

DC BILINGUAL PUBLIC CHARTER SCHOOL

WASHINGTON, D.C.

AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

KENDALL, PREBOLA AND JONES

Certified Public Accountants

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Kendall, Prebola and Jones, LLC
Certified Public Accountants

Board of Trustees
DC Bilingual Public Charter School
33 Riggs Road, NE
Washington, DC 20011

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the DC Bilingual Public Charter School, (a nonprofit organization) which comprise the statements of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the DC Bilingual Public Charter School, as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

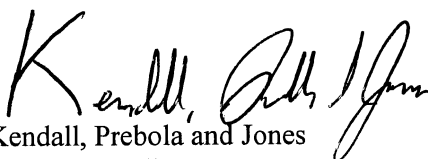
Other Matters

The financial statements of the DC Bilingual Public Charter School for the year ended June 30, 2015, were audited by other auditors, who expressed an unmodified opinion on those financial statements on November 30, 2015.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of functional expenses and schedule of average cost per student are presented for purposes of additional analysis and are not a required part of the financial statements. In addition, the accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 16, 2016, on our consideration of the DC Bilingual 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 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 DC Bilingual Public Charter School's internal control over financial reporting and compliance.



Kendall, Prebola and Jones
Certified Public Accountants

Bedford, Pennsylvania
November 16, 2016

DC BILINGUAL PUBLIC CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 1,217,395	\$ 157,951
Accounts Receivable	111,758	131,224
Grants Receivable	154,030	133,129
Prepaid Expenses	48,220	20,586
Other Current Assets	<u>-</u>	<u>84,200</u>
Total Current Assets	<u>\$ 1,531,403</u>	<u>\$ 527,090</u>
<u>Fixed Assets:</u>		
Furniture and Equipment	\$ 289,988	\$ 192,282
Computer Equipment	175,197	144,268
Leasehold Improvements	-	353,240
Less: Accumulated Depreciation and Amortization	<u>(220,527)</u>	<u>(687,988)</u>
Total Fixed Assets	<u>\$ 244,658</u>	<u>\$ 1,802</u>
<u>Other Assets:</u>		
Deposit	<u>\$ 20,000</u>	<u>\$ -</u>
Total Other Assets	<u>\$ 20,000</u>	<u>\$ -</u>
TOTAL ASSETS	<u>\$ 1,796,061</u>	<u>\$ 528,892</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts Payable and Accrued Expenses	\$ 322,474	\$ 126,317
Payroll and Related Liabilities	521,198	420,986
Current Portion of Capital Lease Payable	<u>16,732</u>	<u>-</u>
Total Current Liabilities	<u>\$ 860,404</u>	<u>\$ 547,303</u>
<u>Long-Term Liabilities:</u>		
Capital Lease Payable	\$ 76,834	\$ -
Less: Current Portion of Lease	<u>(16,732)</u>	<u>-</u>
Total Long-Term Liabilities	<u>\$ 60,102</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 920,506</u>	<u>\$ 547,303</u>
<u>Net Assets:</u>		
Unrestricted	\$ 872,180	\$ (18,411)
Temporarily Restricted	<u>3,375</u>	<u>-</u>
Total Net Assets	<u>\$ 875,555</u>	<u>\$ (18,411)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,796,061</u>	<u>\$ 528,892</u>

(See Accompanying Notes and Auditor's Report)

DC BILINGUAL PUBLIC CHARTER SCHOOL
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>June 30, 2016</u>			<u>June 30, 2015</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenues, Gains and Other Support:</u>						
Per Pupil Funding Allocation	\$ 6,586,677	\$ -	\$ 6,586,677	\$ 5,971,521	\$ -	\$ 5,971,521
Per Pupil Funding - Facilities Allowance	1,258,972	-	1,258,972	1,118,208	-	1,118,208
Federal Entitlements and Grants	1,077,694	-	1,077,694	804,486	-	804,486
State Government Grants	171,408	-	171,408	145,293	-	145,293
Private Grants and Contributions	10,638	56,174	66,812	48,274	-	48,274
Student Activity Fees	33,316	-	33,316	96,511	-	96,511
Interest and Other Income	983	-	983	-	-	-
Donated Services and Materials	56,948	-	56,948	-	-	-
Net Assets Released from Restrictions - Satisfaction of Program Restrictions	<u>52,799</u>	<u>(52,799)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>\$ 9,249,435</u>	<u>\$ 3,375</u>	<u>\$ 9,252,810</u>	<u>\$ 8,184,293</u>	<u>\$ -</u>	<u>\$ 8,184,293</u>
<u>Expenses:</u>						
Educational Services	\$ 7,468,689	\$ -	\$ 7,468,689	\$ 6,730,101	\$ -	\$ 6,730,101
General and Administrative	889,666	-	889,666	1,765,951	-	1,765,951
Fundraising	<u>489</u>	<u>-</u>	<u>489</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>\$ 8,358,844</u>	<u>\$ -</u>	<u>\$ 8,358,844</u>	<u>\$ 8,496,052</u>	<u>\$ -</u>	<u>\$ 8,496,052</u>
Changes in Net Assets	\$ 890,591	\$ 3,375	\$ 893,966	\$ (311,759)	\$ -	\$ (311,759)
Net Assets at Beginning of Year	<u>(18,411)</u>	<u>-</u>	<u>(18,411)</u>	<u>293,348</u>	<u>-</u>	<u>293,348</u>
Net Assets at End of Year	<u>\$ 872,180</u>	<u>\$ 3,375</u>	<u>\$ 875,555</u>	<u>\$ (18,411)</u>	<u>\$ -</u>	<u>\$ (18,411)</u>

(See Accompanying Notes and Auditor's Report)

