

MONUMENT ACADEMY PUBLIC CHARTER SCHOOL

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

JUNE 30, 2019 AND 2018

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Independent Auditor's Report

The Board of Trustees
Monument Academy Public Charter School
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of Monument Academy Public Charter School, which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Monument Academy 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

Other Information

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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules on pages 25-26, as required by D.C. Public Charter School Board ("DCPCSB"), 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 November 25, 2019, on our consideration of Monument Academy 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monument Academy Public Charter School's internal control over financial reporting and compliance.

Jane Murray & M. Duane PA

Washington, DC
November 25, 2019

MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 981,160	\$ 1,441,501
Grants receivable	138,346	117,609
Accounts receivable	71,468	25,829
Prepaid expenses	24,693	96,548
Total Current Assets	1,215,667	1,681,487
PROPERTY AND EQUIPMENT, NET	2,077,085	1,393,176
OTHER ASSETS		
Security deposits	5,000	5,000
TOTAL ASSETS	\$ 3,297,752	\$ 3,079,663
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 101,361	\$ 129,334
Accrued salaries and related expenses	-	140
Deferred revenue	-	1,700
Capital lease obligation, current portion	12,340	3,930
Loan payable, current portion	961,774	-
Total Current Liabilities	1,075,475	135,104
NONCURRENT LIABILITIES		
Capital lease obligation, net of current portion	36,152	15,808
Loan payable, net of current portion	-	914,923
Total Noncurrent Liabilities	36,152	930,731
TOTAL LIABILITIES	1,111,627	1,065,835
NET ASSETS		
Without donor restrictions	1,942,843	1,318,007
With donor restrictions	243,282	695,821
Total Net Assets	2,186,125	2,013,828
TOTAL LIABILITIES AND NET ASSETS	\$ 3,297,752	\$ 3,079,663

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

MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Per pupil appropriations	\$ 7,001,442	\$ -	\$ 7,001,442	\$ 6,364,702	\$ -	\$ 6,364,702
Per pupil facility allowance	1,133,312	-	1,133,312	991,373	-	991,373
Federal entitlements and grants	990,667	-	990,667	555,760	-	555,760
Other grants and contributions	1,116,115	244,810	1,360,925	289,105	1,731,273	2,020,378
Donated materials	14,748	-	14,748	9,002	-	9,002
Donated services	425,000	-	425,000	415,552	-	415,552
Program service fees	3,600	-	3,600	439	-	439
Net assets released from restrictions	697,349	(697,349)	-	1,404,506	(1,404,506)	-
Total Revenue and Support	<u>11,382,233</u>	<u>(452,539)</u>	<u>10,929,694</u>	<u>10,030,439</u>	<u>326,767</u>	<u>10,357,206</u>
EXPENSES						
Program/educational services	8,967,607	-	8,967,607	8,300,552	-	8,300,552
Management and general	1,618,064	-	1,618,064	1,350,435	-	1,350,435
Fundraising	171,726	-	171,726	128,382	-	128,382
Total Expenses	<u>10,757,397</u>	<u>-</u>	<u>10,757,397</u>	<u>9,779,369</u>	<u>-</u>	<u>9,779,369</u>
CHANGE IN NET ASSETS	624,836	(452,539)	172,297	251,070	326,767	577,837
NET ASSETS, beginning of year	<u>1,318,007</u>	<u>695,821</u>	<u>2,013,828</u>	<u>1,066,937</u>	<u>369,054</u>	<u>1,435,991</u>
NET ASSETS, end of year	<u>\$ 1,942,843</u>	<u>\$ 243,282</u>	<u>\$ 2,186,125</u>	<u>\$ 1,318,007</u>	<u>\$ 695,821</u>	<u>\$ 2,013,828</u>

