



**WASHINGTON LEADERSHIP ACADEMY,  
PUBLIC CHARTER HIGH SCHOOL**

**Financial Statements and Supplemental Information**

*For the Year Ended June 30, 2018*

*(With Summarized Financial Information for the Year Ended June 30, 2017)*



**and  
Report Thereon**



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

WASHINGTON LEADERSHIP ACADEMY, PUBLIC CHARTER HIGH SCHOOL

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For the Year Ended June 30, 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Washington Leadership Academy, Public Charter High School

We have audited the accompanying financial statements of Washington Leadership Academy, Public Charter High School (WLA), which comprise the statement of financial position as of June 30, 2018, 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 Washington Leadership Academy, Public Charter High School as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Report on Summarized Comparative Information*

We have previously audited WLA's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 27, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### *Report on Supplemental Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of vendor expenses over \$25,000 on page 13 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 as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2018, on our consideration of WLA'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 WLA'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 WLA's internal control over financial reporting and compliance.

*Raffa, P.C.*

**Raffa, P.C.**

Washington, D.C.  
November 2, 2018

WASHINGTON LEADERSHIP ACADEMY, PUBLIC CHARTER HIGH SCHOOL

STATEMENT OF FINANCIAL POSITION

June 30, 2018

(With Summarized Financial Information as of June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 2,982,879	\$ 566,435
Receivables	74,122	170,985
Prepaid expenses	<u>72,136</u>	<u>61,480</u>
Total Current Assets	3,129,137	798,900
Deposits	5,000	34,980
Property and equipment, net	<u>189,116</u>	<u>188,725</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,323,253</u></b>	<b><u>\$ 1,022,605</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 219,263	\$ 140,853
Deferred revenue	<u>2,461</u>	<u>18,543</u>
<b>TOTAL LIABILITIES</b>	<b><u>221,724</u></b>	<b><u>159,396</u></b>
Net Assets		
Unrestricted	1,133,082	763,209
Temporarily restricted	<u>1,968,447</u>	<u>100,000</u>
<b>TOTAL NET ASSETS</b>	<b><u>3,101,529</u></b>	<b><u>863,209</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,323,253</u></b>	<b><u>\$ 1,022,605</u></b>

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

WASHINGTON LEADERSHIP ACADEMY, PUBLIC CHARTER HIGH SCHOOL

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

(With Summarized Information for the Year Ended June 30, 2017)

	Unrestricted	Temporarily Restricted	2018	2017
<b>REVENUE AND SUPPORT</b>				
Per pupil allocation	\$ 4,095,596	\$ -	\$ 4,095,596	\$ 2,043,938
Private grants and contributions	-	2,014,188	2,014,188	254,675
Federal grants and entitlements	284,145	-	284,145	363,922
In-kind contributions	178,202	-	178,202	107,323
Other revenue	8,146	-	8,146	3,964
Local government grants and program revenue	5,141	-	5,141	2,559
Net assets released from restrictions: Satisfaction of program restrictions	145,741	(145,741)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>4,716,971</b>	<b>1,868,447</b>	<b>6,585,418</b>	<b>2,776,381</b>
<b>EXPENSES</b>				
Program Service:				
High school education	3,480,508	-	3,480,508	1,906,536
<b>Total Program Service</b>	<b>3,480,508</b>	<b>-</b>	<b>3,480,508</b>	<b>1,906,536</b>
Supporting Services:				
Management and general	842,266	-	842,266	613,659
Development and fundraising	24,324	-	24,324	20,255
<b>Total Supporting Services</b>	<b>866,590</b>	<b>-</b>	<b>866,590</b>	<b>633,914</b>
<b>TOTAL EXPENSES</b>	<b>4,347,098</b>	<b>-</b>	<b>4,347,098</b>	<b>2,540,450</b>
<b>CHANGE IN NET ASSETS</b>	<b>369,873</b>	<b>1,868,447</b>	<b>2,238,320</b>	<b>235,931</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>763,209</b>	<b>100,000</b>	<b>863,209</b>	<b>627,278</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,133,082</b>	<b>\$ 1,968,447</b>	<b>\$ 3,101,529</b>	<b>\$ 863,209</b>

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

**WASHINGTON LEADERSHIP ACADEMY, PUBLIC CHARTER HIGH SCHOOL**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended June 30, 2018**

