, 2019				June 30, 2018			
	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>
<u>Personnel, Salaries and Benefits:</u>								
Salaries and Wages	\$ 5,427,961	\$ 5,131,472	\$ 294,227	\$ 2,262	\$ 4,734,789	\$ 3,960,559	\$ 608,184	\$ 166,046
Leased Employees	546,271	284,441	250,053	11,777	494,065	415,014	74,110	4,941
Employee Benefits	678,233	641,186	36,764	283	524,043	438,352	67,313	18,378
Payroll Taxes	508,989	481,187	27,590	212	439,827	367,907	56,496	15,424
Professional Development	192,224	176,731	15,493	-	164,477	164,477	-	-
Other Staff Costs	<u>63,380</u>	<u>58,203</u>	<u>5,102</u>	<u>75</u>	<u>76,853</u>	<u>64,556</u>	<u>11,528</u>	<u>769</u>
Total Personnel, Salaries and Benefits	<u>\$ 7,417,058</u>	<u>\$ 6,773,220</u>	<u>\$ 629,229</u>	<u>\$ 14,609</u>	<u>\$ 6,434,054</u>	<u>\$ 5,410,865</u>	<u>\$ 817,631</u>	<u>\$ 205,558</u>
<u>Direct Student Costs:</u>								
Supplies and Materials	\$ 248,792	\$ 248,792	\$ -	\$ -	\$ 228,184	\$ 228,184	\$ -	\$ -
Transportation	7,118	7,118	-	-	10,758	10,758	-	-
Contracted Instruction Fees	545,768	545,768	-	-	514,683	514,683	-	-
Textbooks	15,224	15,224	-	-	26,944	26,944	-	-
Student Assessments	60,631	60,631	-	-	69,184	69,184	-	-
Food Service	109,419	109,419	-	-	111,598	111,598	-	-
Field Trips	137,990	137,990	-	-	98,770	98,770	-	-
Student Recruiting	202,220	202,220	-	-	287,776	287,776	-	-
Other Student Costs	<u>160,653</u>	<u>160,653</u>	<u>-</u>	<u>-</u>	<u>51,254</u>	<u>51,254</u>	<u>-</u>	<u>-</u>
Total Direct Student Costs	<u>\$ 1,487,815</u>	<u>\$ 1,487,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,399,151</u>	<u>\$ 1,399,151</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Occupancy Costs:</u>								
Rent	\$ 300,707	\$ 276,470	\$ 24,237	\$ -	\$ 247,331	\$ 222,598	\$ 24,733	\$ -
Maintenance and Repairs	164,539	151,277	13,262	-	104,308	93,877	10,431	-
Utilities	282,417	259,655	22,762	-	317,609	285,848	31,761	-
Contracted Building Services	526,229	483,815	42,414	-	712,502	641,252	71,250	-
Mortgage Interest	187,743	172,611	15,132	-	192,549	173,294	19,255	-
Depreciation and Amortization	<u>790,271</u>	<u>726,576</u>	<u>63,695</u>	<u>-</u>	<u>737,932</u>	<u>664,139</u>	<u>73,793</u>	<u>-</u>
Total Occupancy Costs	<u>\$ 2,251,906</u>	<u>\$ 2,070,404</u>	<u>\$ 181,502</u>	<u>\$ -</u>	<u>\$ 2,312,231</u>	<u>\$ 2,081,008</u>	<u>\$ 231,223</u>	<u>\$ -</u>

(See Accompanying Notes and Auditor's Report)

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
COMPARATIVE STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	June 30, 2019				June 30, 2018			
	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>
<u>Office Expenses:</u>								
Office Supplies and Materials	\$ 117,534	\$ 107,932	\$ 9,462	\$ 140	\$ 44,624	\$ 37,484	\$ 6,694	\$ 446
Equipment Rental and Maintenance	2,214	2,033	178	3	1,178	989	177	12
Telecommunications	79,800	73,281	6,424	95	73,251	61,530	10,988	733
Professional Fees	406,901	373,660	32,757	484	436,118	366,339	65,418	4,361
Printing and Copying	23,739	21,800	1,911	28	13,895	11,672	2,084	139
Postage and Shipping	7,850	7,209	632	9	4,245	3,566	637	42
Computer and Related	<u>59,815</u>	<u>54,929</u>	<u>4,815</u>	<u>71</u>	<u>53,944</u>	<u>45,313</u>	<u>8,092</u>	<u>539</u>
Total Office Expenses	<u>\$ 697,853</u>	<u>\$ 640,844</u>	<u>\$ 56,179</u>	<u>\$ 830</u>	<u>\$ 627,255</u>	<u>\$ 526,893</u>	<u>\$ 94,090</u>	<u>\$ 6,272</u>
<u>General Expenses:</u>								
Insurance	\$ 81,226	\$ 74,590	\$ 6,539	\$ 97	\$ 106,379	\$ 89,358	\$ 15,957	\$ 1,064
Authorizer Fee	97,276	82,685	14,591	-	83,768	67,014	16,754	-
Depreciation and Amortization	184,707	169,618	14,870	219	198,829	167,016	29,825	1,988
Fees and Licenses	20,750	19,055	1,670	25	10,464	8,790	1,570	104
Income Taxes	1,478	-	1,478	-	15,005	12,604	2,251	150
Interest	7,858	7,216	633	9	-	-	-	-
Advertising	<u>5,636</u>	<u>5,176</u>	<u>453</u>	<u>7</u>	<u>2,761</u>	<u>2,319</u>	<u>414</u>	<u>28</u>
Total General Expenses	<u>\$ 398,931</u>	<u>\$ 358,340</u>	<u>\$ 40,234</u>	<u>\$ 357</u>	<u>\$ 417,206</u>	<u>\$ 347,101</u>	<u>\$ 66,771</u>	<u>\$ 3,334</u>
Total Functional Expenses	<u>\$ 12,253,563</u>	<u>\$ 11,330,623</u>	<u>\$ 907,144</u>	<u>\$ 15,796</u>	<u>\$ 11,189,897</u>	<u>\$ 9,765,018</u>	<u>\$ 1,209,715</u>	<u>\$ 215,164</u>

(See Accompanying Notes and Auditor's Report)



