

**WASHINGTON MATH SCIENCE TECHNOLOGY
PUBLIC CHARTER HIGH SCHOOL, INC.**

**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

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

REPORT OF INDEPENDENT AUDITORS

Board of Trustees
Washington Math Science Technology
Public Charter High School, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Washington Math Science Technology Public Charter High School, Inc. (WMST or the 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 Washington Math Science Technology Public Charter High School, Inc. 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.

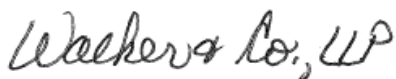
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional expenses on pages 14 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 19, 2015 on our consideration of Washington Math Science Technology Public Charter High School, Inc.'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 Washington Math Science Technology Public Charter High School, Inc.'s internal control over financial reporting and compliance.



Washington D.C
November 19, 2015

**WASHINGTON MATH SCIENCE TECHNOLOGY
PUBLIC CHARTER HIGH SCHOOL, INC.
STATEMENTS OF FINANCIAL POSITION**

	June 30,	
	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash	\$ 794,401	\$ 408,295
Grants receivable	53,301	113,878
Prepaid expenses	<u>46,662</u>	<u>49,243</u>
Total current assets	894,364	571,416
 Bonds issue costs, net	 105,086	 110,924
Property and equipment, net	<u>6,506,775</u>	<u>6,695,049</u>
Total Assets	\$ <u><u>7,506,225</u></u>	\$ <u><u>7,377,389</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued payroll and other current liabilities	\$ 71,448	\$ 70,937
Deferred revenue	-	232,687
Capital lease obligations	-	1,127
Bonds payable	<u>278,288</u>	<u>221,733</u>
Total current liabilities	349,736	526,484
 Line of credit	 -	 300,000
Bonds payable, net of current portion	<u>6,495,520</u>	<u>6,786,105</u>
Total liabilities	6,845,256	7,612,589
 Unrestricted Net Assets	 <u>660,969</u>	 <u>(235,200)</u>
Total Liabilities and Net Assets	\$ <u><u>7,506,225</u></u>	\$ <u><u>7,377,389</u></u>

See notes to financial statements.

**WASHINGTON MATH SCIENCE TECHNOLOGY
PUBLIC CHARTER HIGH SCHOOL, INC.**
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

	Year ended June 30,	
	2015	2014
	Unrestricted	Unrestricted
REVENUE AND SUPPORT		
Revenue		
Per pupil allotments	\$ 6,664,573	\$ 5,676,757
Interest and miscellaneous income	189,786	49,569
Total revenue	<u>6,854,359</u>	<u>5,726,326</u>
Support		
Federal grants	658,590	643,849
Other grants and contributions	46,032	8,877
Total support	<u>704,622</u>	<u>652,726</u>
Total Revenue and Support	<u>7,558,981</u>	<u>6,379,052</u>
EXPENSES		
Program services	5,174,480	5,181,242
General and administrative	1,488,332	1,524,105
Total Expenses	<u>6,662,812</u>	<u>6,705,347</u>
CHANGE IN NET ASSETS (DEFICIT)	896,169	(326,295)
NET ASSETS, Beginning of Year	(235,200)	91,095
NET ASSETS (DEFICIT), End of Year	<u>\$ 660,969</u>	<u>\$ (235,200)</u>

See notes to financial statements.

**WASHINGTON MATH SCIENCE TECHNOLOGY
PUBLIC CHARTER HIGH SCHOOL, INC.
STATEMENTS OF CASH FLOWS**

	Year ended June 30,	
	2015	2014
NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 896,169	\$ (326,295)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Amortization of bond issue costs	5,838	5,838
Depreciation	425,171	422,640
Change in grants receivable	60,577	(12,987)
Change in prepaid expenses	2,581	2,795
Change in accrued payroll and other current liabilities	511	(644)
Change in deferred revenue	(232,687)	65,418
Net Cash Provided by Operating Activities	<u>1,158,160</u>	<u>156,765</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(236,897)</u>	<u>(28,922)</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligation	(1,127)	(5,602)
Payment on bonds payable	(234,030)	(206,183)
Repayment and proceeds from line of credit	(300,000)	300,000
Net Cash Provided by (Used in) Financing Activities	<u>(535,157)</u>	<u>88,215</u>
Change in cash	386,106	216,058
CASH, Beginning of Year	408,295	192,237
CASH, End of Year	<u><u>\$ 794,401</u></u>	<u><u>\$ 408,295</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u><u>\$ 298,860</u></u>	<u><u>\$ 374,814</u></u>

See notes to financial statements.