DC BILINGUAL PUBLIC CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<u>Cash Flows from Operating Activities:</u>		
Changes in Net Assets	\$ 893,966	\$ (311,759)
Adjustments to Reconcile Changes in Net Assets to Net Cash Flows from/(Used In) Operating Activities:		
Depreciation and Amortization	58,605	33,109
Bad Debt Expense	-	8,229
Accounts Receivable - (Increase)/Decrease	19,466	(72,915)
Grants Receivable - (Increase)/Decrease	(20,901)	144,193
Prepaid Expenses - (Increase)/Decrease	(27,634)	233,468
Other Current Assets - (Increase)/Decrease	84,200	-
Deposits - (Increase)/Decrease	(20,000)	-
Accounts Payable and Accrued Expenses - Increase/(Decrease)	196,157	(71,167)
Payroll and Related Liabilities - Increase/(Decrease)	100,212	33,102
Deferred Rent - Increase/(Decrease)	<u>-</u>	<u>(16,942)</u>
Net Cash Flows from/(Used In) Operating Activities	<u>\$ 1,284,071</u>	<u>\$ (20,682)</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Fixed Assets	<u>\$ (211,429)</u>	<u>\$ -</u>
Net Cash Flows from Investing Activities	<u>\$ (211,429)</u>	<u>\$ -</u>
<u>Cash Flows from Financing Activities:</u>		
Payments on Capital Lease	<u>\$ (13,198)</u>	<u>\$ -</u>
Net Cash Flows from Financing Activities	<u>\$ (13,198)</u>	<u>\$ -</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ 1,059,444	\$ (20,682)
Cash and Cash Equivalents at Beginning of Year	<u>157,951</u>	<u>178,633</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,217,395</u></u>	<u><u>\$ 157,951</u></u>

Supplemental Disclosures:

- a) Interest in the amount of \$4,027 was paid during the year ended June 30, 2016. No interest was paid during the year ended June 30, 2015.
- b) No income taxes were paid during the years ended June 30, 2016 and 2015.

Non-Cash Disclosure:

- a) The Charter School obtained photocopy equipment during the year ended June 30, 2016, in the amount of \$90,032 through a capital lease obligation.

(See Accompanying Notes and Auditor's Report)

DC BILINGUAL PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION:

DC Bilingual Public Charter School (the Charter School), a District of Columbia Not-for-Profit Corporation, was incorporated in December 2003, exclusively for educational purposes. The Charter School operates as part of the District of Columbia Public School System. The mission of the Charter School is to expand educational opportunities and choices by implementing a dual language program that will enable students to meet high academic expectations and develop critical thinking, problem solving skills and a joy of learning for children from pre-kindergarten to grade five.

SCHOOL DESCRIPTION

Founded in 2004, DC Bilingual offers an innovative dual immersion Spanish and English learning program for all students, regardless of their home language. Through the Charter School's rigorous academic curriculum, comprehensive arts, technology, and athletics programs and celebration of diverse cultures, DC Bilingual's students learn the skills and values needed to become influential participants in their community.

DC Bilingual recently achieved Tier 1 status. The District of Columbia Public Charter School Board (see Notes 9 and 14) awards Tier rankings 1 through 3 based on annual evaluations of the School Quality Report. This report compiles information on each charter including re-enrollment, attendance, achievement and growth in PARCC and achievement in the PreK assessment, CLASS. Significant gains in Math and ELA (English Language Arts) in the 2015-2016 PARCC and CLASS, are directly responsible for the Charter School's Tier 1 ranking.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of the Charter School are summarized below:

(a) Basis of Accounting and Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting, which presents financial position, activities, functional expenses, and cash flows in accordance with accounting principles generally accepted in the United States of America (GAAP).

(b) Revenue Recognition:

Contributions

The Charter School has adopted Financial Accounting Standards Board ASC No. 958-605-25, *Accounting for Contributions Received and Contributions Made*. As such, contributions are recognized as revenue when they are received or unconditionally pledged.

All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions and promises to give with donor imposed conditions are recognized as unrestricted support when the conditions on which they depend are substantially met. Contributions and promises to give with donor imposed restrictions are reported as temporarily restricted support. Unconditional promises to give due in the next year are recorded at their net realizable value.

DC BILINGUAL PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(b) Revenue Recognition: (Continued)

Contributions (Continued)

The Charter School reports gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. The Charter School reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Federal and Charter School Funding

The Charter School receives a student allocation from the District of Columbia as well as federal funding to cover the cost of academic expenses. The student allocation is on a per pupil basis and includes the academic year funding, special education funding, and a facilities allotment. The Charter School recognized this funding in the year in which the school term is conducted. Funding received in advance of the school term is recorded as a refundable advance.

Federal entitlements are recognized based on the allowable costs incurred.

(c) Corporate Taxes:

The Charter School is exempt from federal and district income taxes (other than on unrelated business income) under the provisions of Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. Accordingly, no provisions for income taxes have been provided for in the accompanying financial statements. The Charter School has been classified as other than a private foundation under Section 509(a)(1) of the Internal Revenue Code and accordingly contributions qualify as a charitable tax deduction by the contributor under Section 170(b)(i)(A)(ii). The Charter School did not have any net unrelated business income for the year ended June 30, 2016.

(d) Grants:

Grant revenues are received primarily from Federal agencies and the District of Columbia Government and recorded as costs are incurred. These grants are subject to financial and compliance audits by the grantor agencies. No provision for possible adjustments for disallowed costs has been made in the accompanying financial statements, as management believes any such adjustment would not have a material effect on the financial statements.

Cash receipts in excess of costs incurred for grants are reflected as refundable advances until they are expended for the purpose of the grant, at which time they are recognized as unrestricted support. Costs incurred in excess of cash received are reflected as grants receivable.