MAYA ANGELOU PUBLIC CHARTER SCHOOL  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<u>Cash Flows from Operating Activities:</u>		
Changes in Net Assets	\$ 442,030	\$ 2,424,120
Adjustments to Reconcile Changes in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	974,978	936,761
Unrealized (Gain)/Loss on Investments	(19,552)	29,085
Unusual Item - Rent Forgiveness	-	(2,155,460)
Accounts Receivable - (Increase)/Decrease	(37,947)	(2,951)
Grants Receivable - (Increase)/Decrease	492,781	(396,428)
Promises Receivable - (Increase)/Decrease	(815,049)	-
Prepaid Expenses - (Increase)/Decrease	2,929	(46,433)
Deposits - (Increase)/Decrease	(10,490)	(2,035)
Accounts Payable and Accrued Expenses - Increase/(Decrease)	(573,076)	120,936
Accrued Interest Payable - Increase/(Decrease)	(404)	1,805
Accrued Salaries and Compensated Absences - Increase/(Decrease)	167,925	(176,544)
Payroll Taxes and Related Liabilities - Increase/(Decrease)	18,608	(12,717)
Deferred Grant Revenues - Increase/(Decrease)	8,784	-
Due to Parent Entity - Increase/(Decrease)	(146,306)	238,591
Security Deposit Payable - Increase/(Decrease)	<u>-</u>	<u>50,000</u>
Net Cash Flows from Operating Activities	<u>\$ 505,211</u>	<u>\$ 1,008,730</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Investments	\$ (45,500)	\$ (643,023)
Sale of Investments	718,135	789,111
Purchase of Property and Equipment	(615,864)	(713,780)
Payments for Construction in Progress	<u>-</u>	<u>(56,055)</u>
Net Cash Flows from Investing Activities	<u>\$ 56,771</u>	<u>\$ (623,747)</u>
<u>Cash Flows from Financing Activities:</u>		
Repayments to Parent Entity - Construction Loan	\$ (96,158)	\$ (91,441)
Principal Payments on Capital Lease Obligations	<u>(23,075)</u>	<u>(25,510)</u>
Net Cash Flows from Financing Activities	<u>\$ (119,233)</u>	<u>\$ (116,951)</u>
Net Increase in Cash and Cash Equivalents	\$ 442,749	\$ 268,032
Cash and Cash Equivalents at Beginning of Year	<u>598,898</u>	<u>330,866</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,041,647</u>	<u>\$ 598,898</u>

Supplemental Disclosures:

- a) No income taxes were paid during the years ended June 30, 2019 or 2018.
- b) Interest in the amount of \$196,005 and \$195,032 was paid during the years ended June 30, 2019 and 2018, respectively.

(See Accompanying Notes and Auditor's Report)

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION:

Maya Angelou Public Charter School (the Charter School or Maya Angelou), a District of Columbia Not-for-Profit organization, was incorporated on July 1, 1998, to provide educational opportunities for neglected boys and girls coming out of the juvenile justice system in order to increase their academic skills and move them forward to college or full-time employment. In addition, students learn personal responsibility and develop skills and political awareness, while becoming competent contributors to a global society. In 2006, the DC Office of the State Superintendent of Education (OSSE) designated Maya Angelou Public Charter School as an alternative education program.

The Charter School serves a population of approximately 300 students at its campus for high school and young adult students. The Charter School's primary source of support is local appropriations for Charter Schools from the District of Columbia. The Charter School also receives federal entitlement funding through the Office of the State Superintendent of Education. These funds are expended on programs and activities designed to provide educational services, such as short-term training, leadership skills and the development of program services to assist the Charter School's students.

**See Forever Foundation**

The Maya Angelou Public Charter School is a subsidiary of the See Forever Foundation, a nonprofit organization incorporated within the District of Columbia on August 23, 1995. The See Forever Foundation donates private funds to Maya Angelou and provides it central-office support. In addition, the See Forever Foundation Board of Directors is represented in full on the Maya Angelou Board of Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of Maya Angelou are summarized below:

(a) Basis of Accounting and Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting, which presents financial position, activities, functional expenses, and cash flows in accordance with accounting principles generally accepted in the United States of America.

(b) Revenue Recognition:

**Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a 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.

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(b) Revenue Recognition: (Continued)

**Contributions** (Continued)

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restriction, if any, on the contribution. An allowance for uncollectible contributions receivable is provided based upon management's judgement, including such factors as prior collection history and type of contribution.

Conditional promises, such as matching grants, are not recognized as revenue until they become unconditional, that is, until all conditions on which they depend are substantially met.

**Federal and Charter School Funding**

The Charter School receives a student allocation from the District of Columbia, as well as federal funding to cover the cost of academic expenses. The student allocation is on a per pupil basis and includes the academic year funding, special education funding, and a facilities allotment. The Charter School recognizes this funding in the year in which the school term is conducted. Funding received in advance of the school term is recorded as deferred revenue. Federal entitlements are recognized based on the allowable costs incurred.

(c) Corporate Taxes:

The Maya Angelou Public Charter School is exempt from federal and state income taxes (other than on unrelated business income) under the provisions of Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. Exemption from District of Columbia income taxes was granted to the Charter School effective May 21, 1999. The Charter School has been classified as other than a private foundation under Section 509(a)(1) of the Internal Revenue Code and accordingly contributions qualify as a charitable tax deduction by the contributor under Section 170(b)(i)(A)(ii).

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(c) Corporate Taxes: (Continued)

Under IRC Section 512(a)(7), certain transportation benefits are subject to unrelated business income tax. As of June 30, 2019, the Charter School recognized \$1,002 of income tax expense related to the filing of the 990-T tax return. In addition, \$476 of income tax expense related to transportation and parking benefits to the District of Columbia has been reflected in the financial statements.

The Maya Angelou Public Charter School is also exempt from District of Columbia sales and personal property taxes.

(d) Government Grants:

The Charter School receives grants from federal and state governmental agencies for various purposes in the form of exchange transactions. Grant revenues are recognized based on allowable costs incurred. Receivables related to grant awards are recorded to the extent unreimbursed expenses have been incurred for the purposes specified by an approved grant award. Funds received in advance for these types of grants and those that are unexpended as of year-end are reflected as a deferred revenue.

(e) Net Assets:

The Charter School reports information regarding its financial position and activities according to two classes of net assets. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of restrictions on use that are placed by the donor. Accordingly, net assets of the Charter School and changes therein are classified and reported as follows:

**Net Assets without Donor Restrictions**

Net assets without donor restrictions are resources available to support operations and over which the Board of Directors has discretionary control. The only limits on the use of these net assets are the broad limits resulting from the Charter School's purpose, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements that are entered into in the course of its operations.

From time to time, the Board of Directors designates a portion of the Charter School's unrestricted net assets for purposes that are of importance to the organization.

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(e) Net Assets: (Continued)

**Net Assets with Donor Restrictions**

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature whereby the Charter School must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service, unless the donor provides more specific directions about the period of its use.

