

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**

**FINANCIAL STATEMENTS AND SCHEDULES  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

With Reports of Independent Auditors

For the Years Ended June 30, 2015 and 2014



**Walker & Co., LLP**

*Assurance, Business and Advisory Services*

# MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL

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Walker & Co., LLP  
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## **REPORT OF INDEPENDENT AUDITORS**

Board of Trustees  
Mary McLeod Bethune Day Academy Public Charter School

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Mary McLeod Bethune Day Academy Public Charter School, which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

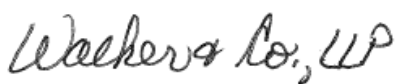
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mary McLeod Bethune Day Academy Public Charter School, as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 November 18, 2015 on our consideration of Mary McLeod Bethune Day Academy Public Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mary McLeod Bethune Day Academy Public Charter School's internal control over financial reporting and compliance.



Washington D.C  
November 18, 2015

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**STATEMENTS OF FINANCIAL POSITION**

	June 30,	
	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 1,890,877	\$ 2,144,533
Grants and accounts receivable	295,392	209,453
Prepaid expenses	41,718	6,467
<b>Total current assets</b>	<u>2,227,987</u>	<u>2,360,453</u>
Other assets	8,595	5,000
Property and equipment, net	1,091,228	556,834
<b>Total Assets</b>	<u><u>\$ 3,327,810</u></u>	<u><u>\$ 2,922,287</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 80,563	\$ 33,029
Accrued expenses	322,474	322,046
Deferred revenue	-	225,435
<b>Total current liabilities</b>	<u>403,037</u>	<u>580,510</u>
<b>Net Assets</b>		
Unrestricted	2,924,773	2,341,777
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 3,327,810</u></u>	<u><u>\$ 2,922,287</u></u>

See notes to financial statements.

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

	Year ended June 30,	
	2015	2014
<b>SUPPORT AND REVENUE</b>		
<b>Support</b>		
Grants	\$ 29,845	\$ 18,300
Federal grants	620,376	620,575
<b>Total support</b>	<u>650,221</u>	<u>638,875</u>
<b>Revenue</b>		
Per pupil allotments	6,646,151	6,372,167
Other income	3,154	16,162
<b>Total revenue</b>	<u>6,649,305</u>	<u>6,388,329</u>
<b>Total Support and Revenue</b>	<u>7,299,526</u>	<u>7,027,204</u>
<b>EXPENSES</b>		
Program services	5,582,719	4,900,964
Management and general	1,133,811	1,059,919
<b>Total Expenses</b>	<u>6,716,530</u>	<u>5,960,883</u>
<b>CHANGES IN NET ASSETS</b>	582,996	1,066,321
<b>NET ASSETS, Beginning of Year</b>	<u>2,341,777</u>	<u>1,275,456</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 2,924,773</u>	<u>\$ 2,341,777</u>

See notes to financial statements.

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**STATEMENTS OF CASH FLOWS**

	Year ended June 30,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 582,996	\$ 1,066,321
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Bad debt expense	4,019	-
Loss from theft	2,348	-
Depreciation	127,330	80,745
Change in grants and accounts receivable	(89,958)	26,414
Change in prepaid expenses	(35,251)	29,947
Change in other assets	(3,595)	3,500
Change in accounts payable	47,534	1,540
Change in accrued expenses	428	(43,111)
Change in deferred revenue	(225,435)	16,041
Net cash provided by operating activities	<u>410,416</u>	<u>1,181,397</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(664,072)</u>	<u>(301,541)</u>
<b>Net Change in Cash</b>	(253,656)	879,856
<b>CASH, Beginning of Year</b>	<u>2,144,533</u>	<u>1,264,677</u>
<b>CASH, End of Year</b>	<u><u>\$ 1,890,877</u></u>	<u><u>\$ 2,144,533</u></u>

See notes to financial statements.

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2015 and 2014,

**NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS**

Mary McLeod Bethune Day Academy Public Charter School (Mary McLeod or the School) was organized in 2004 to operate a charter school pursuant to Section 2203 of the District of Columbia (DC or District) Education Law and in accordance with related charter agreements with the DC Board of Education (the Board). During fiscal year 2007, the Board ceded its oversight responsibility and chartering authority for all charter schools under its jurisdiction to the District of Columbia Public Charter School Board (DCPCSB).