**(With Summarized Information for the Year Ended June 30, 2017)**

	Program Service	Supporting Services			
	High School Education	Management and General	Development and Fundraising	2018 Total	2017 Total
<b>Personnel, Salaries and Benefits:</b>					
Salaries	\$ 1,921,505	\$ 292,488	\$ 15,886	\$ 2,229,879	\$ 1,228,130
Payroll taxes	150,277	23,846	1,309	175,432	102,950
Employee benefits	139,277	20,825	1,143	161,245	69,810
Contracted labor	79,332	4,688	-	84,020	51,467
Professional development	60,325	9,572	525	70,422	44,062
Other contracted labor-related expense	29,461	4,931	-	34,392	24,714
<b>Total Personnel, Salaries and Benefits</b>	<b>2,380,177</b>	<b>356,350</b>	<b>18,863</b>	<b>2,755,390</b>	<b>1,521,133</b>
<b>Direct Student Costs:</b>					
Student food service	120,232	-	-	120,232	60,772
Contracted instruction fees	85,089	-	-	85,089	39,553
Supplies, materials and snacks	78,674	-	-	78,674	103,542
Textbooks	46,888	-	-	46,888	24,872
Travel	34,913	-	-	34,913	3,374
Student assessments	16,900	-	-	16,900	3,698
Student recruiting	7,986	-	-	7,986	2,988
<b>Total Direct Student Costs</b>	<b>390,682</b>	<b>-</b>	<b>-</b>	<b>390,682</b>	<b>238,799</b>
<b>Occupancy Expenses:</b>					
Rent	557,926	88,531	4,860	651,317	329,337
Depreciation and amortization – facilities	434	-	-	434	398
Contracted building services	171	29	-	200	12,350
Maintenance and repairs	-	-	-	-	1,527
<b>Total Occupancy Expenses</b>	<b>558,531</b>	<b>88,560</b>	<b>4,860</b>	<b>651,951</b>	<b>343,612</b>
<b>Office Expenses:</b>					
Office supplies	27,608	36,308	240	64,156	56,590
Telecommunications	36,738	5,830	320	42,888	29,699
Computer support	1,215	193	11	1,419	8,234
Postage	939	149	8	1,096	505
Printing and copying	3	-	-	3	2,166
<b>Total Office Expenses</b>	<b>66,503</b>	<b>42,480</b>	<b>579</b>	<b>109,562</b>	<b>97,194</b>
<b>General Expenses:</b>					
Legal fees	11,923	156,923	-	168,846	114,348
Accounting, auditing and payroll	-	107,929	-	107,929	65,951
Depreciation and amortization – operating assets	67,677	11,328	-	79,005	57,253
Authorizer fees	-	39,726	-	39,726	24,135
Professional and consulting fees	2,515	18,318	22	20,855	60,259
Insurance	-	18,550	-	18,550	11,769
Dues, fees, licenses and fines	2,500	2,102	-	4,602	5,997
<b>Total General Expenses</b>	<b>84,615</b>	<b>354,876</b>	<b>22</b>	<b>439,513</b>	<b>339,712</b>
<b>TOTAL EXPENSES</b>	<b>\$ 3,480,508</b>	<b>\$ 842,266</b>	<b>\$ 24,324</b>	<b>\$ 4,347,098</b>	<b>\$ 2,540,450</b>

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

WASHINGTON LEADERSHIP ACADEMY, PUBLIC CHARTER HIGH SCHOOL

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2018

(With Summarized Information for the Year Ended June 30, 2017)

Increase (Decrease) in Cash

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,238,320	\$ 235,931
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	79,439	57,651
Changes in assets and liabilities:		
Receivables	96,863	(72,039)
Prepaid expenses	(10,656)	(14,120)
Deposits	29,980	(12,190)
Accounts payable and accrued expenses	78,410	71,428
Deferred revenue	<u>(16,082)</u>	<u>18,543</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,496,274</u>	<u>285,204</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(79,830)</u>	<u>(166,549)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(79,830)</u>	<u>(166,549)</u>
NET INCREASE IN CASH	2,416,444	118,655
CASH, BEGINNING OF YEAR	<u>566,435</u>	<u>447,780</u>
CASH, END OF YEAR	<u>\$ 2,982,879</u>	<u>\$ 566,435</u>

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



WASHINGTON LEADERSHIP ACADEMY, PUBLIC CHARTER HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018

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1. Organization and Summary of Significant Accounting Policies

**Organization**

Washington Leadership Academy, Public Charter High School (WLA) is a not-for-profit corporation incorporated in the District of Columbia in February 2014. The school's mission is to prepare students with the knowledge, skills and habits required for success in college and lives of public leadership. Since its inception, WLA's revenue and other support has consisted primarily of local funding (per pupil allocations) from the District of Columbia, federal grants and private grants.

**Basis of Accounting**

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

**Receivables**

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

**Property and Equipment**

Property and equipment are carried at cost. Depreciation and amortization are recorded using the straight-line method over the estimated useful lives of the assets.