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

MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program/ Educational Services	Supporting Services		Total
		Management and General	Fundraising	
Personnel Costs				
Salaries	\$ 4,871,670	\$ 583,171	\$ 50,476	\$ 5,505,317
Employee benefits	587,176	79,630	15,425	682,231
Payroll taxes	398,343	54,021	10,464	462,828
Professional development	130,995	-	-	130,995
Other staff-related expense	102,992	11,368	-	114,360
In-kind Executive Director salary	-	77,500	77,500	155,000
Total Personnel Costs	6,091,176	805,690	153,865	7,050,731
Direct Student Costs				
Supplies, materials, snacks	138,792	-	-	138,792
Fieldwork and other transportation	15,199	-	-	15,199
Contracted instruction fees	368,212	-	-	368,212
Textbooks	49,255	-	-	49,255
Student assessments	2,596	-	-	2,596
Student food service	386,684	-	-	386,684
Transportation	35,401	-	-	35,401
Uniforms	9,884	-	-	9,884
Other student costs	21,871	-	-	21,871
Total Direct Student Costs	1,027,894	-	-	1,027,894
Occupancy Expense				
Rent	1,438,054	172,144	14,900	1,625,098
Maintenance and repairs	20,526	2,457	213	23,196
Interest	-	48,314	-	48,314
Total Occupancy Expense	1,458,580	222,915	15,113	1,696,608
Office Expense				
Office supplies	31,624	4,288	-	35,912
Equipment rental	23,610	3,202	-	26,812
Telephone	10,200	1,384	-	11,584
Postage	599	81	-	680
Printing and copying	997	136	-	1,133
Total Office Expense	67,030	9,091	-	76,121
General Expense				
Computer support	-	11,533	-	11,533
Insurance	-	146,179	-	146,179
Authorizer fees	-	85,496	-	85,496
Accounting, auditing and payroll	-	124,554	-	124,554
Bad debt	-	12,211	-	12,211
Legal fees	18,750	-	-	18,750
Donated legal services	140,000	130,000	-	270,000
Other professional and fundraising fees	31,043	40,865	2,748	74,656
Dues, fees, and fines	-	10,066	-	10,066
Donated materials	-	2,148	-	2,148
Depreciation and amortization	133,134	17,316	-	150,450
Total General Expense	322,927	580,368	2,748	906,043
Total Expenses	\$ 8,967,607	\$ 1,618,064	\$ 171,726	\$ 10,757,397

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

MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program/ Educational Services	Supporting Services		Total
		Management and General	Fundraising	
Personnel Costs				
Salaries	\$ 4,438,726	\$ 427,550	\$ 17,500	\$ 4,883,776
Employee benefits	591,329	67,258	12,380	670,967
Payroll taxes	367,309	41,778	7,690	416,777
Professional development	86,265	-	-	86,265
Other staff-related expense	135,265	15,378	2,830	153,473
In-kind Executive Director salary	-	75,000	75,000	150,000
Total Personnel Costs	5,618,894	626,964	115,400	6,361,258
Direct Student Costs				
Supplies, materials, snacks	182,782	-	-	182,782
Fieldwork and other transportation	15,386	-	-	15,386
Contracted instruction fees	620,194	-	-	620,194
Textbooks	18,284	-	-	18,284
Student assessments	6,460	-	-	6,460
Student food service	314,935	-	-	314,935
Transportation	42,708	-	-	42,708
Uniforms	3,615	-	-	3,615
Other student costs	17,097	-	-	17,097
Total Direct Student Costs	1,221,461	-	-	1,221,461
Occupancy Expense				
Rent	1,116,434	107,537	4,402	1,228,373
Maintenance and repairs	26,832	2,584	106	29,522
Interest	-	37,911	-	37,911
Total Occupancy Expense	1,143,266	148,032	4,508	1,295,806
Office Expense				
Office supplies	51,334	5,836	1,074	58,244
Equipment rental	23,993	2,727	502	27,222
Telephone	16,380	1,862	342	18,584
Postage	1,302	150	27	1,479
Printing and copying	1,067	122	22	1,211
Total Office Expense	94,076	10,697	1,967	106,740
General Expense				
Computer support	-	4,635	-	4,635
Insurance	-	26,739	-	26,739
Authorizer fees	-	71,514	-	71,514
Accounting, auditing and payroll	-	113,560	-	113,560
Bad debt	-	3,190	-	3,190
Legal fees	-	11,021	-	11,021
Donated legal services	111,211	154,341	-	265,552
Other professional and fundraising fees	-	149,627	6,507	156,134
Dues, fees, and fines	-	5,902	-	5,902
Other general expense	-	4,018	-	4,018
Donated materials	-	9,001	-	9,001
Depreciation	111,644	11,194	-	122,838
Total General Expense	222,855	564,742	6,507	794,104
Total Expenses	\$ 8,300,552	\$ 1,350,435	\$ 128,382	\$ 9,779,369