DC BILINGUAL PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(e) Net Assets:

The Charter School has adopted Financial Accounting Standards Board ASC No. 958-205-05, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC No. 958-205-05, the Charter School is required to report information regarding its financial position and activities according to three classes of net assets.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Charter School and changes therein are classified and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed restrictions and over which the Board of Trustees has discretionary control. This classification includes net assets subject to donor-imposed conditions, which have been met in the current year and net assets subject to donor-imposed restrictions that have been released from restrictions.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Charter 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 statement of activities as net assets released from restrictions.

Temporarily restricted net assets were available at year end for the following programs:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Action for Healthy Kids	\$ 2,400	\$ -
The Nature Conservancy	957	-
Common Threads	<u>18</u>	<u>-</u>
Total	<u>\$ 3,375</u>	<u>\$ -</u>

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

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Fight for Children/Joe's Champs	\$ 30,000	\$ -
Playground Renovation	10,771	-
Puerto Rico Field Trip	10,189	-
The Nature Conservancy	1,043	-
Common Threads	426	-
National Building Museum	<u>370</u>	<u>-</u>
Total Released	<u>\$ 52,799</u>	<u>\$ -</u>

DC BILINGUAL PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(e) Net Assets: (Continued)

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations require the net assets be maintained permanently by the Charter School. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes. The Charter School did not have any permanently restricted net assets as of June 30, 2016 or 2015.

(f) Donated Services and Materials:

Donated services and materials are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, if the services received create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized. The time contributed by the Board of Trustees is uncompensated and is not reflected as donated services. In-kind contributions are recorded in the Statement of Activities at estimated fair value and recognized as revenue and expense (or an asset) in the period they are received.

The estimated value of donated services and materials has been recorded in the financial statements as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Legal Services	\$ 40,000	\$ -
Marketing and Other Services	4,060	-
Artwork	4,100	-
Bookcases	2,250	-
Other	<u>6,538</u>	<u>-</u>
Total	<u>\$ 56,948</u>	<u>\$ -</u>

(g) Functional Expense Allocation Policies and Procedures:

Management has elected to prepare a schedule of functional expenses that is presented as supplemental information to the financial statements. The schedule of functional expenses presents an allocation of each expense category between program services, general and administrative, and fundraising activities. Program service costs pertain to educating students. General and administrative costs pertain to supporting activities. Fundraising costs relate to fundraising activities such as special events, fundraisers and the soliciting of contributions.

Management has established functional expense allocation policies and procedures based on a reasonable analysis of cost drivers and reasonable allocation estimates based on financial results and industry standards.

DC BILINGUAL PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(g) Functional Expense Allocation Policies and Procedures: (Continued)

Direct costs, where identifiable, are allocated in whole to the appropriate functional category. Direct student expenses (textbooks, materials, instructional supplies, assessment material, contract educational services, and field trips) are allocated entirely to program services.

Personnel expenses for salaries, payroll taxes and employee benefit plans are allocated based on job descriptions and management estimates of time spent on particular activities. Personnel expenses for salaries are divided into employee categories (executive, teachers, student and family support, etc.) and then a percentage of time spent on program services, general and administrative activities, and fundraising activities is applied.

All other personnel expenses (employee benefits, payroll taxes, staff development) are allocated based on the weighted average allocation of the direct salaries.

Occupancy expenses are allocated based on estimated square footage used for program services versus general and administrative activities and fundraising activities. Other expenses that are not directly identifiable by program are allocated based on management estimates of use of resources.

For other expenses where it would not be appropriate to designate the entire amount as a program service cost, general and administrative cost, or fundraising cost, the allocation formula for either personnel expenses or occupancy expenses is utilized for cost allocation purposes.

(h) Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

(i) Recognition of Salary Expense:

Salary expense is recognized in the year the service is rendered, which coincides with the academic year. Salaries unpaid at June 30 are recognized as expense and accrued salaries payable.

(j) Fair Value of Certain Financial Instruments:

Some of the Charter School's financial instruments are not measured at fair value on a recurring basis but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such accounts include cash, accounts receivable, prepaid expenses, accounts payable, and accrued expenses.

DC BILINGUAL PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(k) Reclassifications:

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

3. ACCOUNTING FOR UNCERTAIN TAX POSITIONS:

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in the Charter School's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. The DC Bilingual Public Charter School performed an evaluation of uncertain tax positions for the year ended June 30, 2016, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of June 30, 2016, the statute of limitations for tax years 2012 through 2014 remains open with the U.S. federal jurisdiction or the District and various states and local jurisdictions in which the organization files tax returns. It is the Charter School's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of June 30, 2016 and 2015, the Charter School had no accruals for interest and/or penalties.

4. CASH AND CASH EQUIVALENTS:

Cash and Cash Equivalents at June 30, 2016 and 2015 totaled \$1,217,395 and \$157,951, respectively, and consisted of the following:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Checking Account	\$ 1,206,428	\$ 132,760
Savings Account	10,007	796
Money Market Account	-	21,545
Petty Cash	-	500
Cash on Hand	<u>960</u>	<u>2,350</u>
Total	<u>\$ 1,217,395</u>	<u>\$ 157,951</u>

For purposes of the cash flow statement and financial statement presentation, cash and cash equivalents are short term, highly liquid investments with maturities of three months or less. Total cash and cash equivalents does not include cash held in trust for debt service.

The Charter School maintains its operating funds in two separate financial institutions. These checking accounts are covered under the Federal Deposit Insurance Corporation (FDIC) Program. Federal Deposit Insurance Corporation Insurance coverage is \$250,000 per account category. Deposits held in non-interest-bearing transaction accounts are aggregated with any interest-bearing deposits and the combined total insured up to \$250,000.