Computer hardware	3 years
Software	3 years
Furniture and fixtures	7 years

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

**Classification of Net Assets**

The net assets of WLA are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for general support of WLA's operations.
- Temporarily restricted net assets represent amounts that are subject to donor-imposed restrictions, to be used for a particular purpose or within a specific time period.

**Revenue Recognition**

Grants and contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted revenue and support.

WASHINGTON LEADERSHIP ACADEMY, PUBLIC CHARTER HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018

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

**Revenue Recognition (continued)**

When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of a restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions. Unconditional grants and contributions are reported as revenue in the fiscal year in which payments are received and/or unconditional promises to give are made.

Federal grants and contracts treated as exchange transactions are recognized as costs are incurred on the basis of direct costs plus allowable indirect expenses. Revenue recognized on grants and contracts for which payments have not been received is reflected as receivables in the accompanying statement of financial position. Payments received before services are provided and costs are incurred are reflected as deferred revenue in the accompanying statement of financial position.

**Federal and Charter School Funding**

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

**In-Kind Contributions**

In-kind contributions represent the value of pro bono legal assistance, donated computers, and donated bicycles. These donations are recorded at their fair value as of the date of the donation, and are included in in-kind contributions and management and general in the accompanying statement of activities and in legal fees in the accompanying statement of functional expenses.

**Estimates**

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

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated proportionately among the program and supporting services based on direct expenses incurred for the program.

WASHINGTON LEADERSHIP ACADEMY, PUBLIC CHARTER HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018

2. Receivables

Receivables consisted of the following as of June 30, 2018:

Federal grants	\$ 51,350
Other	<u>22,772</u>
Total Receivables	<u>\$ 74,122</u>

As of June 30, 2018, all amounts were considered fully collectible and due within one year.

3. Property and Equipment and Accumulated Depreciation and Amortization

WLA's property and equipment consisted of the following at June 30, 2018:

Computer hardware	\$ 159,675
Furniture and fixtures	85,632
Software	83,400
Leasehold improvements	<u>2,133</u>
Total Property and Equipment	330,840
Less: Accumulated Depreciation and Amortization	<u>(141,724)</u>
Property and Equipment, Net	<u>\$ 189,116</u>

Depreciation and amortization expense was \$79,439 for the year ended June 30, 2018.

4. Temporarily Restricted Net Assets

As of June 30, 2018, temporarily restricted net assets were available for the following purposes:

XQ super school project	\$ 1,968,251
Civil rights road trip	<u>196</u>
Total	<u>\$ 1,968,447</u>

5. Charter School Funding – Per Pupil Allocation

Per pupil allocation funding for the year ended June 30, 2018, was composed of the following:

General education	\$ 2,552,762
Facility allowance	686,067
Special education	504,202
At-risk students	267,308
Special education compliance	55,101
English language learners	<u>30,156</u>
Total Per Pupil Allocation	<u>\$ 4,095,596</u>

Continued

WASHINGTON LEADERSHIP ACADEMY, PUBLIC CHARTER HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018

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6. Risks and Commitments

**Concentration of Credit Risk**

WLA maintains its cash with various commercial financial institutions with which its aggregate balance may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of June 30, 2018, WLA had approximately \$2,957,000 composed of demand deposits, exceeding the maximum limit insured by the FDIC by approximately \$2,457,000. WLA monitors the creditworthiness of this institution and has not experienced any historical credit losses on its cash and cash equivalents.

**Use Agreement**

WLA entered into a use agreement to lease building space for its office and schools which is scheduled to expire on June 30, 2021. This use agreement includes four five-year renewal terms at the option of WLA. The agreement also provides WLA with an option to purchase the premises at any time after the fifth year but prior to the 10th year of the lease effective date. The purchase price will be equal to the total all-in actual costs, prorated where necessary, of acquiring, financing, repairing and renovating the premises. The rent payment is determined as a usage fee, which is in amount equal to the number of students enrolled as of the census date of each usage year multiplied by the greater of the per pupil facilities allowance received by WLA from the District of Columbia or \$3,124. The total annual usage fee for each 12-month period throughout the term commences on July 1 and is payable in quarterly installments on August 1, November 1, February 1 and May 1. Future annual payments are based on the same usage fee formula, and there are no cancellation penalties.

Rent expense totaled \$651,317 for the year ended June 30, 2018.

**Major Contributor**

WLA receives a substantial portion of its revenue from D.C. If a significant reduction in this revenue should occur, it could have a material effect on WLA's programs. During the year ended June 30, 2018, WLA earned per pupil funding revenue of \$4,095,596 from the District of Columbia, which was approximately 62% of WLA's total revenue and support for the year. This revenue is reflected as per pupil allocation in the accompanying statement of activities.

