ELSIE WHITLOW STOKES COMMUNITY FREEDOM PUBLIC CHARTER SCHOOL

Financial Statements and Supplemental Schedules Together with Reports of Independent Public Accountants

For the Years Ended June 30, 2015 and 2014

SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

JUNE 30, 2015 AND 2014

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Trustees
Elsie Whitlow Stokes Community Freedom
Public Charter School

Report on the Financial Statements

We have audited the accompanying statements of financial position of the Elsie Whitlow Stokes Community Freedom Public Charter School (the School), as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the auditing standards established pursuant to the District of Columbia School Reform Act, Public law No. 104-134, 110 Stat. 1321-121, 2204(C)(11)(B)(ix)(1996); D.C. Official Code 38-1802.04(ii)(B)(2001, as amended). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

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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 School as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying supplemental schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements for the years ended June 30, 2015 and 2014. Also, the accompanying schedule of expenditures of Federal awards for the year ended June 30, 2015, is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 30, 2015, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 School's internal control over financial reporting and compliance.

Washington, DC
October 30, 2015

SB + Company, LLC

ELSIE WHITLOW STOKES COMMUNITY FREEDOM PUBLIC CHARTER SCHOOL

Statements of Financial Position
As of June 30, 2015 and 2014

	2015	2014
ASSETS		
Current Assets		
Cash	**$ 1,739,439**	$ 1,009,221
Investments	**8,578**	8,704
Accounts receivable	**167,556**	29,071
Grants receivable	**85,111**	219,364
Prepaid expenses	**25,602**	34,811
Total Current Assets	**2,026,286**	1,301,171
Property and equipment, net	**8,931,209**	9,181,669
Security deposit	**7,101**	7,101
Deferred financing costs, net	**74,210**	90,401
Other assets	**74,653**	25,124
Total Assets	**$ 11,113,459**	$ 10,605,466
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	**$ 528,708**	$ 494,221
Deferred revenue	**45,503**	248,000
Capital lease - current portion	**6,472**	6,472
Notes payable - current portion	**316,706**	318,276
Total Current Liabilities	**897,389**	1,066,969
Capital lease, net of current portion	**1,546**	6,079
Notes payable, net of current portion	**6,412,864**	6,729,595
Interest rate swap	**193,696**	168,059
Total Liabilities	**7,505,495**	7,970,702
Net Assets		
Unrestricted	**3,607,964**	2,634,764
Total Liabilities and Net Assets	**$ 11,113,459**	$ 10,605,466

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

ELSIE WHITLOW STOKES COMMUNITY FREEDOM PUBLIC CHARTER SCHOOL

Statements of Activities and Change in Net Assets
For the Years ended June 30, 2015 and 2014

	2015	2014
UNRESTRICTED NET ASSETS		
Revenue and Support:		
Per pupil allocations	**$ 6,383,867**	$ 5,685,903
Federal entitlements	**237,147**	323,445
Federal grants	**551,939**	625,294
Grants and contributions	**53,098**	61,860
Before and after care	**270,109**	197,297
Student fees	**44,190**	45,167
Food services	**608,640**	208,073
Interest income	**416**	3,098
Building rental	**29,450**	27,300
Other	**27,162**	16,728
Total Revenue and Support	**8,206,018**	7,194,165
Expenses		
Program Services	**6,123,422**	5,907,248
Supporting Services:		
General and administrative	**978,876**	946,081
Fundraising	**130,520**	126,147
Total Supporting Services	**1,109,396**	1,072,228
Total Expenses	**7,232,818**	6,979,476
Change in net assets	**973,200**	214,689
Net assets, beginning of year	**2,634,764**	2,420,075
Net Assets, End of Year	**$ 3,607,964**	$ 2,634,764

