

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
WASHINGTON, DC

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS REPORT

FOR THE YEAR ENDED JUNE 30, 2019

KENDALL, PREBOLA AND JONES

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Kendall, Prebola and Jones, LLC
Certified Public Accountants

Board of Directors
The Family Place Public Charter School
3309 16th Street, NW
Washington, DC 20010

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of The Family Place 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

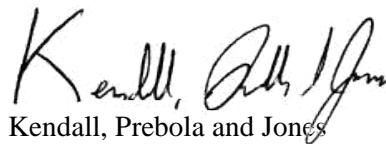
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Family Place Public Charter School as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles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

Other Matters**Other Information**

We have audited the financial statements of The Family Place Public Charter School as of and for the year ended June 30, 2019, and our report thereon dated December 3, 2019, expressed an unmodified opinion on those financial statements. Our audit was 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 3, 2019, on our consideration of The Family Place 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 of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Family Place 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 Family Place Public Charter School's internal control over financial reporting and compliance.



Kendall, Prebola and Jones
Certified Public Accountants

Bedford, Pennsylvania
December 3, 2019

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 404,312
Accounts Receivable	777
Grants Receivable	2,500
Prepaid Expenses	<u>2,357</u>

Total Current Assets \$ 409,946

Fixed Assets:

Property and Equipment	\$ 81,943
Less: Accumulated Depreciation	<u>(7,715)</u>

Total Fixed Assets \$ 74,228

Other Assets:

Deposits	<u>\$ 15,000</u>
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Total Other Assets \$ 15,000

TOTAL ASSETS \$ 499,174

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable and Accrued Expenses	<u>\$ 33,591</u>
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Total Current Liabilities \$ 33,591

Long-Term Liabilities:

Deferred Rent	<u>\$ 5,982</u>
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Total Long-Term Liabilities \$ 5,982

Total Liabilities \$ 39,573

Net Assets:

Without Donor Restrictions	\$ 459,601
With Donor Restrictions	<u>-</u>

Total Net Assets \$ 459,601

TOTAL LIABILITIES AND NET ASSETS \$ 499,174

(See Accompanying Notes and Auditor's Report)

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<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	\$ 1,535,056	\$ -	\$ 1,535,056
Federal Entitlements and Grants	5,000	-	5,000
Private Grants and Contributions	-	15,000	15,000
Interest, Dividends, and Realized Gains	1,799	-	1,799
Net Assets Released from Restrictions - Satisfaction of Program Restrictions	<u>15,000</u>	<u>(15,000)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>\$ 1,556,855</u>	<u>\$ -</u>	<u>\$ 1,556,855</u>
<u>Expenses:</u>			
Educational Services	\$ 705,936	\$ -	\$ 705,936
General and Administrative	330,811	-	330,811
Fundraising	<u>23,886</u>	<u>-</u>	<u>23,886</u>
Total Expenses	<u>\$ 1,060,633</u>	<u>\$ -</u>	<u>\$ 1,060,633</u>
Change in Net Assets	\$ 496,222	\$ -	\$ 496,222
Net Assets, Beginning of Year	<u>(36,621)</u>	<u>-</u>	<u>(36,621)</u>
Net Assets, End of Year	<u>\$ 459,601</u>	<u>\$ -</u>	<u>\$ 459,601</u>

(See Accompanying Notes and Auditor's Report)

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>
<u>Personnel, Salaries and Benefits:</u>				
Contracted Leadership	\$ 223,692	\$ 85,749	\$ 123,030	\$ 14,913
Contracted Operational and Clerical Staff	81,035	40,517	36,466	4,052
Contracted Teachers	179,030	179,030	-	-
Contracted Employee Benefits	22,000	16,070	5,300	630
Professional Development	6,369	4,789	1,580	-
Travel and Meetings	<u>3,131</u>	<u>2,355</u>	<u>776</u>	<u>-</u>
Total Personnel, Salaries and Benefits	<u>\$ 515,257</u>	<u>\$ 328,510</u>	<u>\$ 167,152</u>	<u>\$ 19,595</u>
<u>Direct Student Costs:</u>				
Supplies and Materials	\$ 7,568	\$ 7,568	\$ -	\$ -
Contracted Instruction Fees	178,273	178,273	-	-
Textbooks	8,402	8,402	-	-
Other Student Costs	<u>14,118</u>	<u>14,118</u>	<u>-</u>	<u>-</u>
Total Direct Student Costs	<u>\$ 208,361</u>	<u>\$ 208,361</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Occupancy Costs:</u>				
Rent	\$ 102,732	\$ 75,039	\$ 24,750	\$ 2,943
Maintenance and Repairs	4,174	3,049	1,005	120
Utilities	5,045	3,685	1,215	145
Contracted Building Services	<u>37,821</u>	<u>27,626</u>	<u>9,112</u>	<u>1,083</u>
Total Occupancy Costs	<u>\$ 149,772</u>	<u>\$ 109,399</u>	<u>\$ 36,082</u>	<u>\$ 4,291</u>