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

MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 172,297	\$ 577,837
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Amortization of debt issuance costs	844	422
Depreciation	150,450	122,838
Discount on long term debt	46,007	6,462
Decrease (increase) in assets:		
Grants receivable	(20,737)	(30,612)
Accounts receivable	(45,639)	47,106
Prepaid expenses	71,855	(50,448)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(27,973)	36,093
Accrued salaries and related expenses	(140)	(31,377)
Deferred revenue	(1,700)	(39,933)
Net Cash Provided by Operating Activities	345,264	638,388
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(799,736)	(7,678)
Net Cash Used for Investing Activities	(799,736)	(7,678)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital lease obligation payments	(5,869)	(1,580)
Proceeds from issuance of debt	-	211,000
Loan costs incurred	-	(2,110)
Net Cash (Used for) Provided by Financing Activities	(5,869)	207,310
NET CHANGE IN CASH	(460,341)	838,020
CASH, beginning of year	1,441,501	603,481
CASH, end of year	\$ 981,160	\$ 1,441,501
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	\$ 1,463	\$ 431
Acquisition of equipment under capital lease	\$ 34,623	\$ 21,318

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

MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE A – NATURE OF ORGANIZATION

Monument Academy Public Charter School (the “School”), a District of Columbia not-for-profit corporation, was incorporated on September 13, 2013, exclusively for educational purposes. The School operates as part of the District of Columbia Public School system. On July 1, 2015, the School entered into a 15 year Charter School Agreement with the District of Columbia Public Charter School Board. The School is a weekday boarding school for students in Washington, DC. The School serves for students in fifth, sixth, seventh and eighth grade, which was added in 2019.

The mission of the School is to provide students, particularly those who have had or might have contact with the foster care system, with the requisite academic, social, emotional, and life skills to be successful in college, career, and community, and to create an outstanding school that attracts, supports, and retains exceptional and caring staff.

The School’s primary sources of support are local appropriations for Charter Schools from the District of Columbia Government.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Adoption of New Accounting Pronouncement

For the year ended June 30, 2019, the School adopted the Financial Accounting Standards Board’s Accounting Standards Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 is the change to the net assets classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Financial Statement Presentation

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

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

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

Cash

The School maintains its cash balances in bank deposit accounts which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the accounts may exceed these limits. The School believes it is not exposed to any significant credit risk on cash.

Accounts and Grants Receivable

The School’s grants receivable consist of unsecured amounts due from public funding sources whose ability to pay are subject to appropriations. The School performs ongoing credit evaluations of its funding sources and generally does not require collateral. Due to the nature of funding from the federal government and the District of Columbia, management believes that all grants receivable will be collected within one year; therefore, no allowance for bad debt has been recorded.

Accounts receivables related to program service fees are recognized as revenue when earned. Accounts receivable are written off as uncollectible when payment has not been received after 180 days. Management believes that all outstanding accounts receivable will be collected, therefore no allowance for bad debt has been recorded.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The School capitalizes all expenditures for property and equipment over \$1,000 or purchases of bulk assets over \$5,000. Depreciation is computed using the straight line method over the estimated useful lives of the assets, which ranges from 3 to 7 years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred. Leasehold improvements are amortized over the shorter of the remaining lease term or useful life of the assets.

MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Per Pupil Funding

The School receives a student allocation on a per pupil basis from the District of Columbia to cover the cost of academic expenses. Per pupil appropriated revenue is recognized during the period for which the associated educational services are provided. Per pupil appropriations includes \$3,259,206 and \$3,137,337 for enhancements, such as special education and at risk students for the years ended June 30, 2019 and 2018, respectively.

The Per Pupil Facilities Allowance is determined by the District of Columbia Public Charter Schools (“DCPCS”) capital budget divided by the previous school year DCPCS total pupil count. For the years ended June 30, 2019 and 2018, the Per Pupil Facilities Allowance equals \$8,854 and \$8,621, respectively.

Federal and Local Government Entitlements and Grants

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

Other Grants and Contributions

Contributions received are recorded as support with or without donor restrictions restriction, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Program Service Fees

Program service fee revenue is primarily from uniform sales in the School’s store and is recognized when earned.

