

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.

WASHINGTON, DC

COMPARATIVE AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

KENDALL, PREBOLA AND JONES

Certified Public Accountants

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I N D E X

	<u>Page</u>
Independent Auditor's Report	1-2
Comparative Statements of Financial Position, June 30, 2015 and 2014	3
Comparative Statements of Activities, For the Years Ended June 30, 2015 and 2014	4
Comparative Statements of Cash Flows, For the Years Ended June 30, 2015 and 2014	5
Notes to Financial Statements	6-25
Supplemental Information	
Schedule 1 - Comparative Schedules of Functional Expenses, For the Years Ended June 30, 2015 and 2014	26-27
Schedule 2 - Comparative Schedules of Average Cost Per Student, For the Years Ended June 30, 2015 and 2014	28
Schedule 3 - Schedule of Expenditures of Federal Awards, For the Year Ended June 30, 2015	29
Notes to Schedule of Expenditures of Federal Awards	30
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 <i>Government Auditing Standards</i>	31-32
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	33-34
Summary Schedule of Prior Audit Findings, For the Year Ended June 30, 2015	35
Schedule of Findings and Questioned Costs, For the Year Ended June 30, 2015	36

Kendall, Prebola and Jones, LLC

Certified Public Accountants

The Board of Directors
Latin American Youth Center
YouthBuild Public Charter School, Inc.
3014 14th Street, NW
Washington, DC 20009

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the Latin American Youth Center YouthBuild Public Charter School, Inc. (a nonprofit organization), 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 the Latin American Youth Center YouthBuild Public Charter School, Inc., as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of functional expenses and schedules 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 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 August 14, 2015, on our consideration of the Latin American Youth Center YouthBuild Public Charter 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 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 Latin American Youth Center YouthBuild Public Charter School, Inc.'s internal control over financial reporting and compliance.



Kendall, Prebola and Jones
Certified Public Accountants

Bedford, Pennsylvania
August 14, 2015

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 129,956	\$ 253,115
Investments	460,922	409,386
Accounts Receivable	39,062	7,732
Grants Receivable	40,968	56,869
Prepaid Expenses and Deposits	<u>48,772</u>	<u>23,915</u>
Total Current Assets	\$ <u>719,680</u>	\$ <u>751,017</u>
<u>Fixed Assets:</u>		
Fixed Assets	\$ 316,206	\$ 307,237
Less: Accumulated Depreciation	<u>(228,517)</u>	<u>(209,482)</u>
Total Fixed Assets	\$ <u>87,689</u>	\$ <u>97,755</u>
TOTAL ASSETS	\$ <u>807,369</u>	\$ <u>848,772</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts Payable	\$ 109,868	\$ 20,849
Accrued Salary and Vacation	57,847	71,253
Payroll Withholdings and Related Liabilities	2,638	1,922
Refundable Advances	<u>2,572</u>	<u>-</u>
Total Current Liabilities	\$ <u>172,925</u>	\$ <u>94,024</u>
Total Liabilities	\$ <u>172,925</u>	\$ <u>94,024</u>
<u>Net Assets:</u>		
Unrestricted	\$ 619,803	\$ 740,107
Temporarily Restricted	<u>14,641</u>	<u>14,641</u>
Total Net Assets	\$ <u>634,444</u>	\$ <u>754,748</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>807,369</u>	\$ <u>848,772</u>

(See Accompanying Notes and Auditor's Report)