The mission of Mary McLeod is to operate a high performing day school providing a challenging academic program in a supportive, parentally involved, and diverse learning environment thus enabling each student to achieve academic success, talent, and positive social development. The School currently serves 373 students and its activities are primarily funded through local appropriations received from the District.

**Program services**

*Academics*

The School's mission is accomplished by engaging children in powerful learning experiences based on world-class educational methods and standards, providing strong community and parental involvement, and fostering an energetic and highly motivated staff, respecting the abilities and potential of what each child can achieve. The entire school community works cooperatively to create a safe and caring learning environment nurturing and empowering students, their parents and the teaching staff. At present, the program supports pre-school through eighth grade students.

*Food services*

The School participates in the National School Lunch Program, School Breakfast Program and After School Snack Program. As a Non-Pricing School all meals are provided at no charge to students. The School pays the difference between the cost of serving meals at no charge and the federal reimbursement.

*Before/aftercare*

Before/after-care is provided to all students desiring to participate for a weekly or daily fee. Hours of operations are structured so as to be in congruence with the typical workday of parents of the students. Both programs offer food service to students.



**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2015 and 2014,

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of significant accounting policies utilized in the preparation of the financial statements is as follows:

*Basis of accounting*

The financial statements of Mary McLeod have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP), whereby revenues are recognized when earned and expenses are recorded when the related obligations have been incurred.

*Basis of presentation*

Mary McLeod's financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements*. Under ASC section 958 subtopic 205, the School reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted, based on the existence or absence of donor-imposed restrictions. The School has neither temporarily nor permanently restricted net assets.

*Use of 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.

*Grants and accounts receivable*

Grants and accounts receivable are stated at net realizable value. On a periodic basis, management evaluates its receivable balances and establishes an allowance for doubtful accounts based on management's analysis of possible bad debts. Receivable balances are written off at the time management determines that the receivable will not be collected.

*Property and equipment*

Property and equipment valued at \$1,000 and greater are capitalized and recorded at cost, if purchased, or estimated fair value at the date of gift, if donated.

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015 and 2014,

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Property and equipment (Continued)*

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to twenty years.

Repairs, maintenance and minor replacements are expensed as incurred while major replacements and/or improvements that extend the useful lives of assets are capitalized.

*Accounts payable and accrued expenses*

Accounts payable and accrued expenses include accrued payroll, employee vacation and other expenses.

*Deferred revenue*

Mary McLeod receives money in advance for its summer school program. Funds received prior to June 30 for the summer school period July and August are deferred and recognized as revenue in the subsequent year.

*Support and revenue*

The School receives funding for its programs and general administrative activities from the federal and District governments as well as foundations. Revenues related to government grants are recognized when expenses are incurred. Government funds received in excess of expenses are designated for use in future periods and recorded as deferred revenue.

Unconditional grants and contributions are recorded when pledged or awarded and classified as unrestricted or temporarily restricted support depending on the existence and/or nature of any donor or grantor restrictions.

*Net asset categories*

**Unrestricted net assets** are assets not subject to donor-imposed stipulations. Included are expendable resources used to support the School's core activities. Donor-restricted contributions that are received and expended in the same year are classified as unrestricted. All expenses are recorded as a reduction to unrestricted net assets.

**Temporarily restricted net assets** are assets subject to donor-imposed stipulations that may or will be met, either by actions of the School and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. The School does not have any Temporarily Restricted net assets at June 30, 2015.

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015 and 2014,

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Expense allocations*

The costs of providing the educational program 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 program and supporting services that benefited from these costs. General and administrative expenses include supporting expenses not directly identifiable with any other specific function but provide for the overall support and direction of the School.

**NOTE 3      INCOME TAXES**

Mary McLeod received a determination letter from the Internal Revenue Service exempting the School from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and applicable income tax laws and regulations of the District of Columbia. The School is classified as other than a private foundation within the meaning of Section 509(a)(1) of the Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

In accordance with FASB ASC 740, *Income Taxes*, management evaluated its activities and determined that the School had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the accounting standard. Accordingly, there are no unrecognized benefits or applicable interest and penalties that should be recorded. In general, the School's tax returns for the 2015, 2014 and 2013 tax years are subject to examination by federal, state and local authorities.