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

ELSIE WHITLOW STOKES COMMUNITY FREEDOM PUBLIC CHARTER SCHOOL

Statements of Cash Flows
For the Years ended June 30, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Changes in net assets	**$ 973,200**	$ 214,689
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	**313,327**	319,109
Net unrealized loss (gain) on investments	**126**	(1,305)
Effect of changes in non-cash operating assets and liabilities:		
Accounts receivable	**(138,485)**	(19,312)
Grants receivable	**134,253**	(25,460)
Prepaid expenses	**9,209**	(31,811)
Accounts payable and accrued expenses	**34,487**	39,128
Deferred revenue	**(202,497)**	69,005
Interest rate swap liability	**25,637**	168,059
Net Cash from Operating Activities	**1,149,257**	732,102
Cash Flows from Investing Activities		
Purchases of property and equipment	**(46,676)**	-
Purchases of investments	**(49,529)**	(25,124)
Cash Flows from Investing Activities	**(96,205)**	(25,124)
Cash Flows from Financing Activities		
Principal payments on capital leases	**(4,533)**	(17,601)
Principal payments on notes payable	**(318,301)**	(306,443)
Net Cash from Financing Activities	**(322,834)**	(324,044)
Net change in cash	**730,218**	382,934
Cash, beginning of year	**1,009,221**	626,287
Cash, End of Year	**$ 1,739,439**	$ 1,009,221
Supplemental Disclosure		
Cash paid during the year for interest	**$ 346,098**	$ 356,612
Assets acquired under capital leases	**$ -**	$ 30,152

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

Notes to the Financial Statements
June 30, 2015 and 2014

1. ORGANIZATION AND PROGRAM

Elsie Whitlow Stokes Community Freedom Public Charter School (the School) was incorporated in 1998 as a public charter school and enrolls students in kindergarten through fifth grade. The School's mission is to provide an exemplary academic experience in a small nurturing environment to 350 culturally diverse, young children and to focus on high academic standards, early foreign languages, multi-cultural and international education, and to prepare students for citizenship through community service. The School's revenue and other support consist primarily of contributions and grants from the District of Columbia and the Federal government.

On July 1, 1998, the School entered into a contract with the District of Columbia Board of Education granting the School a charter for the establishment of a public charter school in Washington, DC. The charter was renewed on July 1, 2013, and shall continue for a term of 15 years unless renewed, revoked, or terminated by the District of Columbia Board of Education for violations of applicable laws and conditions, terms and procedures set forth in the charter. The School's current charter provides for enrollment of up to 350 students in kindergarten through sixth grade. Under the provisions of the contract, the District of Columbia Board of Education is to make annual payments to the School for services provided to the students based on the number of students attending the School each year.

In June 2014, the School became part of a consortium of schools, including: the District of Columbia Bilingual Public Charter School (DC Bilingual); Latin American Montessori Bilingual Public Charter School (LAMB); Mundo Verde Bilingual Public Charter School (Mundo Verde); and Washington Yu Ying Public Charter School (Yu Ying) (collectively, Consortium Members) that jointly formed the District of Columbia International School (DCI). DCI operates as a public charter school and currently serves students in sixth and seventh grades but will eventually enroll students in grades six through twelve.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the School have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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 and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are recorded at fair market value. Investment income, including unrealized gains or losses, is reported through the change in net assets as unrestricted unless restricted by the donor or by law.

Accounts and Grants Receivable

The School provides an allowance for doubtful accounts equal to the estimated uncollectible accounts. The School's estimate is based on historical collection experience and a review of the current status of specific accounts and grants receivable. There was no allowance for the years ended June 30, 2015 and 2014, as management believes that these amounts are fully collectible.

Property and Equipment, Net

Property and equipment valued in excess of $500, are capitalized and recorded at cost if purchased or estimated fair market value as of the date of gift, if donated. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which range from 3 to 39 years.