Net assets with donor restrictions were available at year end for the following programs:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
High School – Office Support	\$ 237,500	\$ 101,626
Young Adult Learning Center - Office Support	187,500	94,222
General – Time Restricted	123,049	-
Health and Wellness	68,339	16,338
Social and Emotional Learning	50,000	-
Summer School	48,689	50,000
Young Adult Center Teachers/Counselors	40,094	164,773
Professional Development	37,239	10,000
School Arts Program	25,572	30,575
Parent Engagement Site	20,000	20,000
School Communications Specialist	19,590	46,536
Twilight Program	14,958	15,000
Service Learning Program	11,306	-
School Improvement Project	5,000	-
Residential Program Van	2,130	-
Book Grant	1,783	-
School Parent Liaison	<u>-</u>	<u>10,644</u>
Total Net Assets Available	<u>\$ 892,749</u>	<u>\$ 559,714</u>

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(e) Net Assets: (Continued)

**Net Assets with Donor Restrictions** (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, the passage of time, or by the occurrence of other events specified by donors for the following programs:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
School Facility Roof Replacement	\$ -	\$ 511,160
High School - Office Support	339,126	323,374
Young Adult Learning Center - Office Support	281,722	230,778
Young Adult Center Teachers/Counselors	269,679	219,673
Summer School	51,311	44,500
School Parent Liaison	42,613	36,503
Health and Wellness	37,999	3,662
Residential Van Program	37,870	-
School Communications Specialist	26,945	36,410
General - Time Restricted	25,000	25,000
Professional Development	22,761	-
Service Learning Program	13,694	-
School Arts Program	8,034	22,235
Technology	12,000	-
Bussing - Tutoring	7,014	-
Book Grant	718	-
Post-Secondary Success Program	-	15,000
Twilight Program	<u>42</u>	<u>-</u>
Total Net Assets Released from Restrictions	<u>\$ 1,176,528</u>	<u>\$ 1,468,295</u>

(f) Donated Services and Materials:

Donated services and materials are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, if the services received create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized.

A number of volunteers donated significant amounts of their time in the Charter School's supporting services for which no value has been assigned. The time contributed by the Charter School's Board of Directors is uncompensated and is not reflected as donated services. In-kind contributions are recorded in the statement of activities at estimated fair value and recognized as revenue and expense in the period they are received, except for donated fixed assets, which is recorded as revenue in the period received and the asset is depreciated over its estimated useful life. The estimated value of donated legal services in the amount of \$110,584 and \$89,226 has been recorded in the financial statements during the years ended June 30, 2019 and 2018.

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(g) Basic Programs:

The primary mission of the Maya Angelou Public Charter School is to create learning communities in lower income urban areas where all students, particularly those who have not succeeded in traditional schools, can reach their potential and prepare for college, career, and a lifetime of success. At Maya Angelou, students develop the academic, social, and employment skills they need to build rewarding lives and promote positive change. The Maya Angelou Public Charter high school and the Young Adult Learning Center provide a comprehensive education in a non-traditional setting to all students including those who have not been successful in their educational experiences. This is achieved through a demanding academic program, socio-emotional learning support, and tiered interventions that focus on the whole child. Students leave with a foundation to be successful in their pursuit of education and careers.

Founded in 1997, the See Forever Foundation was created to offer a holistic program to teens involved in the juvenile justice system. At that time, court-involved teens told the organization's co-founders that they wanted to earn money, learn marketable skills, and gain responsibility. When they returned to school, they also wanted to attend small classes with teachers who cared about them, and they wanted help making hard decisions.

The Maya Angelou School opened its doors in 1997 as a comprehensive program for 20 teens, all of whom were committed to the DC Department of Youth and Rehabilitation Services or were on probation. The Charter School grew each year, as students from all over the city and from all sorts of academic backgrounds actively sought admission. Some of these young people were out of school, some were doing poorly in traditional school settings and heard about the one-on-one support offered to students, and others were referred by governmental agencies. Nearly all of the students are years behind grade level academically, many have special needs, and most have experienced significant trauma at some point in their lives. At the Maya Angelou Charter School, the aim is to provide these students with the best education they have ever had.

To meet the needs of the growing student population, particularly in the Ward 7 and Ward 8 areas of the District of Columbia, in September 2004 the See Forever Foundation opened a second campus of the Maya Angelou Public Charter School in partnership with the District of Columbia Public Schools. The second campus, located in the former DCPS Evans Middle School, is located in the 5600 block of East Capitol Street, NE.

In 2010, Maya Angelou established a Young Adult Learning Center (YALC), which opened in fall 2012. The purpose of the adult program is to provide academic and workforce development to older youth/young adults, ages 17-24, who do not have a high school credential, and particularly those transitioning from incarceration. These adult students work toward attaining their GED and can also pursue vocational certifications and participate in work programs.

Maya Angelou offers a residential program to select students. The residential program provides single sex homes (two males, three female) to students who benefit from the stability of a safe, supportive, and structured environment. Each home is staffed by a residential counselor.

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(h) Functional Expense Allocation Policies and Procedures:

The statement of functional expenses presents an allocation of each expense category between program services, general and administrative, and fundraising activities. Program service costs consist of those expenses incurred to fulfill the Charter School's mission of educating students. General and administrative costs pertain to supporting activities. Fundraising expenses relate to fundraising activities such as special events, fundraisers and the soliciting of contributions.

Management has established functional expense allocation policies and procedures based on a reasonable analysis of cost drivers and reasonable allocation methodologies based on financial results and industry standards.

Expenses that can be identified with a specific program or support service are charged directly to the program or support service. The Charter School has established a method to specifically identify and record those costs that are considered to be direct student expenses. Such program expenses consist of contracted student instruction, food service, student events, fieldtrips and textbooks.

Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Personnel expense for salaries, payroll taxes and employee benefit plans are allocated based on activity reports of time spent on particular activities.
- Costs of professional fees, computer support fees, legal and accounting, dues and fees, and other similar expenses are allocated based on the underlying use of these costs by various programs determined by management and evaluated annually.
- Certain staff expenses including travel, meals and events, recruiting, and background checks are generally allocated between administrative and program functions on a percentage basis that is equivalent to that determined for salaries and wages.
- Shared costs (office supplies, telephone, equipment rental, postage, printing and computer expense) are allocated based on estimated amounts of time spent on particular activities by utilizing a full-time employee equivalency calculation.
- Costs for facilities such as rent, utilities, maintenance and repairs, depreciation and interest are allocated based on estimated amounts of time spent on particular activities by utilizing a full-time employee equivalency calculation.

(i) 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 the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.



MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(j) Recognition of Salary Expense:

Salary expense is recognized in the year the service is rendered, which coincides with the academic year. Salaries unpaid at June 30 are recognized as expense and accrued salaries.

(k) Fair Value of Certain Financial Instruments:

Some of the Charter School's financial instruments are not measured at fair value on a recurring basis but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such accounts include cash, accounts receivable, prepaid expenses, accounts payable, and accrued expenses.

(l) Reclassifications:

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These reclassifications had no effect on the change in the net assets or to total net assets from the prior years.

(m) Single Entity-Only Financial Statements:

These financial statements were prepared on a single entity-only basis for the use of the Board of Directors, management, the District of Columbia Public Charter School Board (DC PCSB), and federal awarding agencies. For purposes of this presentation, the assets and revenue of the Charter School's parent entity are not presented.

The See Forever Foundation's financial statements include the Charter School's financial statements in accordance with Generally Accepted Accounting Principles. In those financial statements, all affiliated entity transactions, balances receivable, liabilities and balances payable are eliminated.