(See Accompanying Notes and Auditor's Report)

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>
<u>Office Expenses:</u>				
Office Supplies and Materials	\$ 21,199	\$ 15,941	\$ 5,258	\$ -
Equipment Rental	2,829	2,127	702	-
Telecommunications	5,690	4,279	1,411	-
Professional Fees	98,375	-	98,375	-
Printing and Publications	2,323	1,747	576	-
Computer and Related	<u>25,729</u>	<u>19,348</u>	<u>6,381</u>	<u>-</u>
Total Office Expenses	<u>\$ 156,145</u>	<u>\$ 43,442</u>	<u>\$ 112,703</u>	<u>\$ -</u>
<u>General Expenses:</u>				
Insurance	\$ 7,786	\$ -	\$ 7,786	\$ -
Administration Fee	13,861	10,423	3,438	-
Depreciation	7,715	5,801	1,914	-
Fees and Licenses	<u>1,736</u>	<u>-</u>	<u>1,736</u>	<u>-</u>
Total General Expenses	<u>\$ 31,098</u>	<u>\$ 16,224</u>	<u>\$ 14,874</u>	<u>\$ -</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,060,633</u>	<u>\$ 705,936</u>	<u>\$ 330,811</u>	<u>\$ 23,886</u>

(See Accompanying Notes and Auditor's Report)

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

Cash Flows from Operating Activities:

Changes in Net Assets	\$ 496,222
Adjustments to Reconcile Changes in Net Assets to Net Cash Flows from Operating Activities:	
Depreciation and Amortization	7,715
Accounts Receivable - (Increase)/Decrease	(777)
Grants Receivable - (Increase)/Decrease	(2,500)
Prepaid Expenses - (Increase)/Decrease	(2,357)
Deposits - (Increase)/Decrease	(15,000)
Accounts Payable and Accrued Expenses - Increase/(Decrease)	(4,030)
Deferred Rent	<u>5,982</u>
Net Cash Flows from Operating Activities	<u>\$ 485,255</u>

Cash Flows from Investing Activities:

Purchase of Property and Equipment	<u>\$ (81,943)</u>
Net Cash Flows from Investing Activities	<u>\$ (81,943)</u>
Net Increase in Cash and Cash Equivalents	\$ 403,312
Cash and Cash Equivalents at Beginning of Year	<u>1,000</u>
Cash and Cash Equivalents at End of Year	<u>\$ 404,312</u>

Supplemental Disclosures:

- a) No income taxes were paid during the year ended June 30, 2019.

(See Accompanying Notes and Auditor's Report)

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION:

The Family Place Public Charter School (the Charter School), a District of Columbia Not-for-Profit organization, was incorporated on July 13, 2017, exclusively for educational purposes.

The mission of The Family Place Public Charter School is to improve the literacy and workplace skills of low-income limited English proficient adults in the District so that they and their family are self-sustaining, employable and engaged in their community.

Our vision is that all adults and families will be literate, self-sufficient, economically viable, and civically connected to the District community.

The Family Place Public Charter School is a place where learners' life experiences are looked upon as assets, they bring to the learning experience. Both the curriculum and the instructional approach take this into consideration. Our curriculum design is thematic reflecting learners' real-life experiences and situations. We meet students where they are and help them progress to the next levels in literacy as well as workplace skills.

Our delivery model is Two Generational (2Gen). This delivery model successfully taps into the multiplier effects and benefits of educating parents and children together and helps our adult learners reach their goals.

The Family Place Public Charter School carries out its mission and vision by offering three educational pathways for adult students and support services for their children and family.

The three educational pathways are:

1. ESL Life and Work Skills: We offer three different proficiency levels to meet the English needs of our students in the context of their daily lives and work situations. At the basic literacy and lower proficiency levels, our program focuses on developing the language skills needed for day-to-day activities such as going to the doctor, taking the bus, shopping, and/or managing money. As the students gain English proficiency, instruction shifts to higher-level skills such as job-specific vocabulary, workforce development language, and critical thinking strategies.

We use the sheltered instruction model that integrates language and content instruction together in the classroom. The curriculum is organized into thematic units at each level that align with the CASAS life skills competencies and uses the CASAS Content Standards to identify the underlying language skills students need at each proficiency level.