As of June 30, 2016, \$864,994 of the bank balance was deposited in excess of Federal Deposit Insurance Corporation limits. As of June 30, 2015, none of the bank balance deposited was in excess of Federal Deposit Insurance Corporation limits. The Charter School has not experienced any losses related to these accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

DC BILINGUAL PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

5. ACCOUNTS, GRANTS AND PROMISES RECEIVABLE:

Accounts and Grants Receivable:

Accounts and grants receivable are current and considered to be fully collectible by management. Balances as of June 30, 2016 and 2015 consisted of the following:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<u>Accounts Receivable</u>		
Per Pupil Funding	\$ 50,764	\$ 75,130
Student Activity Fees	6,451	3,874
Other	<u>54,543</u>	<u>52,220</u>
Total	<u>\$ 111,758</u>	<u>\$ 131,224</u>
<u>Grants Receivable</u>		
No Child Left Behind - Entitlement Funds	\$ 13,938	\$ 43,934
Special Education, IDEA 611, Grants to Local Education Agencies	69	20,390
Scholarship for Opportunity and Results Act (SOAR)	119,442	8,651
National School Lunch and Breakfast Programs	19,569	44,867
Healthy Schools Act	1,012	2,916
Medicaid - School Based Services	<u>-</u>	<u>12,371</u>
Total	<u>\$ 154,030</u>	<u>\$ 133,129</u>

The Charter School's accounts and grants receivable consists of unsecured amounts due from funding sources whose ability to pay is subject to changes in general economic conditions. Because the Charter School does not require collateral, it is at credit risk for amounts owed to it throughout the year and at year end.

Accounts and grants receivables are recorded when billed or accrued and reported net of an allowance for doubtful accounts, if any. Management provides for probable uncollectible amounts through bad debt expense and only after reasonable collection efforts have been exhausted. Management believes that no allowance for doubtful accounts is required at June 30, 2016 and 2015.

Trade receivables related to program service fees (activity fees, before and after care, etc.) are recognized as revenue at the time the program activity has occurred. Trade receivables are written off as uncollectible when payment has not been received after 180 days.

DC BILINGUAL PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

6. FIXED ASSETS:

Furniture, equipment and textbooks are recorded at cost, or in the case of contributed property at the fair market value at the date of contribution. If an expenditure in excess of \$1,000 results in an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized at cost and depreciated over the estimated useful lives of the assets. Textbooks with an estimated life of one year or more are capitalized. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in net assets for the period. Depreciation has been provided on the straight-line method over the estimated useful lives of the assets. Depreciation expense for the years ended June 30, 2016 and 2015 was \$58,605 and \$33,109, respectively. Maintenance and repairs are charged to expenses as incurred.

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

June 30, 2016

	<u>Depreciable Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Furniture and Equipment	3-7 Years	\$ 289,988	\$ 180,078	\$ 109,910
Computer Equipment	3 Years	<u>175,197</u>	<u>40,449</u>	<u>134,748</u>
Total		<u>\$ 465,185</u>	<u>\$ 220,527</u>	<u>\$ 244,658</u>

June 30, 2015

	<u>Depreciable Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Furniture and Equipment	3-7 Years	\$ 192,282	\$ 190,480	\$ 1,802
Computer Equipment	3-5 Years	144,268	144,268	-
Leasehold Improvements	3 Years	<u>353,240</u>	<u>353,240</u>	<u>-</u>
Total		<u>\$ 689,790</u>	<u>\$ 687,988</u>	<u>\$ 1,802</u>

7. CAPITAL LEASE PAYABLE:

During the year ended June 30, 2016, the Charter School entered into a capital lease for the purchase of two photocopiers. The amount financed on the capital lease was \$90,032, payable over 60 months with a monthly payment of \$1,741. Maturity is scheduled for August 31, 2020. Interest expense was \$4,207 for the year ended June 30, 2016, using an implicit rate of 6%. The lease is secured by the photocopiers, which cost \$90,032, and is presented as part of Fixed Assets. For the year ended June 30, 2016, depreciation expense in the amount of \$13,505 on the photocopiers has been included in depreciation expense. Accumulated depreciation was \$13,505 at June 30, 2016. The balance of the capital lease was \$76,834 at June 30, 2016.

DC BILINGUAL PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

7. CAPITAL LEASE PAYABLE: (Continued)

The Charter School is committed under the capital lease to make future minimum payments as follows:

<u>Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 20,887	\$ 16,732	\$ 4,155
2018	20,887	17,764	3,123
2019	20,887	18,860	2,027
2020	20,887	20,023	864
2021	<u>3,481</u>	<u>3,455</u>	<u>26</u>
Total Future Minimum Lease Payments	<u>\$ 87,029</u>	<u>\$ 76,834</u>	<u>\$ 10,195</u>

8. LINE OF CREDIT:

On July 23, 2015, the Charter School entered into a variable rate revolving \$500,000 line of credit arrangement with United Bank. The purpose of the line of credit is to provide short-term working capital, including relocation expenses. The line is collateralized with a first priority interest on all corporate assets of the Charter School and an assignment of the Charter School's facilities allowance. The line is payable on demand and calls for monthly interest payments at a rate floating monthly at 4% above the prevailing 30 day LIBOR as published in the Wall Street Journal and subject to a floor of 4.50%. There was no balance outstanding on this credit line as of June 30, 2016.

9. DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD CONTRACT:

The Charter School was approved by the District of Columbia Public Charter School Board to operate a charter school in the District of Columbia. The District of Columbia Public Charter School Board (DCPCSB) is responsible for the ongoing oversight of the School's fiscal management and academic acceptability. The contract, dated July 8, 2004, provides for a 15-year charter effective the date of first operation. If not renewed, the charter contract will expire on or about July 8, 2019. The charter contract may be renewed for successive 15-year periods if the DCPCSB deems that the Charter School is in compliance with its charter contract and District statutory provisions. In addition, in accordance with the Charter School Act, the DCPCSB is required to review the DC Bilingual charter every five years, with the next review scheduled for 2018/2019. The DCPCSB may revoke (or not renew) a charter school contract if a school violates applicable law, materially violates the charter contract or fails to meet the student academic achievement expectations set forth in the charter contract. Consequently, management does not anticipate non-renewal or revocation of its charter.