Donated Services and Materials

Donated materials are recorded at fair value at the date of donation. The School received donated materials in the amount of \$14,748 and \$9,002 for the years ended June 30, 2019 and 2018, respectively. Donated services are recognized at their fair value if the service requires specialized skills and the services would typically need to be purchased, if not donated. Donated services that do not meet the above criteria are not recognized. The School received donated legal services totaling \$270,000 and \$265,552 during the years ended June 30, 2019 and 2018, respectively, which met the criteria for recognition. The School also received in-kind Executive Director services totaling \$155,000 and \$150,000 during the years ended June 30, 2019 and 2018, respectively, which met the criteria for recognition.

MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Method Used for Allocation of Expenses from Management and General Activities

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

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 certain estimates and assumptions. These estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Reclassifications

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

NOTE C – INCOME TAXES

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

The School believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

The School's information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. The School's information returns for the years ended June 30, 2016 through 2018 are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

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

MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(continued)

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY - continued

In addition to financial assets available to meet general expenditures over the next 12 months, the School operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The following reflects the School’s financial assets as of June 30:

	2019	2018
Cash	\$ 981,160	\$ 1,441,501
Current receivable	209,814	143,438
Total	1,190,974	1,584,939
Less: net assets with donor restrictions	(243,282)	(695,821)
Total Financial Assets Available to meet Cash Needs for General Expenditures Within One Year	\$ 947,692	\$ 889,118

NOTE E – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at June 30, 2019 and 2018.

	2019	2018
Leasehold improvements	\$ 1,431,709	\$ 1,347,500
Furniture and equipment	214,417	104,771
Computers	129,765	93,999
Machine and equipment	55,942	21,318
Total	1,831,833	1,567,588
Accumulated depreciation	(324,863)	(174,412)
Construction in progress	570,115	-
Property and equipment, net	\$ 2,077,085	\$ 1,393,176

Construction in progress includes ongoing renovations construction, and improvement projects at the School. As of June 30, 2019, construction in progress includes costs to renovate the third floor of the facility. Depreciation and amortization expense totaled \$150,450 and \$122,838 for the years ended June 30, 2019 and 2018, respectively.

MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
 (continued)

NOTE F – CAPITAL LEASE OBLIGATIONS

During January 2018, the School entered into a copier lease with a five year term. Under the terms of this lease, base monthly payment due totals \$402 in addition to charges for maintenance and supplies used. The capital lease cost totaled \$21,318.

During March 2019, the School entered a copier lease with a 63-month term. Under the terms of this lease, base monthly payment due totals \$626 in addition to charges for maintenance and supplies used. The capital lease cost totaled \$34,623.

As of June 30, 2019 and 2018, accumulated depreciation of the capital leases totaled \$8,238 and \$1,776, respectively. As of June 30, 2019 and 2018, the remaining capital lease liabilities totaled \$48,492 and \$19,738, respectively.

Future minimum lease payments are as follows for the year ended June 30:

2020	\$ 12,340
2021	12,339
2022	12,341
2023	10,328
2024	6,885
	<u>54,233</u>
Less: interest	<u>(5,741)</u>
Total	<u><u>\$ 48,492</u></u>

For the years ended June 30, 2019 and 2018, total interest expense totaled \$1,463 and \$431, respectively.

NOTE G – DEBT

On June 6, 2017, the School entered into a noninterest bearing, unsecured, loan agreement with a private foundation. Under the terms of the loan agreement, the original principal received by the School totaled \$800,000. In addition, the loan does not require monthly payments and is to be paid in full to the private foundation on June 16, 2020. This loan was provided for the purpose of investing in facilities for the School.

On December 28, 2017, the School entered into a noninterest bearing, unsecured, loan agreement with Building Hope. Under the terms of the loan agreement, the original principal received by the School totaled \$211,000. In addition, the loan does not require monthly payments and is to be paid in full to Building Hope on June 30, 2020. This loan was provided for the purpose of investing in facilities for the School.

MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(continued)

NOTE G – DEBT – continued

Debt as of June 30, 2019 and 2018 consists of the following:

	<u>2019</u>	<u>2018</u>
Building Hope	\$ 211,000	\$ 211,000
Bainum Family Foundation	800,000	800,000
Total	<u>1,011,000</u>	<u>1,011,000</u>
Less: debt issuance costs	(844)	(1,688)
Less: unamortized discount (effective rate of 4.5%)	(48,382)	(94,389)
Total Loan Payable	<u>\$ 961,774</u>	<u>\$ 914,923</u>

NOTE H – OPERATING LEASES

On July 24, 2015, the School entered into a use agreement with Charter School Incubator Initiative (“CSII”) to use a portion of The School facility. In accordance with this use agreement CSII has agreed to grant use of approximately 47,000 square feet of space within the former Gibbs Elementary School. The term of the agreement continues through June 30, 2020 and may be extended for up to three additional terms of five years each.