(n) Change in Accounting Principles:

The Charter School implemented Financial Accounting Standard Board (FASB) ASU No. 2016-14 "Presentation of Financial Statements of Not-for-Profit Entities" in the current year, applying the changes retrospectively. The new standard changes the following aspects of the financial statements:

- The previously reported temporarily and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The format of the statements of activities has been changed to present columns for both activities with donor restrictions and activities without donor restrictions as management believes this better reports changes in the Charter School's changes in financial position arising from its activities.

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(n) Change in Accounting Principles: (Continued)

- The schedule of functional expenses is included as a component of the financial statements.
- The financial statements include a disclosure about liquidity and availability of resources.

The changes had no effect on net assets at July 1, 2018.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Charter School's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

The Charter School has certain donor-restricted net assets that are considered to be available for general expenditures, because the restrictions on the net assets are expected to be met by conducting the normal activities of the programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

June 30, 2019

Financial Assets at Year End:

Cash and Cash Equivalents	\$ 1,041,647
Investments	192,590
Accounts Receivable	132,690
Grants Receivable	327,410
Promises Receivable	<u>792,000</u>
 Total Financial Assets	 <u>\$ 2,486,337</u>

Less Amounts Not Available for General  
Expenditure Within One Year Due to:

Donor Funds:

Noncurrent Donor Contributions	\$ <u>25,000</u>
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Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 2,461,337</u>
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As part of the Charter School's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. In addition, the Charter School invests cash in excess of daily requirements in short-term investments focused primarily on the generation of interest income.

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

4. ACCOUNTING FOR UNCERTAIN TAX POSITIONS:

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in the Charter School's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. The Maya Angelou Public Charter School performed an evaluation of uncertain tax positions 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. As of June 30, 2019, the statute of limitations for tax years 2015 through 2017 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Charter School files tax returns. It is the Charter School's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of June 30, 2019, the Charter School had no accruals for interest and/or penalties.

5. CASH AND CASH EQUIVALENTS:

The carrying amount of cash and cash equivalents at year end consisted of the following:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Checking Accounts - Non-Interest Bearing	\$ 976,877	\$ 590,058
Government Money Market Account	64,042	6,810
Cash - Pending Investment	<u>728</u>	<u>2,030</u>
Total Cash and Cash Equivalents	<u>\$ 1,041,647</u>	<u>\$ 598,898</u>

For purposes of the cash flow statement and financial statement presentation, cash and cash equivalents are short term, highly liquid investments with maturities of three months or less.

The Charter School maintains its operating funds in one financial institution in the form of a non-interest bearing business checking account. This account is covered under the Federal Deposit Insurance Corporation (FDIC) Program. Federal Deposit Insurance Corporation insurance coverage is \$250,000 per banking institution, as well as account category. Deposits held in non-interest-bearing transaction accounts are aggregated with interest-bearing deposits and the combined total insured up to \$250,000.

As of June 30, 2019 and 2018, \$64,042 and \$6,810, respectively, was held in a government money market fund that was not federally insured. Management has minimized risk related to this money market fund by investing in high-quality, short-term securities that are backed by high quality securities. The money market fund seeks to maintain a share price of \$1.00. Investments held by the School's brokerage firm are insured by the Securities Investor Protection Corporation (SIPC) for loss, theft, or destruction of securities while in the brokerage firm's custody.

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

5. CASH AND CASH EQUIVALENTS: (Continued)

As of June 30, 2019 and 2018, \$729,643 and \$339,626, respectively, of the bank balance was deposited in excess of Federal Deposit Insurance Corporation limits. Due to increased cash flows at certain times during the year, the amount of funds at risk may have been greater than at year end. The Charter School was at risk for the funds held in excess of the insured amounts. The Charter School has not experienced any losses related to this account and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

6. INVESTMENTS:

The Charter School invested in equity securities during the year, which are subject to market fluctuations. Investments in equity securities have been measured at fair value and are recorded as such in the statement of financial position. The fair values for marketable equity securities are based on quoted market prices. Unrealized gains and losses are included in the change in net assets. A comparison of the carrying values of these investments at year end was as follows:

June 30, 2019

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Mutual Funds - Equity	\$ 47,748	\$ 3,307	\$ (1,052)	\$ 50,003
Mutual Funds - Fixed Income	<u>140,778</u>	<u>2,485</u>	<u>(676)</u>	<u>142,587</u>
Total Investments	<u>\$ 188,526</u>	<u>\$ 5,792</u>	<u>\$ (1,728)</u>	<u>\$ 192,590</u>

June 30, 2018

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Mutual Funds - Equity	\$ 108,461	\$ 4,695	\$ -	\$ 113,156
Mutual Funds - Fixed Income	645,128	-	(18,196)	626,932
Exchange Traded Funds	<u>107,572</u>	<u>5,596</u>	<u>(7,583)</u>	<u>105,585</u>
Total Investments	<u>\$ 861,161</u>	<u>\$ 10,291</u>	<u>\$ (25,779)</u>	<u>\$ 845,673</u>

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

6. INVESTMENTS: (Continued)

Unrealized gains and losses on investments are based on the difference between book value and fair value. Net unrealized gains/(losses) at June 30, 2019 and 2018, were \$4,064 and (\$15,488), respectively.

The composition of investment return during the year consisted of the following:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Interest and Dividends	\$ 21,097	\$ 29,491
Capital Gains	1,057	1,525
Realized Gains	250	35,782
Unrealized Gain/(Loss)	19,552	(29,085)
Less: Investment Expenses	<u>(14,985)</u>	<u>(15,040)</u>
Total	<u>\$ 26,971</u>	<u>\$ 22,673</u>

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such change could affect the amounts reported in the statement of financial position. The Charter School attempts to limit its credit risk associated with investments through diversification and by utilizing the expertise and processes of an outside investment consultant.

Expenses related to investment revenues, including trustee fees and investment advisory fees, amounted to \$14,985 and \$15,040 during the years ended June 30, 2019 and 2018, respectively, and have been netted against investment revenues in the accompanying statement of activities.

7. FAIR VALUE MEASUREMENT:

Financial Accounting Standards Board ASC Topic No. 820-10, *Fair Value Measurement*, establishes a framework for measuring fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC No. 820-10 are described as follows:

Level 1 - Valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that the organization has the ability to access.

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

7. FAIR VALUE MEASUREMENT: (Continued)

Level 2 - Valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability (such as interest rate and yield curves);
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable (supported by little or no market activity) and not corroborated by market data. Unobservable inputs reflect the organization's estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The asset's 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.

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

*Mutual Funds*: Valued at the net asset value ("NAV") of shares held by the Charter School at year end.

*Exchange Traded Funds*: Valued at the net asset value ("NAV") of shares held by the Charter School at year end. Unlike mutual funds and common stock, these investments can be traded intraday.

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

The following table sets forth by level, within the fair value hierarchy, the Charter School's assets measured at fair value as of June 30, 2019 and 2018.