**NOTE 4      CONCENTRATIONS OF RISK**

*Cash*

Mary McLeod maintains its cash in financial institutions where, at times, balances may exceed the federally insured limit which is presently \$250,000. At June 30, 2015 and 2014, the uninsured cash balances totaled \$1,431,377 and \$1,652,527, respectively. Management does not anticipate any risk of loss from this concentration.

*Support and Revenue*

For the fiscal years ended June 30, 2015 and 2014, Mary McLeod received approximately ninety-two percent (92%) of its annual support and revenue from the District. Reduction of this source of support would have a significant impact on the School's programs and activities.

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015 and 2014,

**NOTE 4      CONCENTRATIONS OF RISK (Continued)**

*Charter Agreement*

Mary McLeod has a fifteen year charter agreement granted by the DC School Reform Act of 1995, Public Law 104-134, as amended. The School's charter is reviewed every five years and can be revoked for non-compliance. The School has no reason to believe that this can occur in the foreseeable future.

**NOTE 5      GRANTS AND ACCOUNTS RECEIVABLE**

At June 30, 2015 and 2014, the School considered all grants and accounts receivable to be fully collectible. Accordingly, the School recorded no allowance for doubtful accounts at either June 30, 2015 or 2014.

**NOTE 6      PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 301,464	\$ 241,895
Leasehold improvements	1,089,914	485,411
Vehicles	<u>83,474</u>	<u>83,474</u>
	1,474,852	810,780
Less: Accumulated depreciation	<u>(383,624)</u>	<u>(253,946)</u>
Property and equipment, net	<u>\$ 1,091,228</u>	<u>\$ 556,834</u>

Depreciation expense for the years ended June 30, 2015 and 2014, was \$127,330 and \$80,745, respectively.

**NOTE 7      OPERATING LEASE**

The School leases space under a 25 year agreement with the District of Columbia, a municipal corporation, by and through the District of Columbia Department of General Services. The lease contains a provision for an annual escalation increase equal to the lesser of 2%. The lease contains a \$46,690 monthly rent after operating cost credit. Rent expense in each fiscal year ended June 30, 2015 and 2014, amounted to \$312,036 and \$199,393, respectively which includes payments totaling \$98,204 and \$36,963, respectively for utilities and maintenance.

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015 and 2014,

**NOTE 7      OPERATING LEASE (Continued)**

Future Minimum lease payments for the fiscal years ended June 30 are as follows:

2016	\$	237,182
2017		253,126
2018		269,392
2019		285,992
2020		302,918
Thereafter		<u>9,443,172</u>
	\$	<u><u>10,791,782</u></u>

**NOTE 8      RETIREMENT PLAN**

The School maintains a defined contribution plan (the Plan) under section 401(k) of the Internal Revenue Code (the Code), under which all staff employed for at least one month of service are eligible to participate. The Plan allows for discretionary employer matching contributions equal to a percentage of eligible employees' salary deferrals, as determined each year. For fiscal years 2015 and 2014, the School matched sixty and fifty percent, respectively, of employees' contributions up to five percent of total salaries. The School's matching contributions for the fiscal years ended June 30, 2015 and 2014, totaled \$69,088 and \$44,493, respectively. These amounts are included in the statements of activities and changes in net assets.

The vesting percentages for employees matching contributions are as follows:

<u>Years of Service</u>	<u>Percentage</u>
1	20
2	40
3	60
4	80
5	100

**NOTE 9      RELATED PARTY TRANSACTIONS**

During fiscal years 2015 and 2014 the School paid Starfleet transportation \$7,100 and \$9,725, respectively for leased parking space for three school buses and one van. An owner of Starfleet is an employee of the School and relative of an officer of the School.

During fiscal years 2015 and 2014, Mary McLeod paid the Washington Charter School Athletic Association (WCSAA) \$0 and \$2,945, respectively for its students to participate in competitive sports at the facility. The Commissioner of WCSAA is a relative of an officer of the School and also the School's Facilities Manager.

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2015 and 2014,

**NOTE 10      SUBSEQUENT EVENTS**

In preparing these financial statements, Mary McLeod has evaluated events and transactions through November 18, 2015, the date the financial statements were available to be issued, for potential recognition or disclosure in the financial statements for the year ended June 30, 2015.