This use agreement is subject to and subordinate to the terms of the prime lease between the District of Columbia and CSII for the School. In exchange for this use of space, the School has agreed to pay CSII a usage fee equal to the number of students enrolled with the School multiplied by the Per Pupil Facilities Allowance, as determined annually, payable in equal quarterly installments on August 1, November 1, February 1, and May 1. Accordingly, the School cannot reasonably estimate its future minimum payments under the terms of this agreement. For the years ended June 30, 2019 and 2018, rent expense under this agreement totaled \$1,133,312 and \$991,373, respectively.

For the years ended June 30, 2019 and 2018, the School made additional payments of \$491,000 and \$237,000, respectively, for operating costs and debt service based on the use agreement with CSII.

NOTE I - COMMITMENTS AND CONTINGENCIES

On July 31, 2015, the School entered into a guaranty agreement to induce United Bank (the “Beneficiary”) to make a loan to CSII (the “Borrower”). This guaranty agreement relates to a loan from United Bank to CSII for \$8,200,000 with a term of July 31, 2015 through September 15, 2020. The proceeds of the loan are for improvements to the facility from which the School operates. Under the terms of the guaranty agreement, The School unconditionally guarantees to the Beneficiary the obligations of the Borrower with respect to the payment of principal, interest and fees, related to the loan, however, the School shall have no duty to pay or perform the guaranteed obligations unless the Borrower first defaults in the payments and/or performance of its obligations under the related loan agreement.

MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(continued)

NOTE I - COMMITMENTS AND CONTINGENCIES – continued

During September 2017, this guaranty was amended to include additional loans from United Bank to CSII under the same terms as noted above, these additional loans totaled an additional \$7,500,000. The total amount of loans under the new guaranty agreement equals \$15,700,000.

The School is currently in a pending litigation with BC Factoring who asserts claims against the School for breach of contract, quantum meruit/unjust enrichment, and violation of the Tennessee version of the Uniform Commercial Code in connections with payments associated with the School’s contract with its food services vendor, which was allegedly assigned by that vendor to BC Factoring. The total claim against the School in the first amended complaint is \$139,686. The School is engaged in settlement discussion. Therefore, the School is unable to estimate a potential loss or range of loss, if any, at this time.

NOTE J – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2019 and 2018, net assets with donor restrictions were restricted for the following purposes:

	2019	2018
Permanent Homes Campaign	\$ 176,842	\$ 562,500
Loan discount	48,382	94,389
Student Life Homes	10,000	10,000
Professional Development	-	22,250
A&M consulting	5,000	5,000
Teacher lead Stipend	3,058	1,682
Total	\$ 243,282	\$ 695,821

NOTE K - RETIREMENT PLAN

Monument Academy, Inc. 401(k) profit sharing plan and trust (the “Plan”) was established on January 2015. The Plan allows participants to make voluntary contributions up to the maximum amount allowable by the Internal Revenue Code and are eligible to make such contributions upon date of hire. All employees have completed one year of employment are eligible to participate in the profit sharing contribution. Eligible participants receive automatic elective deferrals upon enrollment in the plan. These elective deferrals begin at a rate of 3% of the participant’s salary and subsequently increase 1% each year up to the maximum automatic elective deferral of 6%. The School matches 100% of the participant’s contribution up to 3% of the participant’s salary, and 50% of participant’s contribution between 3% and 6%, is subject to a vesting schedule. Total expenses related to the Plan for the years ended June 30, 2019 and 2018 totaled \$182,293 and \$169,692, respectively.

MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
(continued)

NOTE L - CONCENTRATION OF RISKS

The School is dependent on per-pupil funding from the District of Columbia Public School System, as authorized by the District of Columbia Public Charter School Board. During the years ended June 30, 2019 and 2018, 74% and 71% of total revenue and support was provided by government agencies, respectively.

As of June 30, 2019 and 2018, the School had cash that exceeded federally insured limits by approximately \$730,000 and \$1,190,000, respectively. Management has evaluated the financial institutions and does not believe it is exposed to any significant credit risk.