Deferred Financing Costs

Deferred financing costs consist of debt issuance costs, such as bank fees and legal costs associated with obtaining the note payable from BB&T Bank. The debt financing costs are $113,339, and are being amortized using the straight line method over the term of the loan, which approximates the effective interest rate method. Amortization cost for each of the years ended June 30, 2015 and 2014, was $16,191, and was recorded as amortized loan fees in the accompanying statements of functional expenses. The accumulated amortized expense as of June 30, 2015 and 2014, was $39,129 and $22,938, respectively.

Net Assets

Unrestricted net assets are assets and contributions that are not restricted by donors or for which restrictions have expired.

Temporarily restricted net assets are those whose uses by the School have been limited by donors primarily for a specific time period or purpose. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets. If a donor restriction is met in the same reporting period in which the contribution is received, the contribution (to the extent that the restrictions have been met) is reported as unrestricted net assets. There were no temporarily restricted net assets as of June 30, 2015 and 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

Permanently restricted net assets are those that are restricted by donors to be maintained by the School in perpetuity. There were no permanently restricted net assets as of June 30, 2015 and 2014.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded when pledged and classified as unrestricted, temporarily or permanently restricted support, depending on the existence and/or nature of any donor imposed restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and change in net assets as net assets released from restrictions.

Revenue Recognition

The 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 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 in the accompanying statements of financial position. Revenue from other government sources are recognized as earned. Food service revenue is recognized for food services provided to other schools. Costs are shared and the schools are billed based on an allocation of the number of meals provided. In addition, the School recognizes building rental revenue for the rental of the School space on weekends.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services that benefit from those costs. General and administrative expenses include those expenses that are not directly identified with any other specific function but provide for the overall support and direction of the School.

Income Taxes

The School is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable District of Columbia income tax laws.

Accounting principles generally accepted in the United States of America 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 of tax positions taken or expected to be taken in a tax return. The School performed an evaluation of uncertain tax positions for the year ended June 30, 2015, and determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax-exempt status. As of June 30, 2015, the statute of limitations for fiscal years 2012 through 2015, remains open with the U.S. Federal jurisdiction or the various states and local jurisdictions in which the School files tax returns. It is the School's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

Subsequent Events

The School evaluated subsequent events and transactions through October 30, 2015, the date the financial statements were available for issue, and has determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

3. INVESTMENTS

Accounting standards generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

3. INVESTMENTS (continued)

The three levels of the fair value hierarchy under generally accepted accounting principles are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School has the ability to access.

Level 2 Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for investments measured at fair value.

Mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

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

3. INVESTMENTS (continued)

The following table sets forth by level, the fair value hierarchy of the School's investments at fair value as of:

	As of June 30, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Large growth funds	**$ 8,578**	**$ -**	**$ -**	**$ 8,578**

	As of June 30, 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Large growth funds	$ 8,704	$ -	$ -	$ 8,704

Gains and losses on investments are reported in the accompanying statements of activities and changes in net assets as interest income. The unrealized (losses)/gains on the mutual funds for the years ended June 30, 2015 and 2014, were $(126) and $1,305, respectively.

4. PROPERTY AND EQUIPMENT

As of June 30, 2015 and 2014, property and equipment consisted of the following:

	2015	**2014**	**Estimated Useful Life**
Building	**$ 10,735,987**	$ 10,735,987	39 years
Furniture and equipment	**91,766**	560,287	5 years
Leasehold improvements	**58,718**	12,046	10 years
Auto	**9,003**	9,003	5 years
Capital leases	**54,357**	151,180	3-5 years
Total	**10,949,831**	11,468,503	
Less: accumulated depreciation	**2,018,622**	2,286,834	
Property and Equipment, Net	**$ 8,931,209**	$ 9,181,669	

Depreciation expense was $297,136 and $302,917, for the years ended June 30, 2015 and 2014, respectively.