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>June 30, 2015</u>			<u>June 30, 2014</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenues and Other Support:</u>						
Per Pupil Funding Allocation	\$ 2,092,159	\$ -	\$ 2,092,159	\$ 1,821,801	\$ -	\$ 1,821,801
Federal Entitlements and Grants	604,534	-	604,534	665,069	-	665,069
State Government Grants	5,704	-	5,704	5,800	-	5,800
Private Grants and Contributions	39,043	10,000	49,043	64,141	10,000	74,141
Donated Services	9,710	-	9,710	162,400	-	162,400
Interest and Dividends	17,609	-	17,609	13,581	-	13,581
Capital Gains and Realized Gains	3,621	-	3,621	11,770	-	11,770
Unrealized Gain/(Loss) on Investments	(12,760)	-	(12,760)	22,307	-	22,307
Net Assets Released from Restrictions (Satisfaction of Program Restrictions)	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>10,500</u>	<u>(10,500)</u>	<u>-</u>
Total Revenues and Other Support	<u>\$ 2,769,620</u>	<u>\$ -</u>	<u>\$ 2,769,620</u>	<u>\$ 2,777,369</u>	<u>\$ (500)</u>	<u>\$ 2,776,869</u>
<u>Expenses:</u>						
Educational Services	\$ 2,485,088	\$ -	\$ 2,485,088	\$ 2,591,100	\$ -	\$ 2,591,100
Fundraising	26,408	-	26,408	30,469	-	30,469
General and Administrative	<u>378,428</u>	<u>-</u>	<u>378,428</u>	<u>405,511</u>	<u>-</u>	<u>405,511</u>
Total Expenses	<u>\$ 2,889,924</u>	<u>\$ -</u>	<u>\$ 2,889,924</u>	<u>\$ 3,027,080</u>	<u>\$ -</u>	<u>\$ 3,027,080</u>
Changes in Net Assets	\$ (120,304)	\$ -	\$ (120,304)	\$ (249,711)	\$ (500)	\$ (250,211)
Net Assets, Beginning of Year	<u>740,107</u>	<u>14,641</u>	<u>754,748</u>	<u>989,818</u>	<u>15,141</u>	<u>1,004,959</u>
Net Assets, End of Year	<u>\$ 619,803</u>	<u>\$ 14,641</u>	<u>\$ 634,444</u>	<u>\$ 740,107</u>	<u>\$ 14,641</u>	<u>\$ 754,748</u>

(See Accompanying Notes and Auditor's Report)

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<u>Cash Flows from Operating Activities:</u>		
Changes in Net Assets	\$ (120,304)	\$ (250,211)
Adjustments to Reconcile Changes in Net Assets to Net Cash Flows From Operating Activities:		
Realized Loss on Investments	2,149	(8,496)
Depreciation	19,035	32,880
Unrealized (Gain)/Loss on Investments	12,760	(22,307)
Accounts Receivable - (Increase)/Decrease	(31,330)	9,873
Grants Receivable - (Increase)/Decrease	15,901	14,505
Prepaid Expenses and Deposits - (Increase)/Decrease	(24,857)	(8,171)
Accounts Payable - Increase/(Decrease)	89,019	5,294
Accrued Salary and Vacation - Increase/(Decrease)	(13,406)	10,886
Payroll Withholdings and Related Liabilities - Increase/(Decrease)	716	(24,357)
Refundable Advances - Increase/(Decrease)	<u>2,572</u>	<u>-</u>
Net Cash Flows From Operating Activities	\$ <u>(47,745)</u>	\$ <u>(240,104)</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Investments	\$ (150,496)	\$ (133,060)
Proceeds on Sale of Investments	84,051	41,638
Purchase of Fixed Assets	<u>(8,969)</u>	<u>(7,167)</u>
Net Cash Flows From Investing Activities	\$ <u>(75,414)</u>	\$ <u>(98,589)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ (123,159)	\$ (338,693)
Cash and Cash Equivalents at Beginning of Year	<u>253,115</u>	<u>591,808</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>129,956</u></u>	\$ <u><u>253,115</u></u>

Supplemental Disclosures:

- a) No income taxes were paid during the years ended June 30, 2015 and 2014.
- b) No interest was paid during the years ended June 30, 2015 and 2014.