June 30, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 192,590	\$ -	\$ -	\$ 192,590
Total	<u>\$ 192,590</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,590</u>

**MAYA ANGELOU PUBLIC CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**

7. **FAIR VALUE MEASUREMENT:** (Continued)

<u>June 30, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange Traded Funds	\$ 105,585	\$ -	\$ -	\$ 105,585
Mutual Funds	<u>740,088</u>	<u>-</u>	<u>-</u>	<u>740,088</u>
Total	<u>\$ 845,673</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 845,673</u>

8. **ACCOUNTS, GRANTS AND PROMISES RECEIVABLE:**

**Accounts and Grants Receivable**

Accounts and grants receivable are current and considered to be fully collectible by management. Balances at year end consisted of the following:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b><u>Accounts Receivable</u></b>		
Per Pupil Funding	\$ 30,890	\$ 35,726
E-Rate (USAC) Program	50,000	41,878
Operating Expenses – Charter School	42,689	-
Reimbursable Expenses	8,107	8,007
Interest Receivable	1,004	-
AnyBill - Escrow Funds	-	8,932
Employee Receivable	<u>-</u>	<u>200</u>
Total Accounts Receivable	<u>\$ 132,690</u>	<u>\$ 94,743</u>
<b><u>Grants Receivable</u></b>		
Public Facilities (SOAR)	\$ -	\$ 571,703
Workforce Investment Act - Youth	-	47,715
Elementary and Secondary Education	75,519	45,504
School Improvement Grant	32,258	29,541
Individuals with Disabilities Education Act	22,066	24,828
Perkins and Technical Education Act	57,673	18,599
National School Lunch and Breakfast Program	6,301	8,868
McKinney Vento Homeless Grant	-	7,826
Other Non-Federal Grants	<u>133,593</u>	<u>65,607</u>
Total Grants Receivable	<u>\$ 327,410</u>	<u>\$ 820,191</u>

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

8. ACCOUNTS, GRANTS AND PROMISES RECEIVABLE: (Continued)

**Accounts and Grants Receivable** (Continued)

The Charter School's accounts and grants receivable consists of unsecured amounts due from public funding sources whose ability to pay is subject to changes in general economic conditions. Because the Charter School does not require collateral, it is at credit risk for the amounts owed to it throughout the year and at year end.

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectable 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 outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts or grants receivable. Management believes that an allowance was not required based on its evaluation of collectability of receivables for the years ended June 30, 2019 and 2018.

**Promises Receivable**

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Promises to give represent amounts committed by donors that have not been received by the Charter School. The Charter School uses the allowance method to determine uncollectible promises to give. Promises receivable at year end consisted of:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
General Support - Time Restricted	\$ 173,049	\$ -
General Support - Unrestricted	51,000	50,000
Contributions - Program Restricted	<u>641,000</u>	<u>-</u>
Total Promises Receivable	<u>\$ 865,049</u>	<u>\$ 50,000</u>

The above promises receivable are due to be received as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Less Than One Year	\$ 767,000	\$ 50,000
One to Five Years	<u>98,049</u>	<u>-</u>
Total	<u>\$ 865,049</u>	<u>\$ 50,000</u>

Promises receivable have been discounted to the net present value of future cash flows using a discount rate of two percent (2%) as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Gross Promises Receivable	\$ 867,000	\$ 50,000
Less Discount	<u>(1,951)</u>	<u>-</u>
Net Present Value of Promises Receivable	<u>\$ 865,049</u>	<u>\$ 50,000</u>



MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

8. ACCOUNTS, GRANTS AND PROMISES RECEIVABLE: (Continued)

**Promises Receivable** (Continued)

Concentrations of credit risk with respect to promises receivable are limited due to the large number of contributions comprising the School's contributor base and their dispersion across different industries and donor backgrounds. However, as of June 30, 2019, approximately seventy-four percent (74%) of the School's contributions receivable (\$641,000) was due from one contributor. Maya Angelou does not believe they are at any significant credit risk related to this promise made based on historical collection and the organizational relationship with this donor.

9. FIXED ASSETS:

Furniture and equipment, and leasehold improvements are recorded at cost, or in the case of contributed property at the fair market value at the date of contribution. If an expenditure in excess of \$2,500 results in an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized at cost and depreciated or amortized over the estimated useful lives of the assets. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation or amortization is removed from the accounts and any resulting gain or loss is reflected in income for the period. Depreciation has been provided on the straight-line method over the estimated useful lives of the assets. Leasehold improvements have been amortized over the remaining term of the rental lease agreement. Depreciation and amortization expense for the years ended June 30, 2019 and 2018, was \$974,978 and \$936,761, respectively. Maintenance and repairs are charged to expenses as incurred. Major classifications of fixed assets and their estimated useful lives are as summarized below:

June 30, 2019

	<u>Depreciable Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Leasehold Improvements	15-25 Years	\$ 18,109,982	\$ 3,710,617	\$ 14,399,365
Computer and Office Equipment	3-5 Years	1,078,583	796,791	281,792
Vehicles	5 Years	<u>106,080</u>	<u>68,841</u>	<u>37,239</u>
Total Fixed Assets		<u>\$ 19,294,645</u>	<u>\$ 4,576,249</u>	<u>\$ 14,718,396</u>

June 30, 2018

	<u>Depreciable Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Leasehold Improvements	15-25 Years	\$ 17,104,658	\$ 2,920,347	\$ 14,184,311
Computer and Office Equipment	3-5 Years	867,618	613,988	253,630
Vehicles	5 Years	68,210	66,936	1,274
Construction-in-Progress	N/A	<u>638,295</u>	<u>-</u>	<u>638,295</u>
Total Fixed Assets		<u>\$ 18,678,781</u>	<u>\$ 3,601,271</u>	<u>\$ 15,077,510</u>

The federal or state government retains a reversionary interest in equipment funded by federal or state monies, respectively, for individual items greater than \$5,000. Sale, trade-in or other disposition of such equipment generally requires notification of the appropriate federal or state authorities.

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

10. DUE TO PARENT ENTITY:

Because of the relationship between Maya Angelou and the See Forever Foundation, certain common costs are shared dependent upon the respective benefits derived. Personnel wages and fringe benefits for central-office support are provided to the Charter School and are invoiced on a monthly basis. Such amounts are recorded as due to the parent entity. As of June 30, 2019 and 2018, \$88,848 and \$235,154, respectively, was due to be paid to the See Forever Foundation and has been reported as a current liability on the statement of financial position.

11. DUE TO PARENT ENTITY - CONSTRUCTION LOAN:

On April 7, 2014, the See Forever Foundation obtained a \$4 million-dollar construction loan from SunTrust Bank to finance the renovations of the Maya Angelou High School located at 5600 East Capital Street, NE (formerly the Evans Middle School). The loan is collateralized by all property and equipment of both the See Forever Foundation and Maya Angelou. Per the loan agreement between the Foundation and SunTrust Bank and an executed Guaranty Agreement, the Charter School is the guarantor on the loan and as such has agreed to guaranty payment and performance of all the Foundation's obligations. The Foundation contributed the Evans building improvements to Maya Angelou and has a memorandum of understanding with the Charter School, whereby the Charter School provides the funds equivalent to the required monthly payments. The loan bears interest at the one-month London InterBank Offered Rate (LIBOR) plus 2.20% and matures on April 7, 2021. The effective rate of interest at June 30, 2019 adjusted for a swap floating rate was 4.54925%. The Foundation and the Charter School, on a consolidated basis, are subject to various financial covenants, including a debt service coverage ratio of at least 1.10 to 1. The balance of this loan at June 30, 2019 and June 30, 2018 was \$3,629,374 and \$3,725,532, respectively.