5. NOTES PAYABLE

Notes payable consisted of the following as of June 30, 2015 and 2014:

Notes Payable	Maturity	2015	2014
BB&T Note Payable of $6,868,000	January 18, 2020	**$ 6,478,061**	$ 6,644,015
BB&T Note Payable of $612,000	January 18, 2017	**251,509**	403,856
Total Notes Payable		**$ 6,729,570**	$ 7,047,871

In January 2013, the School signed an agreement with BB&T Bank (the Bank) to refinance its United Bank construction note payable and the DC Office of Public Chartered Schools note payable. The term loan has a principal balance of $6,478,061, as of June 30, 2015, and bears interest at 1 month LIBOR plus 2.75. The interest rate as of June 30, 2015 and 2014, was 2.94%. Principal and interest payments of $37,399, are due monthly, with the balance due in full at the end of the seven-year period.

The School also entered into an agreement with the Bank to pay off its loan with Building Hope. The principal balance of the term loan is $251,509, as of June 30, 2015, and bears interest at 3.21% annually. The four-year term loan requires monthly principal payments of $13,603, plus interest and matures on January 18, 2017.

The future minimum payments on the notes payable as of June 30, 2015, were as follows:

Years Ending June 30,	Amount
2016	$ 316,706
2017	288,972
2018	188,874
2019	197,197
2020	5,737,821
Total	**$ 6,729,570**

These notes have certain financial covenants that require annual financial statements to be submitted within 120 days after year end, semi-annual interim financial statements to be provided within 30 days of each 6-month time period, and maintenance of debt service financial ratios.

Interest expense on these notes was $369,796 and $354,413, for the years ended June 30, 2015 and 2014, respectively.

6. LINE OF CREDIT

In January 2013, the School obtained a line of credit that allows for borrowings of up to $100,000. The line of credit has an interest rate at the Bank's prime rate. Any outstanding balances on this line of credit are secured by all assets of the School. There was no outstanding balance as of June 30, 2015 and 2014.

7. VALUATION OF INTEREST RATE SWAP AGREEMENT

In July 2013, the School entered into an interest rate swap agreement with a bank for a six-and-a-half year term ending January 2020, to fix the effective interest rate on the note payable. Under the agreement, the School pays the bank a fixed rate of interest at 4.91%, and the bank pays the School a variable rate of interest based on 2.75% of LIBOR index on a monthly basis. The interest payments are based on the notional amount which is equal to the outstanding principal balance of the notes payable, which was $6,478,061 and $6,644,015, as of June 30, 2015 and 2014, respectively. In accordance with accounting principles generally accepted in the United States of America, as of June 30, 2015 and 2014, the School recorded a liability of $193,696 and $168,059, respectively, which approximated the fair market value of the interest rate swap. An adjustment was recorded to properly state the swap liability at fair market value, and the amount was included in the mortgage interest expense in the accompanying statements of activities and change in net assets. The amount of swap interest incurred for the years ended June 30, 2015 and 2014, was $25,637 and $132,152, respectively.

8. RETIREMENT PLAN

The School has a 403(b) plan. All full time employees who have reached the age of 21 and have been employed for more than one year are eligible to participate in this tax-deferred retirement plan (the Plan). The School's contribution is 3% for employees with less than four years of experience and 5% thereafter. Employees may also make discretionary contributions. Pension expense totaled $112,503 and $126,098, for the years ended June 30, 2015 and 2014, respectively.

Supplemental Executive Retirement Plan

Effective January 30, 2014, the School provides a noncontributory supplemental executive retirement plan (the SERP plan) for a certain retired executive under section 457(f) of the Internal Revenue Code of 1986, as amended. The School's contributions to the SERP plan are established each year at the discretion of the Board of Directors. The participant is vested based on the provisions set forth in the SERP plan document, which was approved by the Board of Directors during fiscal year 2014. As of June 30, 2015 and 2014, the School held $74,653 and $25,124, respectively, of deferred compensation in an account that is administered by the School, which has been recorded as a non-current asset in the accompanying statements of financial position.

9. COMMITMENTS AND CONTINGENCIES

Grants

The School receives financial assistance from Federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the School. The School's administration believes such disallowance, if any, would be immaterial.