7. XQ Super School Project

In 2016, the Washington Leadership Academy Super School Team (the Team), composed of individual team members, was awarded a winner's grant of up to \$10,000,000 (the Winner's Grant) to design, build and operate a Super School. Though WLA was identified as the site and school where the Team would develop and implement the Super School, WLA was not the entrant or winner of the XQ Super School Project Contest. In accordance with the terms of the Contest Winner Agreement, the Team identified Education Forward DC (Ed Forward) as the entity approved to receive and administer the Winner's Grant. Ed Forward may not disburse or use any part of the Winner's Grant for any other purpose without XQ's prior written approval and also has the sole discretion to award grant funds through an intermediary entity, subject to

WASHINGTON LEADERSHIP ACADEMY, PUBLIC CHARTER HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018

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7. XQ Super School Project (continued)

such intermediary entity entering into a Super School Agreement with XQ. XQ is to pay the Winner's Grant to Ed Forward in semi-annual installments, contingent upon compliance with certain milestones and requirements, including the payment in calendar year 2018 of \$3,584,000, payable in two tranches of \$1,000,000 for purposes of a Virtual Reality Pilot Program at WLA and the remaining balance to be used in accordance with the approved budget plan.

In December 2017, XQ, Ed Forward and WLA entered into a subsequent grant agreement. Given WLA's need for funding to advance implementation of the XQ Super School as planned, XQ granted \$2,000,000 directly to WLA, which will be deducted from the Winner's Grant. This grant is subject to WLA completing and complying with the milestones specified in the XQ agreement with Ed Forward, including the design and development of the Team's XQ Super School. For the year ended June 30, 2018, WLA recognized \$2,000,000 in grant revenue upon achievement of the required milestones. This revenue is included in private grants and contributions in the accompanying statement of activities.

8. Pension Plan

WLA sponsors a 403(b) plan that covers all employees who work 20 hours or more per week. Employees are eligible to participate in the plan immediately upon hire. WLA makes discretionary contributions to match employee contributions, the amount of which match is determined on an annual basis. Employees are eligible for discretionary employer match contributions after one month of service. Pension expense was \$44,161 for the year ended June 30, 2018, and is included in employee benefits in the accompanying statement of functional expenses.

9. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, WLA is exempt from the payment of taxes on income other than net unrelated business income. For the year ended June 30, 2018, no provision for income taxes was made, as WLA had no net unrelated business income.

WLA has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in Financial Accounting Standards Board Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. WLA performed an evaluation of uncertainty in income taxes for the year ended June 30, 2018, 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. It is WLA's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax expense.

**WASHINGTON LEADERSHIP ACADEMY, PUBLIC CHARTER HIGH SCHOOL**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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10. Reclassification

Certain 2017 amounts have been reclassified for comparative purposes to conform to the 2018 presentation.

11. Prior Year Summarized Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with WLA's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

12. Legal Matters

During the year ended June 30, 2018, WLA had a claim brought against it pursuant to the Individuals with Disabilities Education Act. WLA is currently in consultation with its legal counsel regarding this matter. WLA does not expect an unfavorable outcome but, should one occur, WLA's insurance would cover the expenses and the School would be liable for only its deductible under its insurance policy.

13. Subsequent Events

WLA management has evaluated subsequent events through November 2, 2018, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these financial statements.

**SUPPLEMENTAL INFORMATION**

WASHINGTON LEADERSHIP ACADEMY, PUBLIC CHARTER HIGH SCHOOL

SCHEDULE OF VENDOR EXPENSES OVER \$25,000  
For the Year Ended June 30, 2018

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Vendor	Type of Service	Amount
St. Paul on Fourth Street, Inc	Rent and utilities	\$ 347,982
Top Spanish Cafe and Catering Inc.	Food services	108,158
DC Health Link	Health insurance	95,544
EdOps	Financial and business consulting	65,036
Amazon	Miscellaneous items	36,908
AlignStaffing	Temporary staffing services – dedicated aides for special education students	32,173
The MECCA Group, LLC	Special education services	25,566
Raffa P.C.	Audit and other tax preparation services	25,551
The Hanover Insurance Group	Insurance – workers' compensation and business	25,386
Therapy Source, Inc	Special education services	25,300





Certified Public Accountants

**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**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Washington Leadership Academy, Public Charter High School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Washington Leadership Academy, Public Charter High School (WLA), which comprise the statement of financial position as of June 30, 2018, 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 2, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered WLA'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 WLA's internal control. Accordingly, we do not express an opinion on the effectiveness of WLA'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 WLA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and

material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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

*Raffa, P.C.*

**Raffa, P.C.**

Washington, D.C.  
November 2, 2018