## SUPPLEMENTAL INFORMATION

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**SCHEDULE OF FUNCTIONAL EXPENSES (with prior year comparative totals)**

	Year ended June 30,			
	2015			2014
	Program Services	Management and General	Total	Total
<b>Personnel, Salaries and Benefits</b>				
Salaries	\$ 3,371,125	\$ 819,389	\$ 4,190,514	\$ 3,945,701
Payroll taxes	262,105	84,365	346,470	324,447
Employee benefits	276,745	89,077	365,822	304,328
<b>Total personnel, salaries and benefits</b>	<b>3,909,975</b>	<b>992,831</b>	<b>4,902,806</b>	<b>4,574,476</b>
<b>Direct Student Costs</b>				
Staff development	52,904	-	52,904	35,195
Student supplies	89,722	-	89,722	84,474
Contracted services	186,266	-	186,266	162,371
Student lunch	293,032	-	293,032	261,962
Activities/field trips	66,242	-	66,242	42,488
Transportation/bus expenses	80,472	-	80,472	69,832
Other student costs	51,236	-	51,236	10,421
<b>Total direct student costs</b>	<b>819,874</b>	<b>-</b>	<b>819,874</b>	<b>666,743</b>
<b>Occupancy Expenses</b>				
Rent	296,434	15,602	312,036	199,393
Building supplies/materials	43,668	2,298	45,966	62,229
Building maintenance and repairs	61,730	3,249	64,979	41,027
Contracted building services	157,955	8,313	166,268	62,964
<b>Total occupancy expenses</b>	<b>559,787</b>	<b>29,462</b>	<b>589,249</b>	<b>365,613</b>
<b>Office expenses</b>				
Office supplies	3,338	2,004	5,342	12,890
Office equipment rental and maintenance	28,058	4,248	32,306	17,492
Telephone/Telecom	10,630	11,202	21,832	19,265
Professional services	13,088	13,087	26,175	67,360
Advertising/recruitment	-	1,584	1,584	-
Printing, copying and postage	1,157	3,132	4,289	3,044
Payroll processing expenses	1,372	183	1,555	2,164
Other office expense	927	61	988	1,058
<b>Total office expenses</b>	<b>58,570</b>	<b>35,501</b>	<b>94,071</b>	<b>123,273</b>
<b>General Expenses</b>				
Depreciation expense	96,376	30,954	127,330	80,745
Administrative fee	55,220	17,736	72,956	30,797
Bad debt expense	2,915	1,104	4,019	9,170
Insurance	37,562	12,064	49,626	39,409
Consultants	20,601	6,616	27,217	11,425
Other general expenses	21,839	7,543	29,382	59,232
<b>Total general expenses</b>	<b>234,513</b>	<b>76,017</b>	<b>310,530</b>	<b>230,778</b>
<b>Total Expenses</b>	<b>\$ 5,582,719</b>	<b>\$ 1,133,811</b>	<b>\$ 6,716,530</b>	<b>\$ 5,960,883</b>

See notes to financial statements.



SINGLE AUDIT

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Education:</b>		
<i>Pass-through programs from District of Columbia State Education Office</i>		
Title I Part A	84.010A	\$ <u>177,432</u>
Title II Part A	84.367A	<u>30,916</u>
Special Education Cluster (IDEA)		
IDEA Part B, Section 611	84.027A	59,845
IDEA Part B, Section 619	84.173A	<u>197</u>
Total Other Special Education (IDEA) Cluster		<u>60,042</u>
SOAR Act Funding		
FY13 Academic Quality Grants for Charters	84.370C	59,207
FY12 Addressing Special Populations	84.370	<u>11,088</u>
Total SOAR Act		<u>70,295</u>
<i>Total U.S. Department of Education</i>		<u>338,685</u>
<b>U.S. Department of Agriculture:</b>		
<i>Pass-through programs from District of Columbia Public Schools, Division of Food and Nutrition Services</i>		
Child Nutrition Cluster		
School Garden Grant/Healthy Schools Act	10.575	12,912
National School Lunch Program/Healthy Schools Act	10.555	<u>268,779</u>
Total Child Nutrition Cluster		<u>281,691</u>
<b>Total Expenditures of Federal Awards</b>		<b>\$ <u><u>620,376</u></u></b>

The accompanying notes are an integral part of this schedule.