The School receives a substantial portion of its revenue from the District of Columbia. If a significant reduction in this revenue should occur, it may have an effect on the School's programs. During the years ended June 30, 2015 and 2014, the School earned revenue of $7,172,953 and $6,634,642, from the District of Columbia, which is 87% and 92% of the total revenue and support, respectively. These amounts are reflected as per pupil allocation, and Federal grants and entitlements in the accompanying statements of activities and changes in net assets.

Operating Lease

The School leases equipment under a non-cancelable operating lease agreement. As of June 30, 2015, the School's obligation for future minimum lease payments was $6,483, for the year ended June 30, 2016.

Capital Lease

The School also leases a vehicle under a capital lease that expires in 2017. The leased vehicle is included in property and equipment at a cost of $30,152, of which $15,745, was financed.

Future minimum payments as of June 30, 2015, were as follows:

Years Ending June 30,	Amount
2016	$ 6,472
2017	2,697
Total Minimum Lease Payment	9,169
Less: amounting representing interest	
(at an effective monthly rate of 1.53%)	1,151
Present Value of the Net Minimum Lease Payments	**$ 8,018**

Interest expense related to the capital leases was $1,939 and $2,199, for the years ended June 30, 2015 and 2014, respectively.

SUPPLEMENTARY INFORMATION

ELSIE WHITLOW STOKES COMMUNITY FREEDOM PUBLIC CHARTER SCHOOL

Supplemental Schedule of Functional Expenses
For the Year Ended June 30, 2015 with Comparable Totals for 2014

	2015				2014
	Educational Programs	General and Administrative	Fundraising	Total	Total
SALARIES, TAXES AND BENEFITS					
Salaries	$ 3,360,500	$ 607,319	$ 80,976	$ 4,048,795	$ 3,938,703
Employee benefits	656,788	118,697	15,826	791,311	748,426
Professional development	26,581	4,804	641	32,026	28,904
Total salaries, taxes and benefits	4,043,869	730,820	97,443	4,872,132	4,716,033
DIRECT STUDENT COSTS					
Supplies and materials	122,536	-	-	122,536	75,886
Transportation	-	-	-	-	1,040
Contracted instruction fees	225,611	-	-	225,611	172,435
Student assessments	9,411	-	-	9,411	9,308
School activities	91,980	-	-	91,980	85,044
Food services	131,394	-	-	131,394	195,000
DCI - consortium fees	49,906	-	-	49,906	70,094
Other student costs	76,142	-	-	76,142	44,105
Total direct student costs	706,980	-	-	706,980	652,912
OCCUPANCY EXPENSES					
Note payable interest expense	306,931	55,469	7,396	369,796	522,472
Capital lease interest expense	1,609	291	39	1,939	2,199
Amortized loan fees	13,438	2,429	324	16,191	16,191
Utilities	76,547	13,834	1,845	92,226	95,332
Contracted building services	158,869	28,711	3,828	191,408	176,813
Maintenance and repairs	31,193	5,637	752	37,582	43,193
Depreciation	229,075	41,399	5,520	275,994	277,327
Total occupancy expenses	817,662	147,770	19,704	985,136	1,133,527
OFFICE EXPENSES					
Office supplies and materials	7,339	1,326	177	8,842	8,261
Office equipment rental/maintenance	218	39	5	262	283
Depreciation	17,548	3,171	423	21,142	25,590
Telecommunications	16,620	3,004	401	20,025	3,754
Professional fees	104,622	18,908	2,521	126,051	213,528
Printing and publications	45,623	8,245	1,099	54,967	49,165
Postage and shipping	950	172	23	1,145	1,902
Other	8,251	1,491	199	9,941	7,747
Total office expenses	201,171	36,356	4,848	242,375	310,230
GENERAL EXPENSES					
Insurance	51,994	9,396	1,253	62,643	56,344
Dues and subscriptions	7,162	1,295	173	8,630	8,498
Transportation	6,919	1,251	167	8,337	11,763
Food Services - Stokes Kitchen	197,736	35,735	4,765	238,236	19,369
DC PCSB administration fee	58,851	10,636	1,418	70,905	33,391
Marketing and advertising	3,186	576	77	3,839	8,701
Bank/credit card service fees	9,327	1,686	225	11,238	7,915
Other general expense	18,565	3,355	447	22,367	20,793
Total general expenses	353,740	63,930	8,525	426,195	166,774
Total Expenses	$ 6,123,422	$ 978,876	$ 130,520	$ 7,232,818	$ 6,979,476