During the 2018-2019 school year, The Family Place Public Charter School offered five ESL classes ranging from Beginning, Intermediate, to Advanced in three different time slots - morning, afternoon, and evening.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION: (Continued)

2. Foundations of Literacy: This program is offered in partnership with the Mexican Consulate. It is an Adult Basic Education program for native Spanish speakers who are marginally literate in their native language. This program focuses on students' attainment of native language literacy which as research indicates helps them succeed in ESL classes. The Foundations of Literacy program model is individualized and meets students at their literacy level, which ranges from learning the alphabet to completing specific grade-level equivalencies. As students pass the benchmarks in this program, they can earn an elementary and/or secondary diploma. Foundations of Literacy is offered daily in the morning and evening sessions.
3. Child Development Associate (CDA): Our Child Development Associate (CDA) program prepares learners for jobs in the early childhood education field. The CDA Credential is based on a core set of national competency standards, which guide early childcare professionals as they work toward becoming qualified teachers of young children. The course is a 600-hour bilingual training program that prepares students to succeed on the national credentialing exam to become certified CDAs. CDAs enter the labor market at above minimum wage jobs and are able to access more advanced training over the course of their careers in child development. CDA training is offered in four areas: infants-toddlers; preschoolers; family childcare, and home visiting.

The Family Place Public Charter School, together with its partner, The Family Place non-profit, create a virtuous circle that provides parents with the skills needed to achieve their education and literacy goals, economic self-sufficiency, and community connectedness. It also enables each young child to achieve developmental, physical, and cognitive success. Thanks to our innovative model, our clients benefit from shared leadership, facilities, and resources, enabling them to pass seamlessly through the separate organizations to benefit from all services.

Our 2 Agencies-2 Generational infrastructure results in a one-of-its-kind learning community in which all learners are teachers and all teachers are learners. Each person takes responsibility for ensuring the optimal learning environment. Although The Family Place Public Charter School is new, its partner, The Family Place non-profit, has nearly 40 years' experience serving the target population. Together, the partnership is formidable and cannot help but be successful.

The decision to enroll in The Family Place Public Charter School is a revolutionary, pattern-breaking act for many of our students. Some did not receive educational encouragement in their native countries, while others were actively discouraged from pursuing their education. To succeed, they need the type of comprehensive infrastructure offered by The Family Place Public Charter School - The Family Place non-profit to get encouragement, build confidence, and, for parents, to feel they are also fighting for their children's educational success. Parents cannot succeed if their children are left behind. The 2 Agencies-2 Generation infrastructure meets this need and gives students concrete evidence they can achieve and succeed.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of The Family Place 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.

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.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(c) Corporate Taxes:

The Family Place 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 June 14, 2018. Accordingly, no provisions for income taxes have been provided for in the accompanying financial statements. 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). The Charter School did not have any net unrelated business income for the year ended June 30, 2019.

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

(d) Grants:

Foundation Grants

Grant revenues from foundations are recognized as increases in unrestricted net assets unless use of related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expiration of restrictions (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) is reported as net assets released from restrictions between the applicable classes of net assets.

Government Grants

The Charter School receives grants from federal and state governmental agencies for various purposes in the form of exchange transactions. 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:

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(e) Net Assets: (Continued)

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.

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. At June 30, 2019, there were no net assets with donor restrictions available.

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

	<u>June 30, 2019</u>
Crimson Bridge Foundation	<u>\$ 15,000</u>
Total Net Assets Released from Restrictions	<u><u>\$ 15,000</u></u>

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(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. There were no donated services or materials recognized during the year ended June 30, 2019.

(g) 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. General and administrative costs pertain to supporting activities. Fundraising expenses relate to fundraising activities such as generating contributions and seeking unsolicited financial support and grants.

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 instruction fees, student supplies and materials, textbooks, and other student costs.

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 contracted salaries, contracted payroll taxes and contracted employee benefit plans are allocated based on management's estimates 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, meetings, and professional development are generally allocated between administrative and program functions on a percentage basis that is equivalent to that determined for salaries and wages.
- Office and occupancy costs, such as office supplies, telephone, computer related, rent, utilities, and similar expenses are allocated based on personnel expense.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(h) 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.

(i) Recognition of Salary Expense:

Contracted salary expense is recognized in the year the service is rendered, which coincides with the academic year. Contracted salaries unpaid at June 30 are recognized as expense and accounts payable.

(j) 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.

(k) 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.
- The statement 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.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

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.

