



November 13, 2019

The Board of Trustees
Washington Yu Ying Public Charter School
Washington, DC

We have audited the financial statements of Washington Yu Ying Public Charter School (“Yu Ying”) for the year ended June 30, 2019, and have issued our report thereon dated November 13, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 8, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Yu Ying are described in Note B to the financial statements. During 2019, Yu Ying implemented Accounting Standards Update (“ASU”) 2016-14, which improves net asset classification and the information presented in the financial statements notes about Yu Ying’s liquidity, financial performance, and cash flow. The implementation of ASU 2016-14 was applied retrospectively as required and the 2018 disclosures were updated to conform with the new standard. We noted no transactions entered into by Yu Ying during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the allocation of expenses on a functional basis. The estimate is based on direct expenses incurred, where applicable, and management’s allocations of indirect expenses. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosure affecting the financial statements was the disclosure of the valuation method of the fair value of Yu Ying’s interest rate swap in Note G to the financial statements. The fair value of Yu Ying’s interest rate swap is based on a calculated mathematical approximation of market values derived from proprietary models of the bank.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 13, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Yu Ying's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Yu Ying's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the accompanying supplemental vendor schedules required by D.C. Public Charter School Board ("DCPCSB") these are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and has not been subjected to the auditing procedures applied in the audit of the financial statements.

This information is intended solely for the use of Board of Trustees and management of Yu Ying and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Jane Morrison & McQuade PA