ELSIE WHITLOW STOKES COMMUNITY FREEDOM PUBLIC CHARTER SCHOOL

Supplemental Schedule of Functional Expenses
For the Year Ended June 30, 2014

	Educational Programs	General and Administrative	Fundraising	Total
SALARIES, TAXES AND BENEFITS				
Salaries	$ 3,269,124	$ 590,805	$ 78,774	$ 3,938,703
Employee benefits	621,192	112,264	14,970	748,426
Professional development	23,990	4,336	578	28,904
Total salaries, taxes and benefits	3,914,306	707,405	94,322	4,716,033
DIRECT STUDENT COSTS				
Supplies and materials	75,886	-	-	75,886
Transportation	1,040	-	-	1,040
Contracted instruction fees	172,435	-	-	172,435
Student assessments	9,308	-	-	9,308
School activities	85,044	-	-	85,044
Food services	195,000	-	-	195,000
DCI - consortium fees	70,094			70,094
Other student costs	44,105	-	-	44,105
Total direct student costs	652,912	-	-	652,912
OCCUPANCY EXPENSES				
Note payable interest expense	433,652	78,371	10,449	522,472
Capital lease interest expense	1,825	330	44	2,199
Amortized loan fees	13,438	2,429	324	16,191
Utilities	79,124	14,300	1,908	95,332
Contracted building services	146,755	26,522	3,536	176,813
Maintenance and repairs	35,850	6,479	864	43,193
Depreciation	230,181	41,599	5,547	277,327
Total occupancy expenses	940,825	170,030	22,672	1,133,527
OFFICE EXPENSES				
Office supplies and materials	6,857	1,239	165	8,261
Office equipment rental/maintenance	235	42	6	283
Depreciation	21,239	3,839	512	25,590
Telecommunications	3,116	563	75	3,754
Professional fees	177,228	32,029	4,271	213,528
Printing and publications	40,806	7,376	983	49,165
Postage and shipping	1,579	285	38	1,902
Other	6,430	1,162	155	7,747
Total office expenses	257,490	46,535	6,205	310,230
GENERAL EXPENSES				
Insurance	46,765	8,452	1,127	56,344
Dues and subscriptions	7,053	1,275	170	8,498
Transportation	9,764	1,764	235	11,763
Food Services - Stokes Kitchen	16,077	2,905	387	19,369
DC PCSB administration fee	27,714	5,009	668	33,391
Marketing and advertising	7,222	1,305	174	8,701
Bank/credit card service fees	6,570	1,187	158	7,915
Other general expense	17,258	3,119	416	20,793
Total general expenses	138,423	25,016	3,335	166,774
Total Expenses	$ 5,903,956	$ 948,986	$ 126,534	$ 6,979,476

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Trustees
Elsie Whitlow Stokes Community Freedom
Public Charter School

Report on the Financial Statements

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 Elsie Whitlow Stokes Community Freedom Public Charter School (the School), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Washington, DC
October 30, 2015

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Trustees
Elsie Whitlow Stokes Community Freedom
Public Charter School

Report on Compliance for Each Major Federal Program

We have audited Elsie Whitlow Stokes Community Freedom Public Charter School's (the School's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the School's major Federal program for the year ended June 30, 2015. The School's major Federal program is identified in the summary of Independent Public Accountant's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the School's compliance with the applicable compliance requirements based on our compliance audit. Our responsibility is to express an opinion on compliance for each of the School's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2015.