As part of the agreement with the DCPCSB, the Charter School may be charged a public charter school fee, which is not to exceed one percent of the total revenues (less philanthropic and investment revenues) within the annual budget to cover the costs of undertaking the ongoing administrative responsibilities of the Board. For the years ended June 30, 2016 and 2015, the Charter School incurred \$93,843 and \$80,088, respectively, in administrative fees.

The charter contract provides that the Charter School may initially educate up to a predetermined number of students. However, this enrollment limit may be raised upon notification to and acceptance by the DCPCSB. The Charter School enrollment ceiling for the year ended June 30, 2016, was not permitted to be greater than 436 students. Audit enrollment for the 2015/2016 year was 403 students.

DC BILINGUAL PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

10. PER-PUPIL FUNDING ALLOCATION:

The Charter School receives local funding from the District of Columbia in the form of per-pupil educational allotments and facility allotments. This funding is based on the equivalent number of full-time students and is determined annually. For the year ended June 30, 2016, the per-student rate ranged from \$9,492 to \$12,719 for the educational allotment and \$3,124 for the facility allotment. Per-pupil funding for the years ended June 30, 2016 and 2015 was as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Pre-K - Grade 5	\$ 4,311,646	\$ 4,016,588
Special Education	953,577	810,047
English as a Second Language	953,471	837,194
Facilities Allowance	1,258,972	1,118,208
At Risk Students	<u>367,983</u>	<u>307,692</u>
Total	<u>\$ 7,845,649</u>	<u>\$ 7,089,729</u>

11. FEDERAL ENTITLEMENTS AND GRANTS:

During the years ended June 30, 2016 and 2015, the Charter School participated in multiple federal award programs. Federal revenues recognized during the years ended June 30, 2016 and 2015 was as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
National School Lunch and Breakfast Programs	\$ 253,799	\$ 243,631
No Child Left Behind - Entitlement Funds	268,150	287,175
Scholarship for Opportunity and Results Act (SOAR)	443,610	181,121
Special Education, IDEA 611, Grants to Local Education Agencies	87,261	78,960
Medicaid - School Based Services	24,874	-
State Fiscal Stabilization Fund - Race to the Top	<u>-</u>	<u>13,598</u>
Total	<u>\$ 1,077,694</u>	<u>\$ 804,485</u>

Federal formula grants are allocations of money to states or their subdivisions in accordance with distribution formulas prescribed by law or administrative regulation, for activities of a continuing nature not confined to a specific project. The Charter School receives federal formula grants under the provisions of the No Child Left Behind Act (NCLB) of 2001, P.L 107-110. NCLB funds are not intended to replace state or local educational funding, but rather, provide additional support to states, LEAs, and schools for specific purposes. Grants are provided by the U.S. Department of Education and passed through the District of Columbia Office of State Superintendent of Education (OSSE). The National School Lunch Program and School Breakfast Program are part of the child nutrition cluster of programs operated by the U.S. Department of Agriculture.

DC BILINGUAL PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

12. LEASE COMMITMENTS:

In June 2015, The Charter School entered into a license to occupy agreement with the District of Columbia to provide a Public Charter School on the premises at 33 Riggs Road, NE. The terms of this agreement were for a one-year term commencing on July 1, 2015, and expiring June 30, 2016. This agreement was extended for an additional one-year term expiring July 31, 2016. The monthly required payment at June 30, 2016, was \$16,133. During the year ended June 30, 2016, the Charter School incurred \$193,596 in licensing fees.

13. CONCENTRATIONS:

Revenues:

The Charter School receives public funds from the District of Columbia (DC) government based on the number of students they enroll according to the Uniform Per Student Funding Formula. This per pupil allocation is supplemented with extra funds for students with special needs.

During the years ended June 30, 2016 and 2015, eighty-five percent (85%) and eighty-seven percent (87%), respectively, of total support was received from the District of Columbia in the form of per pupil funding. In addition to the revenue received through the Uniform Per Student Funding, the Charter School receives District and federal grants awarded under the auspices of the U.S. Department of Education (No Child Left Behind and special education), as well as the U.S. Department of Agriculture (Child Nutrition). The Charter School is entitled to receive these funds by virtue of its recognition as a Local Education Agency by the District of Columbia Public Charter School Board (DC PCSB).

The Charter School is limited to enrolling students that are residents of the District of Columbia. As a DC Public Charter School, the Charter School must compete for students against the DC Public School system as well as other DC Public Charter Schools.

14. CONTINGENCIES:

The Charter School was granted its charter by the District of Columbia Public Charter School Board, authorized under the District of Columbia School Reform Act of 1995, Public Law 104-134, as amended. The Charter School has no reason to believe that this relationship will be discontinued in the foreseeable future. However, any interruption of this relationship (i.e., the failure to continue this charter authorization or withholding funds) could adversely affect the Charter School's ability to finance ongoing operations.

The Charter School depends on per pupil allocations, grants, and contributions for a significant portion of its revenues. The ability of the sources of revenues to continue giving amounts comparable with prior years may be dependent upon future economic conditions and continued deductibility for income tax purposes of grants and contributions to the Charter School. While the Charter School's Board of Trustees and management believes the Charter School has the resources to continue its programs, its ability to do so, and the extent to which it continues, may be dependent on the above factors.

DC BILINGUAL PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

14. CONTINGENCIES: (Continued)

Laws and regulations governing charter schools are complex and subject to interpretation. The Charter School believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

The viability of public charter schools and funding for these schools is dependent on the consensus of current and future administrations of the District of Columbia Government. Any future change in dynamics could adversely affect the operations of public charter schools.