**WASHINGTON MATH SCIENCE TECHNOLOGY
PUBLIC CHARTER HIGH SCHOOL, INC.**
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS

Washington Math Science Technology Public Charter High School, Inc. (WMST or the School) is an independent public charter school incorporated on January 29, 1998, under the laws of the District of Columbia (DC or District) as specified in the District of Columbia School Reform Act. The School was granted its public charter by the District of Columbia Public Charter School Board (DCPCSB or Board) on March 23, 1998, and operates under terms and conditions specified in the Charter School Agreement dated September 4, 1998.

The School currently serves 335 students and its activities are primarily funded by local appropriations through the District. These funds are expended on programs and activities designed to provide educational and related services to the School's students.

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 School prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP). In accordance with GAAP, revenue and support are recognized when earned and expenses and related liabilities are recorded when the obligations are incurred. Revenue from government grants is recognized as related expenses are incurred.

Basis of presentation

The School's financial statement presentation follows the recommendations of the Financial Accounting Standards Board, Accounting Standards Codification (FASB ASC) No. 958-205, *Not-for Profit Entities, Presentation of Financial Statements*. Under FASB ASC No. 958-205, the School is required to report 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 does not have temporarily or 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date

**WASHINGTON MATH SCIENCE TECHNOLOGY
PUBLIC CHARTER HIGH SCHOOL, INC.**
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates (continued)

of the financial statements and the reported amounts of revenue, gains, expenses and losses during the reporting period. Actual results could differ from those estimates.

Estimates are used for, among other balances, accrued expenses, deferred revenue and useful lives for depreciation.

Fair value of financial instruments

FASB ASC No. 825-10-50, *Disclosures of Fair Value of Financial Instruments*, requires the School to disclose estimated fair values of its financial instruments. Fair value estimates, methods, and assumptions are set forth below for the School's financial instruments.

The carrying amounts of cash, accrued expenses, and the current portion of bonds payable approximate fair value because of the relatively short maturity of those instruments.

Cash

The School's cash is comprised of amounts on hand and in financial institutions. Management considers all highly liquid investments with maturity of three months or less at date of acquisition to be cash equivalents. The School maintains its cash balances in federally insured financial institutions.

Grants receivable

Grants receivable consists of outstanding collections from federal entitlements and is 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. It is the School's policy to write off uncollectible balances receivable when 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. Purchases, construction and renovations of plant assets which exceed the Schools' specified dollar threshold and have useful lives greater than one year are

**WASHINGTON MATH SCIENCE TECHNOLOGY
PUBLIC CHARTER HIGH SCHOOL, INC.**
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment (continued)

capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets ranging from three to twenty-five 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 and depreciated over the useful lives of the assets.

Deferred revenue

The School may receive money in advance for each operating quarter as well as for the summer school program. Funds received prior to June 30th for the summer school period, July and August, are recorded as deferred revenue to be recognized as revenue in the subsequent fiscal year.

Bonds payable

Bonds payable represents long-term obligations based on formal written agreements and specific interest rates. Those obligations require equal monthly payments, consisting of the interest and principal. Principal payments are recorded as reductions to the bonds payable balance, while interest payments are recorded as expense in the statements of activities and changes in net assets. The portion of the total principal scheduled to be paid within one year is classified as a current liability.

Revenue recognition

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.

Support

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. Temporarily restricted support on which restrictions are fulfilled in the same period received are recorded as unrestricted support in the statements of activities and changes in net assets.

**WASHINGTON MATH SCIENCE TECHNOLOGY
PUBLIC CHARTER HIGH SCHOOL, INC.**
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net asset categories

Unrestricted net assets are support 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 reductions to unrestricted net assets.

Temporarily restricted net assets are support 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 did not have any temporarily restricted net assets at June 30, 2015 and 2014.

Functional allocation of expenses

The costs of providing the School's 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 program and supporting services benefited.

Reclassifications

Reclassifications have been made to certain amounts in the prior year financial statements to conform to the current year presentation.

NOTE 3 INCOME TAXES

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

NOTE 4 UNCERTAIN TAX POSITION

The School's tax returns for the years ended June 30, 2015, 2014 and 2013 are subject to examination by federal, state and local authorities. In accordance with FASB ASC 740-10 *Income Taxes*, the School has evaluated its tax positions and determined that its tax positions are more-likely-than-not to sustain on examination. Accordingly, there are no unrecognized benefits or applicable interest and penalties that should be recorded.