The Charter School is committed under this loan and guaranty to make future minimum payments as follows:

<u>Year Ending June 30,</u>	
2020	\$ 101,117
2021	<u>3,528,257</u>
Total Future Minimum Payments	<u>\$ 3,629,374</u>

Interest expense incurred on this loan during the years ended June 30, 2019 and 2018 was \$187,743 and \$192,549, respectively.

12. CAPITAL LEASE PAYABLE:

On September 29, 2016, the Charter School entered into a capital lease for the purchase of computer servers. The total amount financed on the capital lease was \$71,338 payable over thirty-six (36) months with a monthly required payment of \$2,193. Maturity is scheduled for August 29, 2019. Interest expense was \$733 and \$2,099 for the years ended June 30, 2019 and 2018, respectively, using an implicit rate of 6.70%. The balance of the capital lease debt was \$4,349 and \$27,424 at June 30, 2019 and 2018, respectively.

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

12. CAPITAL LEASE PAYABLE: (Continued)

The Charter School is committed under this capital lease to make future minimum payments as follows:

<u>Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 4,385	\$ 4,349	\$ 36
Total Future Minimum Lease Payments	\$ 4,385	\$ 4,349	\$ 36

The lease is secured by the server equipment and is presented as part of the carrying balance of fixed assets. For both the year ended June 30, 2019 and 2018, depreciation expense in the amount of \$23,779 on the server equipment has been included in depreciation expense.

Following is a summary of assets held under capital leases:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Computer Server Equipment - Cost	\$ 71,338	\$ 71,338
Less: Accumulated Depreciation	<u>(65,393)</u>	<u>(41,614)</u>
Net Book Value Leased Equipment	<u>\$ 5,945</u>	<u>\$ 29,724</u>

13. DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD CONTRACT:

The Charter School was approved by the District of Columbia Public Charter School Board to operate a charter school in the District of Columbia. The District of Columbia Public Charter School Board (DCPCSB) is responsible for the ongoing oversight of the Charter School's fiscal management and academic acceptability. The contract dated September 4, 1998, provided for a 15-year charter unless sooner terminated in accordance with the contract. The charter contract may be renewed for successive 15-year periods if the DCPCSB deems that the Maya Angelou Public Charter School is in compliance with its charter contract and District statutory provisions. The original charter contract was renewed on August 19, 2013 for an additional 15-year term. In addition, in accordance with the Charter School Act, the DCPCSB is required to review the Maya Angelou Public Charter School's charter every five years, which most recently occurred during 2018. The DCPCSB may revoke (or not renew) a charter school contract if a school violates applicable law, materially violates the charter contract or fails to meet the student academic achievement expectations set forth in the charter contract. Consequently, management does not anticipate non-renewal or revocation of its charter.

As part of the agreement with the DCPCSB, the Charter School may be charged a public charter school fee, which is not to exceed one percent (.9% for the 18/19 and 17/18 school years) of the total revenues (less philanthropic and investment revenues) within the annual budget to cover the costs of undertaking the ongoing administrative responsibilities of the Board. For the years ended June 30, 2019 and 2018, the Charter School incurred \$97,276 and \$83,768, respectively, in administrative fees.

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

13. DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD CONTRACT: (Continued)

The charter contract provides that the Maya Angelou Public Charter School may educate up to a predetermined number of students. However, this enrollment limit may be raised upon notification to and acceptance by the DCPCSB. The Charter School enrollment ceiling for the year ended June 30, 2019, was not permitted to be greater than 550 students. Audit enrollment for the 2018/2019 year was 365 students. Audit enrollment for the 2017/2018 year was 306 students.

14. PER-PUPIL FUNDING ALLOCATION:

The Charter School receives local funding from the District of Columbia in the form of per-pupil educational allotments and facility allotments. This funding is based on the equivalent number of full-time students and is determined annually. For the year ended June 30, 2019, the per-student rate was \$15,348 for the alternative educational allotment and \$3,263 for the facility allotment. For the year ended June 30, 2018, the per-student rate was \$14,770 for the alternative educational allotment and \$3,193 for the facility allotment. Additional allotments were made for special education services and residential services. Per-pupil funding for the years ended June 30, 2019 and 2018 was as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Alternative Education	\$ 5,601,845	\$ 3,752,420
Special Education	2,534,325	2,327,644
Facilities Allowance	1,325,179	1,145,240
Residential	427,173	531,005
Teachers Collective Bargaining	-	140,145
English Language Learners	<u>10,445</u>	<u>10,052</u>
Total	<u>\$ 9,898,967</u>	<u>\$ 7,906,506</u>

15. FEDERAL ENTITLEMENTS AND GRANTS:

During the years ended June 30, 2019 and 2018, the Charter School participated in the following federal award programs:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Public Facilities (SOAR)	\$ -	\$ 571,703
Elementary and Secondary Education, Title I	145,837	130,528
School Improvement Grant	138,556	117,907
Workforce Investment Act - Youth	-	97,715
Individuals with Disabilities Education Act	81,962	71,725
Perkins and Technical Education Act	161,317	71,338
National School Lunch and Breakfast Program	62,820	54,726
Elementary and Secondary Education, Title II	26,199	23,582
McKinney Vento Homeless Grant	5,472	9,075
Elementary and Secondary Education, Title IV	17,310	7,437
Donated Federal Commodities	<u>5,523</u>	<u>6,510</u>
Total	<u>\$ 644,996</u>	<u>\$ 1,162,246</u>

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

15. FEDERAL ENTITLEMENTS AND GRANTS: (Continued)

Federal formula grants are allocations of money to States or their subdivisions in accordance with distribution formulas prescribed by law or administrative regulation, for activities of a continuing nature not confined to a specific project. The Charter School receives federal formula grants under the provisions of the No Child Left Behind Act (NCLB) of 2001, P.L 107-110. NCLB funds are not intended to replace state or local educational funding. NCLB funds provide additional support to states, LEAs, and schools for specific purposes. Grants are provided by the U.S. Department of Education and passed through the District of Columbia Office of State Superintendent of Education.

16. COMMITMENTS:

**Building Ground Lease - Department of General Services**

The Maya Angelou Public Charter School entered into a lease agreement with the District of Columbia, Department of General Services on July 15, 2013 for the rental of a school facility located at 5600 East Capital Street, NE, Washington, DC (formally known as the Evans Junior High School). The lease term is for an initial twenty-five (25) year period through September 30, 2040, with the option to renew for one additional term of twenty-five (25) years based on the market value of the leased property at the commencement of the lease extension period. This lease requires an initial annual base rent of \$1,686,630 with an escalation clause of 2% on the yearly anniversary date.