	<u>June 30, 2019</u>
Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 404,312
Accounts and Grants Receivable	<u>3,277</u>
Total Financial Assets	<u>\$ 407,589</u>
Less Amounts Not Available for General Expenditure Within One Year:	<u>\$ -</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 407,589</u>

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.

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 Family Place 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 year 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.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

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>
Checking Accounts - Interest-Bearing	\$ 53,642
Money Market Mutual Account	<u>350,670</u>
Total Cash and Cash Equivalents	<u>\$ 404,312</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 an 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 the interest-bearing transaction accounts are aggregated with interest-bearing deposits and the combined total insured up to \$250,000.

As of June 30, 2019, \$350,670 was held in a brokerage 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. The Charter School has not experienced any loss related to this account and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

6. ACCOUNTS, GRANTS AND PROMISES RECEIVABLE:

Accounts and Grants Receivable

Accounts and grants receivable are current and considered to be fully collectible by management. Balances as of June 30, 2019, consisted of the following:

	<u>June 30, 2019</u>
<u>Accounts Receivable</u>	
Reimbursable Expenses	\$ <u>777</u>
Total Accounts Receivable	\$ <u>777</u>
 <u>Grants Receivable</u>	
Mayor's Office of Latino Affairs	\$ <u>2,500</u>
Total Grants Receivable	\$ <u>2,500</u>

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

6. 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 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 year ended June 30, 2019.

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. For the year ended June 30, 2019, there were no outstanding promises to give.

7. 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 \$1,000 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. Any asset that does not meet these criteria, such as small tools and equipment or repairs and maintenance will be expensed. Bulk purchases of capital assets with unit costs of less than \$1,000 but total monetary values for one-time acquisitions exceeding \$5,000 are capitalized as a group and depreciated per the relevant classification schedule. 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 year ended June 30, 2019, was \$7,715. Maintenance and repairs are charged to expenses as incurred.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

7. FIXED ASSETS: (Continued)

Major classifications of fixed assets and their estimated useful lives are as summarized below:

	<u>Depreciable Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Leasehold Improvements	Remaining Life of Lease	\$ 78,768	\$ 7,391	\$ 71,377
Computers	3 Years	3,175	324	2,851
Office Furniture and Equipment	7 Years	-	-	-
Classroom Furniture and Equipment	7 Years	-	-	-
Total Fixed Assets		<u>\$ 81,943</u>	<u>\$ 7,715</u>	<u>\$ 74,228</u>

8. DEFERRED RENT:

Accounting principles generally accepted in the United States of America require that rent expense, pursuant to a non-cancelable lease that includes fixed scheduled rent increases, be recorded on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected as deferred rent in the accompanying statements of financial position. The Charter School entered into an operating lease agreement, as more fully discussed in Note 12, for the rental of space at 3309 16th Street, NW, in Washington, DC. As a result of these agreements, a net amount of \$5,982 representing future payments has been recorded as a liability to adjust the actual rent paid to conform to the straight-line basis. The balance of the unamortized deferred rent at June 30, 2019, was \$5,982. A summary of the net rent obligation and change in deferred rent related to these leases are as follows:

<u>Year Ending June 30,</u>	<u>Rent Obligation</u>	<u>Deferred Rent</u>	<u>Rent Payment</u>
2020	\$ 102,732	\$ (3,079)	\$ 99,653
2021	102,732	(90)	102,642
2022	102,732	2,990	105,722
2023	<u>102,732</u>	<u>6,161</u>	<u>108,893</u>
Total	<u>\$ 410,928</u>	<u>\$ 5,982</u>	<u>\$ 416,910</u>

9. 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 June 2, 2017, provided for a 15-year charter unless sooner terminated in accordance with the contract.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

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

The charter contract may be renewed for successive 15-year periods if the DCPCSB deems that The Family Place 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 Family Place Public Charter School’s charter every five years, with the first review in 2024. 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 school year) 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 year ended June 30, 2019, the Charter School incurred \$13,861 in administrative fees.

The charter contract provides that The Family Place 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 120 students. Audit enrollment for the 18/19 year was 120 students.

10. 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 \$9,486 for the adult educational allotment and \$3,263 for the facility allotment. Additional allotments were made for special education services and residential services. Per-pupil funding for the year ended June 30, 2019, was as follows:

	<u>June 30, 2019</u>
Alternative Education	\$ 1,138,274
Facilities Allowance	391,560
English Language Learners	<u>5,222</u>
Total	<u>\$ 1,535,056</u>

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

11. FEDERAL ENTITLEMENTS AND GRANTS:

During the year ended June 30, 2019, the Charter School did not participate in any federal award programs. 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.