**WASHINGTON MATH SCIENCE TECHNOLOGY
PUBLIC CHARTER HIGH SCHOOL, INC.**
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2015	2014
Land	\$ 327,600	\$ 327,600
Building and improvements	8,906,488	8,906,488
Furniture and equipment	1,661,887	1,458,162
Computers and network costs	324,872	324,872
Textbooks	573,428	540,257
Total	<u>11,794,275</u>	<u>11,557,379</u>
Less: accumulated depreciation	<u>(5,287,500)</u>	<u>(4,862,330)</u>
Property and equipment, net	<u>\$ 6,506,775</u>	<u>\$ 6,695,049</u>

Depreciation expense for the years ended June 30, 2015 and 2014, was \$425,171 and \$422,640, respectively.

NOTE 6 BONDS PAYABLE

In 2008 the School converted a notes payable into a debt instrument to consolidate its debt and obtain more favorable interest rates. The conversion resulted in the issuance of \$8,048,000 tax-free, twenty-five year Series 2008 District Revenue Bonds (the "Bonds") due August 1, 2033, with Amortization Payment Dates within those years. The term of these bonds is twenty-five years at an interest rate of 5.14% per annum subsequently reduced to 3.11% per annum.

All costs associated with the debt conversion including issuance costs, but excluding certain fees, have been capitalized for amortization over the life of the Bond. The debt is collateralized by the School's building and certain other assets. Bond issuance costs balances were \$105,086 and \$110,924 at June 30 2015 and 2014, respectively. Amortization of bond issuance costs was \$5,838 for each of the years ended June 30, 2015 and 2014.

**WASHINGTON MATH SCIENCE TECHNOLOGY
PUBLIC CHARTER HIGH SCHOOL, INC.**
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 6 BONDS PAYABLE (Continued)

Bonds payable obligations of the School at June 30 were as follows:

	2015	2014
Total bonds payable	\$ 6,773,808	\$ 7,007,838
Less: current maturities	(278,288)	(221,733)
Bonds payable, net of current portion	<u>\$ 6,495,520</u>	<u>\$ 6,786,105</u>

Future maturities of bonds payable obligations are as follows as of June 30:

2016	\$ 278,288
2017	287,068
2018	296,124
2019	305,466
2020	315,102
Thereafter	5,291,760
	<u>\$ 6,773,808</u>

The School is subject to compliance with a minimum debt service coverage ratio of 1.2 to 1 and facilities allowance ratio of at least 1.0 to 1. For the fiscal year ended June 30, 2015, WMST was in compliance with the debt service coverage and facilities allowance ratio requirements. In 2014 the School did not meet the requirement but received a waiver of compliances with applicable bond covenants.

NOTE 7 CONCENTRATIONS OF RISK

Cash

The School is exposed to risk of loss by virtue of maintaining cash in banks that, at times, may exceed the federally insured limit of \$250,000. At June 30, 2015 and 2014 the uninsured cash balances totaled \$432,739 and \$306,839, respectively. The School has not experienced any loss on such accounts.

Revenue

For each of the fiscal years 2015 and 2014, the School received approximately ninety-nine percent, of its annual support from the District and federal governments. Reduction of these sources of support would have a significant impact on the School's programs and activities.

NOTE 8 LINE OF CREDIT

WMST maintains a \$300,000 revolving line of credit (line) facility with a financial institution which matures on June 7, 2016. Interest is calculated at prime plus 0.125 percent. The School had no draws against the line in fiscal year 2015. Total amount drawn at December 31, 2014 was \$300,000.

**WASHINGTON MATH SCIENCE TECHNOLOGY
PUBLIC CHARTER HIGH SCHOOL, INC.**
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 9 COMMITMENTS AND CONTINGENCIES

Capital lease

During 2010, the School leased office equipment under a five-year capital lease agreement which expired in 2015. The equipment lease is capitalized and recorded at fair market value and amortized on a straight line basis over the lease term.

An analysis of the leased asset, included in property and equipment as of June 30, is as follows:

	2015	2014
Capitalized asset	\$ 17,500	\$ 17,500
Less: Accumulated depreciation	(17,500)	(16,917)
Net capitalized asset	<u>\$ -</u>	<u>\$ 583</u>

Legal proceedings

The School is periodically involved in certain proceedings incidental to its operations. While the ultimate outcomes of these proceedings cannot be predicted, management believes that the School's exposure is such that resulting liability, if any, will not have a material adverse effect on the School's financial statements.

Support and revenue

The School receives support and revenue through federal government grants and contracts. The ultimate determination of amounts received under these programs is generally based upon allowable costs, which are subject to audit, and are reported to the federal government. The School is of the opinion that adjustments, if any, arising from such audits, will not have a material adverse effect on the financial statements.