As a provision of the lease agreement, Maya Angelou is entitled to a rent abatement equal to the annual base rent for each year the Charter School expends an amount of at least one-million dollars for construction costs for capital alterations during the term of the lease. Renovations to the facility were completed during the year ended June 30, 2018, and Maya Angelou provided the required support to the Department of General Services to validate the amount of rent credit to be received. Maya Angelou has been provided an initial abatement of fifteen (15) years based on capital improvements through June 30, 2018.

The Maya Angelou Public Charter School accrued a deferred rent liability through June 30, 2017, in the total amount of \$2,155,460. This liability was being accrued on this lease for potentially required lease payments until such time as the Department of General Services validated the amount and the number of years the Charter School rent liability would be forgiven. Because the first fifteen years of rent has been abated, the liability amount of \$2,155,460 has been reported in the statement of activities as an unusual item and a gain from the forgiveness of the rent liability has been recognized as income.

**Monthly Residential Operating Leases**

The Maya Angelou Public Charter School entered into various operating leases for the rental of student residential space that renew automatically on a monthly or yearly basis. Rental expense related to these leases during the years ended June 30, 2019 and 2018 was \$216,051 and \$162,645, respectively.

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

16. COMMITMENTS: (Continued)

**Sublease Rental Agreement - Charter School Incubator Initiative**

The Maya Angelou Public Charter School entered into a sublease agreement with the Charter School Incubator Initiative (CSII) on March 16, 2018 (amended on November 25, 2019), for the rental space at the 5600 East Capitol Street, SE, Washington, DC, facility (Evans Junior Middle School). The term of the lease commenced on July 1, 2018, and is scheduled to extend through July 14, 2038, consistent with the terms of the prime lease with the Department of General Services. The lease calls for an annual base rent in an amount equal to ten dollars (\$10) per rentable square foot, as well as an additional five dollars (\$5) per square foot for annual operating expenses. Effective July 1, 2018, the rentable square footage is 31,170 and will be increased to 44,163 square foot for each year in the remainder of the term. The Charter School Incubator Initiative is obligated to pay rent effective July 1, 2018, however, Maya Angelou is forgiving base rent payments until June 30, 2023, in exchange for approximately \$7,400,000 of capital improvements to be made by CSII to the portion of the space being rented. The amount payable for operating expenses is subject to an escalation of three percent (3%) on the anniversary date of July 1<sup>st</sup> of each year of the lease term. As a condition of this lease, Maya Angelou received a security deposit at the time of the lease execution in the amount of \$50,000. Sublease payments received during the year ended June 30, 2019 was \$155,850. Future payments for operating expenses to be received by Maya Angelou for the next five years are as follows:

<u>Year Ending June 30,</u>	
2020	\$ 227,439
2021	234,263
2022	241,291
2023	248,529
2024	<u>255,985</u>
Total Future Sub-Lease Payments	<u>\$ 1,207,507</u>

17. RELATED PARTY TRANSACTIONS:

**Related Entity**

The Charter School has a shared cost arrangement with the See Forever Foundation, such that certain administrative and other common expenses are paid by the Foundation and subsequently reimbursed by the Charter School. Amounts owed to the Foundation for these expenses are recorded on the statement of financial position as a liability. In addition, the Charter School is obligated to make payments to SunTrust Bank on a loan obtained by the See Forever Foundation used to renovate the Maya Angelou high school facility (Evans building).

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

17. RELATED PARTY TRANSACTIONS: (Continued)

**Related Entity** (Continued)

Transactions with the Foundation for the years ended June 30, 2019 and 2018 were as follows:

<u>Liability to See Forever Foundation</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Due to See Forever Foundation - Expense Reimbursement	\$ 88,848	\$ 235,154
Due to See Forever Foundation - Construction Bank Loan	<u>3,629,374</u>	<u>3,725,532</u>
Amounts Payable to See Forever Foundation	<u>\$ 3,718,222</u>	<u>\$ 3,960,686</u>
<u>Administrative Costs paid to the Foundation by the School</u>		
Personnel Costs - Wages and Fringes	\$ 651,412	\$ 576,235
Contracted Instruction Fees	186,851	158,808
Facility Rental - 600 Pennsylvania Avenue	88,568	85,587
Non-Personnel Costs - Operating Costs	<u>187,406</u>	<u>274,685</u>
Total Amounts Paid to See Forever Foundation	<u>\$ 1,114,237</u>	<u>\$ 1,095,315</u>

During the years ended June 30, 2018, the See Forever Foundation provided a donation to Maya Angelou in the amount of \$511,160. This donation was restricted for the purpose of replacing the roof on the Maya Angelou high school facility.

**Guarantee of Indebtedness**

The Charter School utilizes a corporate credit card issued by SunTrust Bank for purchases related to the organization's activity. The credit cards are issued in the name of the Charter School with a total credit limit of \$75,000, however the debt is guaranteed by the employees of the Charter School for whose name they are issued.

**Board of Directors**

Two of the board members appointed to serve on the Board of Directors are parents of students attending the Charter School. Parent trustees are elected by a majority vote of the board members from a list of qualified individuals submitted to the board.

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

18. CONCENTRATIONS:

**Revenues**

The Charter School receives public funds from the DC Government based on the number of students they enroll according to the Uniform Per Student Funding Formula developed by the Mayor and City Council. This per pupil allocation is supplemented with extra funds for students with special needs. During the years ended June 30, 2019 and 2018, seventy-nine percent (79%) and seventy percent (70%), respectively, of total support, excluding donated services, was received from the District of Columbia in the form of per pupil funding.

In addition to the revenue received through the Uniform Per Student Funding, the Charter School receives state and federal grants awarded under the auspices of the U.S. Department of Education passed through the Office of the DC Office of State Superintendent of Education. The Charter School is entitled to receive these funds by virtue of its recognition as a Local Education Agency by the District of Columbia Public Charter School Board (DCPCSB).

The Charter School is limited to enrolling students that are residents of the District of Columbia. As a DC Public Charter School, the Maya Angelou must compete for students against the DC Public School system as well as other DC Public Charter Schools.

19. CONTINGENCIES:

The Charter School was granted its initial charter by the District of Columbia Public Charter School Board, authorized under the District of Columbia School Reform Act of 1995, Public Law 104-134, as amended. The Charter School has no reason to believe that this relationship will be discontinued in the foreseeable future. However, any interruption of this relationship (i.e., the failure to continue this charter authorization or withholding of funds) could adversely affect the Charter School's ability to finance ongoing operations.

The Charter School depends on per pupil allocations, grants, and contributions for a significant portion of its revenues. The ability of the sources of revenues to continue giving amounts comparable with prior years may be dependent upon future economic conditions and continued deductibility for income tax purposes of grants and contributions to the Charter School. While the Charter School's board of directors and management believes the Charter School has the resources to continue its programs, its ability to do so, and the extent to which it continues, may be dependent on the above factors.