NOTE M - SUBSEQUENT EVENTS

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through November 25, 2019, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.

REPORT REQUIRED BY THE UNIFORM GUIDANCE



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

The Board of Trustees
Monument Academy Public Charter School
Washington, DC

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Monument Academy Public Charter School (the "School"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 25, 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 be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Jane Marusa & McQuade PA

Washington, DC

November 25, 2019



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

The Board of Trustees
Monument Academy Public Charter School
Washington, DC

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Jane Warner & M^AQuade PA

Washington, DC
November 25, 2019

**MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Identification Number	Federal Expenditures
U.S. Department of Education			
Pass-through programs from the Office of the State Superintendent of Education			
Title I Grants to Local Educational Agencies	84.010	84.010A	\$ 119,554
Supporting Effective Instruction State Grants	84.367	84.367A	22,386
Student Support and Academic Enrichment Program	84.424	84.424A	11,055
Special Education Grants to State	84.027	84.027A	54,557
DC Opportunity Scholarship Program	84.370	84.370C	628,485
Total U.S. Department of Education			<u>836,037</u>
U.S. Department of Agriculture - Food and Nutrition Service			
Pass-through programs from the Office of the State Superintendent of Education			
Child and Adult Care Food Program	10.558		42,083
Fresh Fruit and Vegetable Program	10.582		6,972
Child Nutrition Cluster:			
School Lunch Program	10.555		68,285
School Breakfast Program	10.553		31,890
Total Child Nutrition Cluster			<u>100,175</u>
Total U.S. Department of Agriculture			<u>149,230</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 985,267</u></u>

**MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019**

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – RECONCILIATION TO THE FINANCIAL STATEMENTS

Expenditures per the Schedule exclude \$5,400 of federal funds provided under the Federal Communications Commission E-Rate program, which are reported as federal entitlements and grant revenue in the statement of activities. Funding under the E-Rate program is considered to be federal funds, however, does not qualify as direct financial support, and therefore, is exempt from Federal Audit requirements.

**MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report issued on the financial statements	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Major programs

Name of Federal Program:	DC Opportunity Scholarship Program
CFDA Number:	84.370
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

SECTION II – FINANCIAL STATEMENTS FINDINGS

None

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None

SECTION IV – SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None

SUPPLEMENTAL SCHEDULES

**MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
SUPPLEMENTAL SCHEDULE OF VENDORS PAID OVER \$25,000
YEAR ENDED JUNE 30, 2019**

<u>Vendor Name</u>	<u>Services Provided</u>	<u>Amount Paid</u>
3 Oaks Resource Group	Student supplies, furniture	\$ 102,247
Amazon	Student and office supplies	42,480
CareFirst BSBS and CareFirst BlueChoice	Health insurance	483,218
Charter School Incubator Initiative (Building Pathways)	Rent	1,624,312
Delta-T Group Virginia Inc	Temporary staff services	27,386
EdOps	Accounting and professional fees	98,760
Luncheras	Food Service	200,392
M&T Insurance Agency	Business Insurance	140,163
Mazza Consulting	Staff Development	64,211
MCN Build	Leasehold improvements	634,765
MedStar Georgetown University Hospital	Contracted Sped Services	92,679
MenSa Ankh Maa	Professional development	26,400
Paychex	Payroll provider and retirement management	39,926
Principal Financial Group	Life and Disability Insurance	78,454
Psychological Assessment Solutions, LLC	Contracted Sped Services	200,036
Public Charter School Board	Authorizer fees	85,496
Revolution Foods	Food Service	179,320
The Hartford	Worker Compensation	28,051
Wal-Mart	Student and office supplies	30,590
Ward Circle Strategies	Professional fees	31,043

Note: The above schedule includes all vendors/contractors paid equal to or greater than \$25,000 for which either a formal contract was executed or no formal contract was entered into or executed.

**MONUMENT ACADEMY PUBLIC CHARTER SCHOOL
SUPPLEMENTAL SCHEDULE OF VENDOR CONTRACTS AWARDED FOR OVER \$25,000
YEAR ENDED JUNE 30, 2019**

<u>Vendor Name</u>	<u>Services Provided</u>	<u>Approximate Value</u>
NONE		

Note: The above schedule includes only those contracts entered into by the School as of June 30, 2019 for services that will equal to or be more than \$25,000 over the term of the contract, services have not begun, nor had anything been paid as of June 30, 2019.