NOTE 10 RETIREMENT PLAN

The School established a Simplified Employee Pension/Teachers' Retirement Association (SEP/TRA) Qualified Retirement Plan (Plan) on behalf of its teachers and other employees completing six months of service. The Plan provides for discretionary employer contributions. During fiscal years 2015 and 2014, the School contributed \$135,195 and \$142,826, respectively, to the Plan.

**WASHINGTON MATH SCIENCE TECHNOLOGY
PUBLIC CHARTER HIGH SCHOOL, INC.**
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 11 SUBSEQUENT EVENTS

In preparing these financial statements, the School has evaluated events and transactions through November 19, 2015, the date the financial statements were available to be issued, for potential disclosure in the financial statements for the year ended June 30, 2015.

SUPPLEMENTAL INFORMATION

**WASHINGTON MATH SCIENCE TECHNOLOGY
PUBLIC CHARTER HIGH SCHOOL, INC.**
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014

	2015			2014
	Program Services	General and Administrative	Total	Total
Personnel, Salaries and Benefits				
Salaries	\$ 2,408,558	\$ 795,339	\$ 3,203,897	\$ 3,249,359
Payroll taxes	170,183	59,945	230,128	239,567
Fringe benefits	607,026	107,120	714,146	731,897
Training and development	66,549	16,740	83,289	75,698
Unemployment expense	7,698	-	7,698	1,849
Consultants	-	3,331	3,331	14,541
Total Personnel, Salaries and Benefits	3,260,014	982,475	4,242,489	4,312,911
Direct Student Costs				
Contracted instructional fees	652,880	-	652,880	616,203
Supplies and materials	125,293	-	125,293	101,265
School uniforms	-	-	-	-
Miscellaneous student activity	34,553	-	34,553	42,222
Textbooks	5,443	-	5,443	6,647
AVID program	12,019	-	12,019	22,275
IB program	27,570	-	27,570	10,289
Student transportation	23,385	-	23,385	22,577
Other student costs	8,984	-	8,984	7,013
Student sports expense	27,053	-	27,053	17,332
Teacher and student recruitment	1,450	-	1,450	9,292
Total Direct Student Costs	918,630		918,630	855,115
Occupancy Expenses				
Mortgage interest	225,704	70,576	296,280	370,578
Repairs and maintenance	40,992	16,702	57,694	41,227
Janitorial expenses	8,164	4,085	12,249	13,774
Utilities	72,649	28,434	101,083	99,087
Depreciation - facilities	224,926	96,994	321,920	321,920
Total Occupancy Expenses	572,435	216,791	789,226	846,586
Office Expenses				
Supplies and materials	23,543	19,874	43,417	47,155
Equipment rentals	13,115	10,345	23,460	22,691
Telephone	21,209	17,649	38,858	31,941
Printing and reproduction	15,907	13,482	29,389	23,446
Postage	3,330	6,722	10,052	10,790
Computers	-	5,307	5,307	5,181
Dues and subscriptions	1,574	6,566	8,140	7,056
Total Office Expenses	78,678	79,945	158,623	148,260
General Expenses				
Depreciation and amortization	76,221	32,868	109,089	106,557
Food services - lunch program	155,126	13,943	169,069	169,870
Insurance	18,882	23,079	41,961	40,660
Catering	-	21,870	21,870	14,714
Other general expenses	-	44,329	44,329	62,329
Legal and audit fees	30,719	23,567	54,286	81,703
Charter admin and program fees	32,402	39,943	72,345	32,042
School crossing	31,373	-	31,373	26,171
Interest	-	9,344	9,344	4,236
Bank fees	-	178	178	4,193
Total General Expenses	344,723	209,121	553,844	542,475
TOTAL EXPENSES	\$ 5,174,480	\$ 1,488,332	\$ 6,662,812	\$ 6,705,347

See notes to financial statements.

SINGLE AUDIT

**WASHINGTON MATH SCIENCE TECHNOLOGY
PUBLIC CHARTER HIGH SCHOOL, INC.**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Education:			
<i>Pass-through programs from District of Columbia Public Schools</i>			
Title I, Grants to Local Educational Agencies	84.010		\$ 199,665
Enhancing Education through Technology	84.318		16,373
Special Education Grants to States	84.027		58,067
Educational Technology Carl Perkins	84.243		77,767
Improving Teacher Quality State Grants	84.367		174,823
<i>Total U.S. Department of Education</i>			<u>526,695</u>
U.S. Department of Agriculture:			
<i>Pass-through programs from District of Columbia Public Schools, Division of Food and Nutrition Services</i>			
National School Lunch Program	10.555		131,895
<i>Total U.S. Department of Agriculture</i>			<u>131,895</u>
Total Expenditures of Federal Awards			<u><u>\$ 658,590</u></u>

The accompanying notes are an integral part of this schedule.