1299 Pennsylvania Avenue NW • Suite 1120 • Washington • District of Columbia 20004 • P 202.803.2335 • F 202-821-1320

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Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on its major Federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Washington, DC
October 30, 2015

SB & Company, LLC

ELSIE WHITLOW STOKES COMMUNITY FREEDOM PUBLIC CHARTER SCHOOL

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Agency Pass-through Entity Federal Program/State Project	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture (USDA)			
Pass-through DC Public Schools			
National School Lunch Program	10.555	10014	**$ 182,236**
Child and Adult Care Food Program	10.558	Unknown	**75,686**
Fresh Fruits and Vegetables	10.582	Unknown	**18,020**
Total U.S. Department of Agriculture			**275,942**
U.S Department of Education (ED)			
Pass-through DC Public Schools			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.010A	32010A	**33,370**
Title I Grants to Local Educational Agencies	84.010A	42010A	**12,388**
Title I Grants to Local Educational Agencies	84.010A	42010A	**162,186**
Total Title I, Part A			**207,944**
Special Education Cluster			
Special Education - Grants to Local Education Agencies	84.027A	42027A	**52,505**
Special Education - Preschool Grants	84.173A	42173A	**842**
Total Special Education Cluster			**53,347**
After School Learning Grant	84.287C	32287C-14-0506	**8,141**
Preparing, Training & Recruiting High Quality Teachers & Principals	84.367A	32367A	**5,732**
Improving Teacher Quality State Grants	84.367A	22367A	**4,023**
			9,755
Scholarships for Opportunity and Results (SOAR) Cluster			
Addressing Special Population	84.370	Unknown	**36,483**
Replication & Growth Grant	84.370	Unknown	**77,965**
Increasing Academic Quality	84.370	Unknown	**117,567**
Total SOAR Cluster			**232,015**
State Fiscal Stabilization Fund			
Race to the Top Incentive Grants	84.395	SG367A	**25,774**
Total U.S. Department of Education			**536,976**
U.S. Department of Health and Human Services			
Medicaid	93.778	N/A	**10,067**
TOTAL FEDERAL AWARDS			**$ 822,985**

The accompanying notes are an integral part of this schedule.

ELSIE WHITLOW STOKES COMMUNITY FREEDOM PUBLIC CHARTER SCHOOL

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Federal grant operations of the Elsie Whitlow Stokes Community Freedom Public Charter School (the School) are included in the scope of the U.S. Office of Management and Budget (OMB) Circular A-133 audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB Circular A-133 Compliance Supplement (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the major grant programs noted below. The programs on the schedule of expenditures of Federal awards represent all Federal award programs and other grants with fiscal year 2015 cash or non-cash expenditure activities. For our single audit testing, we tested the below Federal award programs to ensure coverage of at least 25% of Federally granted funds. Our actual coverage was 26%.

Major Program	CFDA Number	Federal Expenditures
Title I Grants to Local Educational Agencies	84.010A	**$ 207,944**

2. BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal awards has been accounted for on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

ELSIE WHITLOW STOKES COMMUNITY FREEDOM PUBLIC CHARTER SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section I – Summary of Independent Public Accountant's Results

Financial Statements

Type of Independent Public Accountant's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of Independent Public Accountant's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major program:

Major Program	CFDA Number	Federal Expenditures
Title I Grants to Local Educational Agencies	84.010A	**$ 207,944**
Threshold used to distinguish between type A and type B programs		$ 300,000
Auditee qualified as low-risk auditee?		Yes

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section II – Financial Statement Findings

None Noted.

Section III - Federal Award Findings

None Noted.

ELSIE WHITLOW STOKES COMMUNITY FREEDOM PUBLIC CHARTER SCHOOL

Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2014

There were no audit findings reported in accordance with OMB Circular A-133 for the year ended June 30, 2014.