**MARY MCLEOD BETHUNE PRIMARY DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
June 30, 2015

**NOTE 1      BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Mary McLeod Bethune Day Academy Public Charter School (Mary McLeod or the School) and is presented on the accrual basis of accounting described in Note 2 to the School's basic financial statements. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used for the preparation of the basic financial statements.

**NOTE 2      FEDERAL GRANTS**

*Special Education-Grants to States (IDEA, Part B) (CFDA 84.027) and Special Education –Preschool Grants (IDEA Preschool) (CFDA 84.173)*

The objectives of the individuals with disabilities education act are to (1) ensure that all children with disabilities have available to them a free appropriate public education (FAPE) which emphasizes special education and related services designed to meet their unique needs; (2) ensure that the rights of children with disabilities and their parents or guardians are protected; (3) assist States, localities, educational service agencies and Federal agencies to provide for the education of all children with disabilities; and (4) assess and ensure the effectiveness of efforts to educate children with disabilities. The Assistance for Education of All Children with Disabilities Program (IDEA, Part B) provides grants to States to assist them in meeting these purposes

IDEA's Special Education--Preschool Grants Program, (Preschool Grants for Children with Disabilities Program), also known as the "619 Program," provides grants to States, and through them to LEAs, to assist them in providing special education and related services to children with disabilities ages three through five and, at a State's discretion, to 2-year-old children with disabilities who will turn three during the school year

*Child Nutrition Cluster: Farm to School Grant Program (CFDA 10.575) and National School Lunch Program (CFDA 10.555)*

The objectives of the child nutrition cluster programs are to: (1) assist States in administering food services that provide healthy, nutritious meals to eligible children in public and non-profit private schools, residential child care institutions, and summer recreation programs; and (2) encourage the domestic consumption of nutritious agricultural commodities.



Walker & Co., LLP  
*Assurance, Business and Advisory Services*

**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

Board of Trustees

Mary McLeod Bethune Day Academy Public Charter 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 Mary McLeod Bethune Day Academy Public Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Mary McLeod Bethune Day Academy 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 Mary McLeod Bethune Day Academy Public Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

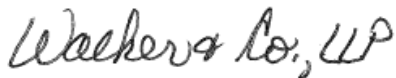
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Mary McLeod Bethune Day Academy 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 Mary McLeod Bethune Day Academy Public 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 Mary McLeod Bethune Day Academy Public Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Washington, D.C.  
November 18, 2015



Walker & Co., LLP  
*Assurance, Business and Advisory Services*

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**

**Independent Auditor's Report**

Board of Trustees

Mary McLeod Bethune Day Academy Public Charter School

**Report on Compliance for Each Major Federal Program**

We have audited Mary McLeod Bethune Day Academy Public Charter School's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Mary McLeod Bethune Day Academy Public Charter School's major federal programs for the year ended June 30, 2015. Mary McLeod Bethune Day Academy Public Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Mary McLeod Bethune Day Academy Public Charter 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 Mary McLeod Bethune Day Academy Public Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Mary McLeod Bethune Day Academy Public Charter School's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion Mary McLeod Bethune Day Academy Public Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

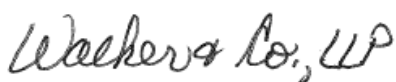
### **Report on Internal Control over Compliance**

Management of Mary McLeod Bethune Day Academy Public Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mary McLeod Bethune Day Academy Public Charter School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Mary McLeod Bethune Day Academy Public Charter School's internal control over compliance.

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

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

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



Washington, D.C.  
November 18, 2015

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2015

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? No

**Major programs:**

<u>CFDA No.</u>	<u>Name of Federal Program or Cluster</u>
84.027A and 84.173A	IDEA, Part B Cluster
10.575 and 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes



**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2015

**Section II – Findings - Financial Statement Audit**

None noted.

**Section III - Findings and Questioned Costs – Major Federal Award Programs Audit**

None noted

**MARY MCLEOD BETHUNE DAY ACADEMY PUBLIC CHARTER SCHOOL**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
Year Ended June 30, 2015

None noted.