**WASHINGTON MATH SCIENCE TECHNOLOGY
PUBLIC CHARTER HIGH SCHOOL, INC.**
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Washington Math Science Technology Public Charter High School (WMST or the School) under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

NOTE 3 FEDERAL GRANTS

The following is a description of WMST's federal grant programs for the year ended June 30, 2015:

Title I Part A: Grants to Local Education Agencies (CFDA 84.010)

The objective of this program is to facilitate improving teaching and learning for children residing in areas with high concentrations of children from low-income families at risk of not meeting challenging academic standards.

Special Education Grant to States (CFDA 84.027)

The purposes of the Individuals with Disabilities Education Act (IDEA) are to ensure that all children with disabilities have available to them a free appropriate public education which emphasizes special education and related services designated to meet their unique needs; ensure that the rights of children with

**WASHINGTON MATH SCIENCE TECHNOLOGY
PUBLIC CHARTER HIGH SCHOOL, INC.**
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015

NOTE 3 FEDERAL GRANTS (Continued)

disabilities and their parents or guardians are protected; assist States, localities, educational service agencies and Federal agencies to provide for the education of all children with disabilities; assess and ensure the effectiveness of the 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.

Title II Part A: Improving Teacher Quality State Grant (CFDA 84.367)

The objective of the Improving Teacher Quality State Grants program in Title II, Part A of the Elementary and Secondary Education Act (ESEA) of 1965, as amended by the No Child Left Behind Act of 2001 (NCLB) (Pub. L. No. 107-110), is to provide funds to State Educational Agencies (SEAs), LEAs, State Agencies for Higher Education (SAHEs), and partnerships comprised of IHEs, high-need LEAs and other such entities to increase the academic achievement of all students by helping schools and school districts to: (1) improve teacher and principal quality (including hiring teachers to reduce class size) and (2) ensure that all teachers are highly qualified.

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
Washington Math Science Technology
Public Charter High School, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Washington Math Science Technology Public Charter High School, Inc. (WMST or the School), 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 19, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered WMST'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 WMST's internal control. Accordingly, we do not express an opinion on the effectiveness of the WMST'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.

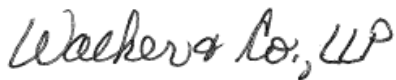
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

A handwritten signature in cursive script that reads "Weckert Co., LLP".

Washington, D.C.
November 19, 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
Washington Math Science Technology
Public Charter High School, Inc.

Report on Compliance for Each Major Federal Program

We have audited Washington Math Science Technology Public Charter High School, Inc.'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 Washington Math Science Technology Public Charter High School, Inc.'s major federal program for the year ended June 30, 2015. Washington Math Science Technology Public Charter High School, Inc.'s major federal program is 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 Washington Math Science Technology Public Charter High School, Inc.'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 Washington Math Science Technology Public Charter High School, Inc.'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 Washington Math Science Technology Public Charter High School, Inc.'s compliance.

Opinion on the Major Federal Program

In our opinion, Washington Math Science Technology Public Charter High School, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of Washington Math Science Technology Public Charter High School, Inc. 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 Washington Math Science Technology Public Charter High School, Inc.'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 Washington Math Science Technology Public Charter High School, Inc.'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.

Wachter & Co., LLP

Washington, D.C.
December xx, 2015

**WASHINGTON MATH SCIENCE TECHNOLOGY
PUBLIC CHARTER HIGH SCHOOL, INC.
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:	
<ul style="list-style-type: none"> Material weaknesses identified? 	No
<ul style="list-style-type: none"> Significant deficiencies identified that are not considered to be material weaknesses? 	None noted
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
<ul style="list-style-type: none"> Material weaknesses identified? 	No
<ul style="list-style-type: none"> Significant deficiencies identified that are not considered to be material weaknesses 	None noted
Type of auditors' report issued on compliance for the major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

Identification of major programs:

<u>CFDA No.</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Grants to Local Educational Agencies
84.367	Improving Teacher Quality State Grants

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**WASHINGTON MATH SCIENCE TECHNOLOGY
PUBLIC CHARTER HIGH SCHOOL, INC.
SCHEDULE OF CURRENT YEAR FINDINGS
Year Ended June 30, 2015**

None.

**WASHINGTON MATH SCIENCE TECHNOLOGY
PUBLIC CHARTER HIGH SCHOOL, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2015**

None.