12. COMMITMENTS:

Building Lease - 3309 16th Street, NW

On June 17, 2018 the Charter School entered into a five (5) year lease agreement with The Family Place, Inc., to occupy a portion of the building at 3309 16th Street, NW, Washington, DC. The lease commenced on July 1, 2018. Under the terms of the lease, the Charter School is required to make monthly payments of \$8,062, which are increased annually by 3% on the anniversary of the commencement date and end June 30, 2023. The lease contains an option for the Charter School to extend the lease for three (3) separate periods of five (5) years each. Total rent expense for the year ended June 30, 2019, was \$102,732. Future required minimum rental lease payments along with the change in deferred rent over the remaining life of the lease are as follows:

<u>Year Ending June 30,</u>	<u>Rent Obligation</u>	<u>Deferred Rent</u>	<u>Rent Payment</u>
2020	\$ 102,732	\$ (3,079)	\$ 99,653
2021	102,732	(90)	102,642
2022	102,732	2,990	105,722
2023	<u>102,732</u>	<u>6,161</u>	<u>108,893</u>
Total	<u>\$ 410,928</u>	<u>\$ 5,982</u>	<u>\$ 416,910</u>

13. RELATED PARTY TRANSACTIONS:

The Family Place, Inc.

The Family Place, Inc., is a not-for-profit corporation, which assisted in creating The Family Place Public Charter School. The Family Place Public Charter School and The Family Place, Inc., have separate independent boards of directors and all relationships between the two organizations are by contract.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

13. RELATED PARTY TRANSACTIONS: (Continued)

The Family Place, Inc. (Continued)

The Charter School leased employees and facilities from The Family Place, Inc., for the year ended June 30, 2019. The Charter School paid The Family Place, Inc., for contracted employees in the amount of \$483,757 for the year ended June 30, 2019. Payments to The Family Place, Inc., for contracted employees are made on a cost reimbursement basis the following month. Payments for related contracted employee benefits at June 30, 2019, were \$22,000.

During the year ended June 30, 2019, the Charter School reimbursed The Family Place, Inc., \$269,176 for telephone, supplies, professional fees, employee benefits and professional development.

On June 17, 2018, the Charter School entered into a lease to lease space from The Family Place, Inc., for a period of five years commencing on July 1, 2018, and expiring on June 30, 2023, as more fully described in Note 12. The Charter School paid The Family Place, Inc., \$96,750 in rent for the year ended June 30, 2019.

On June 30, 2019, an amount payable to The Family Place, Inc., of \$26,272 was reflected in the Charter School's statement of financial position as part of accounts payable and accrued expenses.

Board Member Relationships

During the year ended June 30, 2019, two board members were family members.

14. 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 year ended June 30, 2019, ninety-nine percent (99%) 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 Family Place must compete for students against the DC Public School system as well as other DC Public Charter Schools.

THE FAMILY PLACE PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

15. SUBSEQUENT EVENTS:

Financial Statement Preparation

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 3, 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.

16. FUNDRAISING:

During the years ended June 30, 2019, expenses incurred for the purpose of fundraising were \$23,886.

17. ADVERTISING:

Advertising costs are expensed when incurred. Advertising activities were conducted for the purpose of promoting open enrollment to the Charter School and to provide outreach to the community. Direct advertising costs in the amount of \$10,165 were incurred during the year ended June 30, 2019.

18. EMPLOYEE BENEFITS:

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

	<u>June 30, 2019</u>
Health, Dental and Vision Insurance	\$ 16,958
Workers Compensation Insurance	<u>5,042</u>
Total	<u>\$ 22,000</u>

Kendall, Prebola and Jones, LLC
Certified Public Accountants

Board of Directors
The Family Place Public Charter School
3309 16th Street, NW
Washington, DC 20010

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 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 Family Place 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 3, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Family Place 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 The Family Place Public Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter 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.

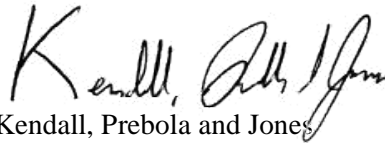
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Family Place 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 Charter 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 Charter School'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 3, 2019

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

There were no audit findings in the prior year, as this is a first year audit.

THE FAMILY PLACE 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 The Family Place 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 Family Place 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.

THE FAMILY PLACE 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>
The Family Place, Inc.	Staffing Supplies, Professional Services	N/A	no
The Family Place, Inc.	Housekeeping, Case Management, Payroll Processing, Childcare	237,331	no
The Family Place, Inc.	Rent	96,750	no
EdOps	Accounting	48,620	no