(See Accompanying Notes and Auditor's Report)

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

The Latin American Youth Center YouthBuild Public Charter School, Inc. (YouthBuild PCS), a District of Columbia Not-for-Profit Corporation was incorporated on October 7, 2004, exclusively for educational purposes. The Public Charter School operates as part of the District of Columbia Public School system with its focus on out-of-school youth. The vision of the School is to transform the lives of out-of-school youth in the District of Columbia by offering a bilingual educational option that combines an academic program with vocational training, employability skill-building, and community service - a program designed to prepare young people for college or the workplace while they work to create housing for the city's low-income residents.

YouthBuild PCS is one of the few alternative schools in the District of Columbia that serves youth ages 16-24 who have dropped or aged out of traditional high schools. The Charter School offers students a comprehensive, multi-discipline program in a non-traditional learning environment. The entire program is designed to emulate "real life" experience and to promote the student's sense of personal responsibility. The School is purposefully a small learning environment and utilizes innovative, evidence-based strategies and teaching methods that have been effective in working with students with low basic skills. Students spend 40% of their time learning a vocational trade.

The School's primary sources of support are local appropriations for Charter Schools from the District of Columbia Government.

1. 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.

(b) Revenue Recognition:

Contributions

The Charter School has adopted Financial Accounting Standards Board ASC No. 958-605-25 (formerly SFAS No. 116), *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.

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.

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(b) Revenue Recognition: (Continued)

Federal and Charter School Funding

The Latin American Youth Center YouthBuild Public 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, as well as funding for English as a second language. The YouthBuild Public Charter School recognizes this funding in the year in which the school term is conducted. Funding received in advance of the school term is recorded as a refundable advance.

Federal entitlements are recognized based on the allowable costs incurred.

(c) Corporate Taxes:

The Latin American Youth Center YouthBuild Public Charter School is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. Exemption from District of Columbia income taxes was granted to the Charter School effective November 19, 2004. Accordingly, no provisions for income taxes have been provided for in the accompanying financial statements. The organization 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 school did not have any net unrelated business income for the year ended June 30, 2015.

The Latin American Youth Center YouthBuild Public Charter School is also exempt from District of Columbia sales and personal property taxes.

(d) Grants:

Grant revenues are received primarily from Federal agencies and the District of Columbia Government. These grants are subject to financial and compliance audits by the grantor agencies. Such audits could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate grantor. No provision for possible adjustment has been made in the accompanying financial statements because, in the opinion of management, such adjustment, if any, 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.

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(e) Net Assets:

The Charter School has adopted Financial Accounting Standards Board ASC No. 958-205-05 (formerly SFAS No. 117), *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 Directors 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 purpose:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
General Operations - Time Restricted	\$ 10,000	\$ 10,000
Scholarship Fund - Hines	<u>4,641</u>	<u>4,641</u>
Total	<u>\$ 14,641</u>	<u>\$ 14,641</u>

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
General Operations - Time Restricted	\$ 10,000	\$ 10,000
Scholarship Fund - Hines	<u>-</u>	<u>500</u>
Total Released	<u>\$ 10,000</u>	<u>\$ 10,500</u>

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that requires 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, 2015 or 2014.

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(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. In-kind contributions for professional services are recorded in the Statement of Activities at estimated fair value and recognized as revenue and expense in the period they are received.

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Legal Services	\$ 9,710	\$ -
Strategic Planning Consulting	<u>-</u>	<u>162,400</u>
Total	<u>\$ 9,710</u>	<u>\$ 162,400</u>

The time contributed by the members of the Latin American Youth Center YouthBuild Public Charter School's Board of Directors is uncompensated and is not reflected as donated services.

(g) Basic Programs:

YouthBuild PCS is an alternative high school for young people seeking to transform their lives by re-engaging in their education in a non-traditional school environment. YouthBuild PCS prepares students for post-secondary education and the workplace by offering, in English and Spanish, academic, vocational and workforce development programs.