15. SUBSEQUENT EVENTS:

Financial Statement Preparation:

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 16, 2016, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.

16. RELATED PARTY TRANSACTIONS:

Management Services Agreement

In 2004, the Charter School was created by CentroNia, a not for profit organization providing education, professional development and family-support services in a bilingual, multicultural environment.

During the years ended June 30, 2016 and 2015, CentroNia provided management services to the Charter School and paid personnel costs and certain direct expenses on the Charter School's behalf that were reimbursed to CentroNia. During the year ended June 30, 2015, the Charter School leased classroom and office space from CentroNia. During the years ended June 30, 2016 and 2015, the Charter School paid management fees of \$125,000 and \$1,106,203, respectively, to CentroNia. In addition, the Charter School paid CentroNia \$420,051 and \$3,194,740, respectively, for personnel and other direct costs.

On November 9, 2015, the Charter School entered into a mutually binding agreement with CentroNia to terminate the management agreement effective November 16, 2015.

Donated Services:

The firm of one of the Charter School's board members provided legal services to the Charter School for which a value of \$40,000 was assigned and recognized in the financial statements during the year ended June 30, 2016.

17. FUNDRAISING:

During the years ended June 30, 2016 and 2015, expenses incurred for the purpose of fundraising were \$489 and \$-0-, respectively.

DC BILINGUAL PUBLIC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

18. ADVERTISING COSTS:

Advertising costs are expensed when incurred. Advertising activities were conducted for the purpose of promoting open enrollment to the Charter School and to provide outreach to the community. Direct advertising costs in the amount of \$16,477 and \$0 were incurred during the year ended June 30, 2016 and 2015, respectively.

19. RETIREMENT PLAN:

The Charter School provides pension benefits for its employees through a qualified defined contribution 401(k) retirement plan administered by a third party. All employees, including part-time employees working at least twenty hours per week are eligible to participate in the Plan. The Charter School contributes, at its discretion, an amount up to 3% of eligible compensation for employees who successfully complete the orientation period. Employer contributions for the year ended June 30, 2016, totaled \$30,842. The Charter School did not make any matching contributions to the Plan during the year ended June 30, 2015.

20. OCCUPANCY COST:

The cost of occupancy for the years ended June 30, 2016 and 2015 consisted of the following:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Rent	\$ 193,596	\$ 1,172,682
Maintenance and Repairs	342,259	56,291
Contracted Building Services	309,267	-
Utilities	141,001	102,755
Real Estate Taxes	52,220	-
Janitorial Supplies	<u>135</u>	<u>-</u>
Total	<u>\$ 1,038,478</u>	<u>\$ 1,331,728</u>

DC BILINGUAL PUBLIC CHARTER SCHOOL
SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	June 30, 2016				June 30, 2015			
	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>
<u>Personnel, Salaries and Benefits:</u>								
Salaries	\$ 4,401,650	\$ 3,991,831	\$ 409,819	\$ -	\$ 3,976,918	\$ 3,705,918	\$ 271,000	\$ -
Employee Benefits	242,749	220,148	22,601	-	221,752	206,641	15,111	-
Payroll Taxes	353,495	320,583	32,912	-	313,996	292,599	21,397	-
Staff Development Expense	65,420	59,329	6,091	-	104,504	104,504	-	-
Other Personnel Expense	<u>32,021</u>	<u>29,040</u>	<u>2,981</u>	<u>-</u>	<u>10,316</u>	<u>10,316</u>	<u>-</u>	<u>-</u>
Total Personnel, Salaries and Benefits	<u>\$ 5,095,335</u>	<u>\$ 4,620,931</u>	<u>\$ 474,404</u>	<u>\$ -</u>	<u>\$ 4,627,486</u>	<u>\$ 4,319,978</u>	<u>\$ 307,508</u>	<u>\$ -</u>
<u>Direct Student Costs:</u>								
Textbooks	\$ 26,494	\$ 26,494	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Student Supplies and Materials	130,805	130,805	-	-	137,964	137,964	-	-
Student Assessment Materials	3,555	3,555	-	-	46,213	46,213	-	-
Food Service	408,217	370,210	38,007	-	182,314	182,314	-	-
Contracted Instruction	696,652	696,652	-	-	561,688	561,688	-	-
Student Travel/Transportation	3,138	3,138	-	-	91,006	91,006	-	-
Other Student Costs	<u>114,885</u>	<u>114,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Direct Student Costs	<u>\$ 1,383,746</u>	<u>\$ 1,345,739</u>	<u>\$ 38,007</u>	<u>\$ -</u>	<u>\$ 1,019,185</u>	<u>\$ 1,019,185</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Occupancy Costs:</u>								
Rent	\$ 193,596	\$ 175,571	\$ 18,025	\$ -	\$ 1,172,682	\$ 1,172,682	\$ -	\$ -
Real Estate Taxes	52,220	47,358	4,862	-	-	-	-	-
Maintenance and Repairs	342,259	310,393	31,866	-	56,291	56,291	-	-
Contracted Building Services	309,267	280,473	28,794	-	-	-	-	-
Utilities	141,001	127,873	13,128	-	102,755	102,755	-	-
Janitorial Supplies	<u>135</u>	<u>123</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Occupancy Costs	<u>\$ 1,038,478</u>	<u>\$ 941,791</u>	<u>\$ 96,687</u>	<u>\$ -</u>	<u>\$ 1,331,728</u>	<u>\$ 1,331,728</u>	<u>\$ -</u>	<u>\$ -</u>

(See Accompanying Notes and Auditor's Report)