The Charter School receives funding from various federal and state grant reimbursement programs, which are governed by various rules and regulations of the respective grantor agencies. To the extent that the Charter School has not complied with the rules and regulations governing the grants, refunds of any money received may be required. The Charter School believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.



MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

19. CONTINGENCIES: (Continued)

The viability of public charter schools and funding for these schools is dependent on the consensus of current and future administration of the District of Columbia Government. Any future change in dynamics could adversely affect the operations of public charter schools.

**Litigation**

From time to time, the Charter School is involved in routine litigation that arises in the ordinary course of business. There are no pending significant legal proceedings to which the Charter School is a party for which management believes the ultimate outcome would have a material adverse effect on the Charter School's financial position.

20. SUBSEQUENT EVENTS:

**Financial Statement Preparation**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 16, 2019, the date the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.

21. FUNDRAISING:

During the years ended June 30, 2019 and 2018, expenses incurred for the purpose of fundraising were \$15,796 and \$215,164, respectively.

22. RETIREMENT PLAN:

**401(k) Profit Sharing Plan**

The Maya Angelou Public Charter School provides pension benefits for its employees through a multi-employer defined contribution 401(k) retirement plan which is currently administered by Retirement Planners and Administrators, Inc. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Provisions of the plan allow for the employees to contribute up to the statutory limits set by the Internal Revenue Code. The Charter School contributes 5% of annual employee compensation for employees with one or more years of employment. Participants are 100% vested in their contributions and the 5% employer contribution. The authorized entry date into the plan is the first pay period following the date that the eligibility requirements are met. There is no unfunded past service liability. In addition, there is a discretionary profit-sharing contribution determined on an annual basis that becomes vested immediately. The employer expense for the years ending June 30, 2019 and 2018 was \$215,971 and \$189,590, respectively.

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
NOTES TO FINANCIAL STATEMENTS

23. EMPLOYEE BENEFITS:

The cost of fringe benefits incurred for the years ended June 30, 2019 and 2018 consisted of the following:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Social Security/Medicare	\$ 429,014	\$ 370,345
Health and Dental Insurance	410,142	289,279
Retirement	215,971	189,590
Unemployment	79,975	69,482
Workers Compensation	32,994	37,870
Disability and Life Insurance	<u>19,126</u>	<u>7,304</u>
Total	<u>\$ 1,187,222</u>	<u>\$ 963,870</u>

**Flexible Benefits Plan**

The Maya Angelou Public Charter School adopted a Section 125 Flexible Benefits Plan (Cafeteria Plan). Under this plan, employees are permitted to use pre-tax benefit dollars through payroll deduction to pay for health and dental insurance premiums as well as other employee selected benefits.

**Kendall, Prebola and Jones, LLC**  
**Certified Public Accountants**

Board of Trustees  
Maya Angelou Public Charter School  
600 Pennsylvania Avenue, SE, Suite 210  
Washington, DC 20003

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*

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 Maya Angelou Public Charter School (a nonprofit organization), 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 December 16, 2019.

***Internal Control Over Financial Reporting***

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



Kendall, Prebola and Jones  
Certified Public Accountants

Bedford, Pennsylvania  
December 16, 2019

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019

Findings relating to the financial statements which are required to be reported in accordance with  
Government Auditing Standards

2018-001 Procurement and Contract Submission:

Condition: During the year ended June 30, 2018, Maya Angelou Public Charter School reimbursed the See Forever Foundation for procurement type contracts for vendors that provided services to both the Charter School and the Foundation on a shared basis. Over the course of the fiscal year, the contracts in question resulted in Maya Angelou Public Charter School making payments in excess of \$25,000 for services received, however, the contracts were not competitively bid by the See Forever Foundation.

Status: The employee within the Charter School who was responsible for contracting and compliance was assigned the task of monitoring procurement contracts. This included the determination of whether the contract billings to the Maya Angelou Public Charter School were expected to exceed \$25,000 and, if so, ensuring appropriate publication of contract bidding and the respective document submission to the DC Public Charter School Board. This has not been repeated as a finding in the current year.

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019

I. Summary of Audit Results

- a. The auditor's report expresses an unmodified opinion on whether the financial statements of Maya Angelou Public Charter School were prepared in accordance with generally accepted accounting principles.
- b. No significant deficiencies relating to the audit of the financial statements have been reported.
- c. No instances of noncompliance material to the financial statements of the Maya Angelou Public Charter School, which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.

II. Findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*

There were no findings in the current year.

MAYA ANGELOU PUBLIC CHARTER SCHOOL  
SCHEDULE OF CONTRACTS AWARDED IN EXCESS OF \$25,000  
UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2019

<u>Vendor Name</u>	<u>Services Provided</u>	<u>Value</u>	<u>Conflict of Interest</u>
Forrester Construction Company	Construction	622,049	no
Charter School Incubator Initiative	Construction	254,104	no
Pepco	Utilities	189,174	no
Good Partners	Community Partnering and Outreach	186,851	no
SecureMedy Incorporated	Security Services	178,750	no
LGC Security, LLC	Security Services	167,188	no
BradCorp Services, Inc	Contracted building services	134,090	no
Home Builders Institute	Contracted Instruction	126,458	no
Performance Management Services, LLC	Contracted Instruction	107,640	no
Preferred Meals	Food Services	95,325	no
Bernstein Management Corp.	Rental Sublease with See Forever Foundation	88,568	no
DC Water and Sewer Authority	Utilities	78,321	no
SchoolKit	Professional Development	65,000	no
Apple Inc.	Computers	62,726	no
Brustein & Manasevit, PLLC	Legal Fees	55,517	no
Washington Gas	Utilities	51,357	no
Ed-Ops	Accounting and Bookkeeping Services	47,559	no
Edgenuity, Inc.	Professional Development	46,495	no
Swing Education	Contracted Instruction	45,200	no
The Marcus Firm, PLLC	Legal Fees	45,132	no
Dan Prieto	Rent	44,700	no
Aceware Properties	Rent	44,640	no
Passport Nissan	Van	40,442	no
Dell Marketing, LP	Computers	38,662	no
Mid-Atlantic Children's Services, Inc.	Contracted Instruction	37,656	no
Raina Jones	Rent	35,880	no
Seeds for Success Landscaping and Service	Contracted Building Services	35,786	no
Cox Graae + Spack Architects	Construction	34,420	no
Social Solutions Global, Inc.	Computer Support	33,079	no
Kendall Prebola and Jones	Audit Services	32,844	no
Impact Office	Office Supplies	32,052	no
BSN Sports, LLC	Student Supplies	31,751	no
Marc L Jackson	Rent	31,100	no
R & R Mechanical, Inc.	Contracted Building Services	30,974	no
Signs Plus	Student Supplies	28,215	no
The Simmons Advantage	Professional Development	27,000	no
DC Urban Living, LLC	Rent	27,000	no
Achieve3000	Student Supplies	26,390	no
GovConnection, Inc.	Computers	25,735	no