YouthBuild PCS is comprised of four core program areas: Academic Instruction, Workforce Development, Transition Services, and Support Services. Collectively, these core programs allow YouthBuild PCS to provide comprehensive instruction, interventions, services, and support to students so they are successfully prepared for the workforce and/or postsecondary education.

Our Academic Instruction Program equips students with the knowledge and skills needed to obtain a GED (General Education Development) diploma. Students are instructed in five major content areas: Reading, Writing, Math, Science, and Social Studies.

The Workforce Training Program is comprised of vocational education classes and on-site training. Together, the two components provide our students with the opportunity to develop employability skills and earn industry recognized certifications.

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(g) Basic Programs: (Continued)

The Transition Services Program works to ensure that students are successfully prepared to enter a career that will provide a living wage. Career development opportunities are offered including job fairs, job shadowing, internships and college tours.

Our Support Services Program has a singular focus to assist students with overcoming challenges, barriers and obstacles that impede their ability to be successful in school and, ultimately in life. Specific services provided include: substance abuse counseling, individual/group counseling, assistance with obtaining housing, daycare, and medical insurance. Additionally, Life Skills classes are offered.

Respect, Community, Responsibility, Dignity

YouthBuild PCS helps young people with troubled histories develop respect for themselves and others, find a sense of community belonging and responsibility, and lead productive lives with dignity. The experience at YouthBuild PCS reflects real life and promotes a sense of personal responsibility. Students create and sign a code of conduct to foster personal responsibility, establish positive group norms, and set penalties for breaking rules. The code of conduct is enforced by a student-elected council, which also provides input on school operations. YouthBuild PCS students receive a stipend to help meet family commitments, defray transportation costs, and to serve as an incentive to complete the program.

A Win-Win Solution

Statistics show that students who drop out of high school are more likely to live in poverty and suffer from unemployment, poor health, substance abuse, and violence. They need and deserve a second chance to establish stable, productive adult lives. While YouthBuild PCS encourages students to pursue higher educational goals, we recognize that some may choose to enter the workforce upon graduation. We ensure that they have the skills and credentials to do so. Employers, especially construction companies, need young, energetic, qualified and educated workers, particularly those from minority groups and bilingual English-Spanish speakers.

Locally Grounded Part of a Nation-Wide Movement

The YouthBuild model has proven to be an effective change agent in the lives of at-risk youth. YouthBuild PCS is part of a 260-member national network using an effective, tested model developed in 1978. Through YouthBuild, more than 130,000 youth nationwide have transformed their lives through education, rebuilt their communities, and created more than 28,000 units of affordable housing since 1994.

In addition to the strong national model, the YouthBuild PCS has the additional support of growing out of a local nonprofit with extensive experience in providing services to an underserved community. The Latin American Youth Center, YouthBuild PCS's parent organization, is a firmly grounded local nonprofit organization with experience in forming and sustaining charter schools.

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(h) 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 expenses relate to fundraising activities such as soliciting contributions and special events.

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.

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, other educational staff, etc.) and then a percentage of time spent on program services, general and administrative activities, and fundraising activities is applied. All other personnel expenses (benefits, payroll taxes, staff development) are allocated based on the weighted average allocation of the direct salaries.

For other expenses where it would not be appropriate to designate 100 percent as a program service cost, general and administrative cost, or fundraising cost, the allocation formula for personnel expenses is utilized for cost allocation purposes.

(i) 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.

(j) Fundraising:

During the years ended June 30, 2015 and 2014 , expenses incurred for the purpose of fundraising were \$26,408 and \$30,469, respectively.

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(k) 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.

(l) 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.

(m) Advertising Costs:

Advertising was conducted for the purpose of promoting open enrollment and student recruiting to the school and to provide outreach to the community. In addition, advertising costs were incurred for the purpose of teacher recruiting. Advertising costs and recruiting costs are expensed when incurred. Direct advertising expenses were \$11,586 and \$15,399 for the years ended June 30, 2015 and 2014, respectively.