DC BILINGUAL PUBLIC CHARTER SCHOOL
SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	June 30, 2016				June 30, 2015			
	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Educational Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>
<u>Office Expenses:</u>								
Office Supplies and Materials	\$ 39,731	\$ 36,032	\$ 3,699	\$ -	\$ 3,399	\$ 3,399	\$ -	\$ -
Equipment Rental and Maintenance	22,037	19,985	2,052	-	34,038	30,634	3,404	-
Telephone/Telecommunications	16,031	14,538	1,493	-	25,122	22,610	2,512	-
Postage and Shipping	1,543	1,399	144	-	1,461	1,315	146	-
Computer Support Fees	51,461	46,670	4,791	-	-	-	-	-
Printing and Duplication	<u>6,924</u>	<u>6,278</u>	<u>646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Office Expenses	<u>\$ 137,727</u>	<u>\$ 124,902</u>	<u>\$ 12,825</u>	<u>\$ -</u>	<u>\$ 64,020</u>	<u>\$ 57,958</u>	<u>\$ 6,062</u>	<u>\$ -</u>
<u>General Expenses:</u>								
Insurance	\$ 25,724	\$ 23,329	\$ 2,395	\$ -	\$ -	\$ -	\$ -	\$ -
Authorizer Fee	93,843	-	93,843	-	80,088	-	80,088	-
Interest Expense	4,207	-	4,207	-	-	-	-	-
Management Fee	125,000	-	125,000	-	1,106,203	-	1,106,203	-
Business Fees and Dues	21,080	19,117	1,963	-	23,019	-	23,019	-
Other Professional Fees	289,113	262,195	26,918	-	104,690	97,556	7,134	-
Other Expenses	85,986	77,536	7,961	489	106,524	99,265	7,259	-
Depreciation	<u>58,605</u>	<u>53,149</u>	<u>5,456</u>	<u>-</u>	<u>33,109</u>	<u>33,109</u>	<u>-</u>	<u>-</u>
Total General Expenses	<u>\$ 703,558</u>	<u>\$ 435,326</u>	<u>\$ 267,743</u>	<u>\$ 489</u>	<u>\$ 1,453,633</u>	<u>\$ 229,930</u>	<u>\$ 1,223,703</u>	<u>\$ -</u>
Total Functional Expenses	<u>\$ 8,358,844</u>	<u>\$ 7,468,689</u>	<u>\$ 889,666</u>	<u>\$ 489</u>	<u>\$ 8,496,052</u>	<u>\$ 6,958,779</u>	<u>\$ 1,537,273</u>	<u>\$ -</u>

(See Accompanying Notes and Auditor's Report)

DC BILINGUAL PUBLIC CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Program or Award Amount</u>	<u>Expenditures to Subrecipients</u>	<u>Period of Award</u>	<u>Grant Receivable at 7/1/15</u>	<u>Current Year Activity</u>		<u>Grant Receivable at 6/30/16</u>
							<u>Receipts</u>	<u>Disbursements Expenditures</u>	
<u>U.S. Department of Education:</u>									
Passed Through the District of Columbia:									
Title I, Part A, Grants to Local Education Agencies	84.010A	52010A	\$ 197,960	\$ -	07/01/15 to 09/30/16	\$ -	\$ 197,960	\$ 197,960	\$ -
Title II, Part A, Preparing, Training and Recruiting High Quality Teachers and Principals	84.367A	52367A	\$ 51,217	\$ -	07/01/15 to 09/30/16	-	51,217	51,217	-
Title III, English Language Acquisition Grants	84.365A	N/A	\$ 23,220	\$ -	07/01/15 to 09/30/16	-	5,036	18,974	13,938
Special Education - IDEA 611, Grants to Local Education Agencies	84.027A	52027A	\$ 84,305	\$ -	07/01/15 to 09/30/16	-	84,236	84,305	69
Special Education - IDEA 619, Preschool Grants to Local Education Agencies	84.173A	52173A	\$ 2,956	\$ -	07/01/15 to 09/30/16	-	2,956	2,956	-
Scholarship for Opportunity and Results Act (SOAR)	84.370C	N/A	\$ 480,509	\$ -	07/01/15 to 07/10/17	-	230,365	321,750	91,385
Scholarship for Opportunity and Results Act (SOAR)	84.370C	N/A	\$ 100,000	\$ 75,000	07/10/15 to 07/10/16	-	69,975	95,860	25,885
Passed Through the Flamboyant Foundation:									
Scholarship for Opportunity and Results Act (SOAR)	84.370C	N/A	\$ 26,000	\$ -	07/01/15 to 06/30/16	\$ -	\$ 23,828	\$ 26,000	\$ 2,172
Total U.S. Department of Education						\$ -	\$ 665,573	\$ 799,022	\$ 133,449
<u>U.S. Department of Agriculture:</u>									
Passed Through the District of Columbia:									
National School Lunch Program	10.555	N/A	N/A	\$ -	07/01/15 to 06/30/16	\$ -	\$ 146,206	\$ 160,019	\$ 13,813
School Breakfast Program	10.553	N/A	N/A	\$ -	07/01/15 to 06/30/16	-	69,518	70,860	1,342
Fresh Fruits and Vegetables Program	10.582	N/A	N/A	\$ -	07/01/15 to 06/30/16	-	18,505	22,919	4,414
Total U.S. Department of Agriculture						\$ -	\$ 234,229	\$ 253,798	\$ 19,569
<u>U.S. Department of Health and Human Services:</u>									
Passed Through the District of Columbia:									
Medicaid - School Based Services	93.xxx	N/A	N/A	\$ -	07/01/15 to 06/30/16	\$ 12,371	\$ 37,245	\$ 24,874	\$ -
Total U.S. Department of Health and Human Services						\$ 12,371	\$ 37,245	\$ 24,874	\$ -
Total Federal Awards						\$ 12,371	\$ 937,047	\$ 1,077,694	\$ 153,018

(See Accompanying Notes and Auditor's Report)

DC BILINGUAL PUBLIC CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Summary by CFDA

<u>Federal Grantor/Pass Through Grantor Program Title</u>	<u>CFDA Number</u>	<u>Amount of Expenditures</u>
Title I, Part A, Grants to Local Education Agencies	84.010A	\$ 197,960
Title II, Part A, Preparing, Training and Recruiting High Quality Teachers and Principals	84.367A	51,217
Title III, English Language Acquisition Grants	84.365A	18,974
Special Education - IDEA 611, Grants to Local Education Agencies	84.027A	84,305
Special Education - IDEA 619, Preschool Grants to Local Education Agencies	84.173A	2,956
Scholarship for Opportunity and Results Act (SOAR)	84.370C	443,610
National School Lunch Program	10.555	160,019
School Breakfast Program	10.553	70,860
Fresh Fruits and Vegetables Program	10.582	22,919
Medicaid - School Based Services	93.xxx	<u>24,874</u>
Total Federal Awards		<u>\$ 1,077,694</u>

(See Accompanying Notes and Auditor's Report)

DC BILINGUAL PUBLIC CHARTER SCHOOL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Charter School under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Charter School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Charter School.

Note 2 - Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Charter School has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

<u>Programs</u>	<u>CFDA #</u>	<u>Amount of Expenditures</u>
Title I, Part A, Grants to Local Education Agencies	84.010A	\$ 197,960
Title II, Part A, Preparing, Training and Recruiting High Quality Teachers and Principals	84.367A	51,217
Title III, English Language Acquisition Grants	84.365A	18,974
Special Education - IDEA 611, Grants to Local Education Agencies	84.027A	84,305
Special Education - IDEA 619, Preschool Grants to Local Education Agencies	84.173A	2,956
Scholarship for Opportunity and Results Act (SOAR)	84.370C	443,610*
National School Lunch Program	10.555	160,019
School Breakfast Program	10.553	70,860
Fresh Fruits and Vegetables Program	10.582	22,919
Medicaid - School Based Services	93.xxx	<u>24,874</u>
Total Federal Awards		<u>\$ 1,077,694</u>

* Denotes Major Program

Note 3 - Major Program Disclosure:

Scholarship for Opportunity and Results Act (SOAR)

To provide low-income parents residing in the District of Columbia (District) with expanded options for the education of their children. This program is part of a broader school improvement effort in the District.

Kendall, Prebola and Jones, LLC

Certified Public Accountants

Board of Trustees
DC Bilingual Public Charter School
33 Riggs Road NE
Washington, DC 20011

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of DC Bilingual Public Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, 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 16, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DC Bilingual 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 DC Bilingual 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.

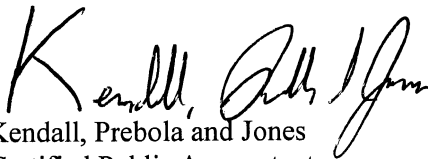
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 DC Bilingual Public Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Kendall, Prebola and Jones
Certified Public Accountants

Bedford, Pennsylvania
November 16, 2016

Kendall, Prebola and Jones, LLC

Certified Public Accountants

Board of Trustees
DC Bilingual Public Charter School
33 Riggs Road NE
Washington, DC 20011

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

We have audited the DC Bilingual Public Charter School's (a nonprofit organization) compliance with the types of compliance requirements described in the *Compliance Supplement* that could have a direct and material effect on each of DC Bilingual Public Charter School's major federal programs for the year ended June 30, 2016. The DC Bilingual 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 and in the notes to the Schedule of Expenditures of Federal Awards.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the DC Bilingual 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 DC Bilingual 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 the DC Bilingual Public Charter School's compliance.

Opinion on Each Major Federal Award Program

In our opinion, the DC Bilingual 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, 2016.

Report on Internal Control Over Compliance

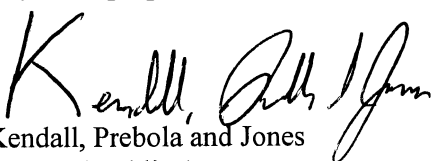
Management of the DC Bilingual Public Charter School is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above.

In planning and performing our audit of compliance, we considered the DC Bilingual 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 the Uniform Guidance, 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 DC Bilingual 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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Kendall, Prebola and Jones
Certified Public Accountants

Bedford, Pennsylvania
November 16, 2016

DC BILINGUAL PUBLIC CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

I. Summary of Auditor's Results

- a. The auditor's report expresses an unmodified opinion on the financial statements of DC Bilingual Public Charter School.
- b. No significant deficiencies relating to the audit of the financial statements have been reported.
- c. No instances of noncompliance material to the financial statements of DC Bilingual Public Charter School were disclosed during the audit.

II. Findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*

There were no findings in the current year.

DC BILINGUAL PUBLIC CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

I. Summary of Audit Results

- a. The auditor's report expresses an unmodified opinion on whether the financial statements of the Charter School were prepared in accordance with generally accepted accounting principles.
- b. No significant deficiencies relating to the audit of the financial statements have been reported.
- c. No instances of noncompliance material to the financial statements of the Charter School, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- d. No significant deficiencies relating to the audit of the major federal award program have been reported.
- e. The Auditor's report on compliance for the major federal award program for the DC Bilingual Public Charter School expresses an unmodified opinion.
- f. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516 (a) of the Uniform Guidance in the Schedule of Findings and Questioned Costs.
- g. The major programs of the DC Bilingual Public Charter School were as follows:

<u>Programs</u>	<u>CFDA #</u>
Scholarship for Opportunity and Results Act (SOAR)	84.370C

- h. The dollar threshold utilized to determine Type A programs was \$750,000.
- i. The DC Bilingual Public Charter School did qualify as a low-risk auditee.

II. Findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*

There were no findings in the current year.

III. Findings relating to federal awards, which are required to be reported in accordance with the Uniform Guidance

There were no findings in the current year.