(n) 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.

2. ACCOUNTING FOR UNCERTAIN TAX POSITIONS:

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB ASC No. 740-10 [formerly Interpretation No. 48 (FIN 48)], *Accounting for Uncertainty in Income Taxes*, which is an interpretation of ASC 740's (formerly SFAS No. 109), *Accounting for Income Taxes*. FASB ASC No. 740-10 clarifies the accounting for uncertainty in income taxes recognized in Latin American Youth Center YouthBuild Public Charter School's financial statements in accordance with ASC 740's and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC No. 740-10 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Latin American Youth Center YouthBuild Public Charter School's tax return to determine whether the tax positions have a "more-likely-than-not" probability of being sustained by the applicable tax authority.

The Latin American Youth Center YouthBuild Public Charter School performed an evaluation of uncertain tax positions for the year ended June 30, 2015, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of June 30, 2015, the statute of limitations for tax years 2011 through 2013 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Charter School 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, 2015, the Charter School had no accruals for interest and/or penalties.

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

3. CASH AND CASH EQUIVALENTS:

Cash at June 30, 2015 and 2014, totaled \$129,956 and \$253,115, respectively, and consisted of the following:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Interest Bearing Checking Account	\$ -	\$ 79,068
Money Market Checking Account	25,337	25,304
Non-Interest Bearing Checking Account	3,095	2,066
Money Market Mutual	<u>101,524</u>	<u>146,677</u>
Total	<u>\$ 129,956</u>	<u>\$ 253,115</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.

As of June 30, 2015 and 2014, \$101,524 and \$146,677, respectively, was held in money market funds that are not federally insured. Management has minimized their risk related to these money funds by investing in high quality short term securities. The money market fund seeks to maintain a share price of \$1.00. These money market funds are managed by Keeney Financial Group of LPL Financial.

The Latin American Youth Center YouthBuild Public Charter School maintains its operating funds in one financial institution in the form of a business checking account and a money market account. These 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, 2015 and 2014, none of the bank balance was deposited in excess of Federal Deposit Insurance Corporation limits. Due to increased cash flows at certain times during the year, the amount of funds at risk may have been greater than at year end. The Latin American Youth Center YouthBuild Public Charter School was at risk for the funds held in excess of the insured amounts. The Charter School has not experienced any losses related to this account and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

4. INVESTMENTS:

The Latin American Youth Center YouthBuild Public Charter School invested in equity and debt securities during the year, which are subject to market fluctuations. Investments in debt and equity securities have been measured at fair value and are recorded as such in the statement of financial position. The fair values for marketable debt and equity securities are based on quoted market prices. Unrealized gains and losses are included in the change in net assets. Investments are managed by Keeney Financial Group of LPL Financial.

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

4. INVESTMENTS: (Continued)

Investments at market value at June 30, 2015, consisted of the following:

June 30, 2015

	Publicly Traded Investments	Alternative Investments Invested in Publicly Traded Investments	Alternative Investments Not Invested in Publicly Traded Investments	Total
<u>Mutual Funds</u>				
Domestic Equity	\$ 263,403	\$ -	\$ -	\$ 263,403
Domestic Fixed Income	<u>197,519</u>	<u>-</u>	<u>-</u>	<u>197,519</u>
Total Investments	<u>\$ 460,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 460,922</u>

Investments at market value at June 30, 2014, consisted of the following:

June 30, 2014

	Publicly Traded Investments	Alternative Investments Invested in Publicly Traded Investments	Alternative Investments Not Invested in Publicly Traded Investments	Total
<u>Mutual Funds</u>				
Domestic Equity	\$ 178,843	\$ -	\$ -	\$ 178,843
International Equity	34,906	-	-	34,906
Domestic Fixed Income	<u>195,637</u>	<u>-</u>	<u>-</u>	<u>195,637</u>
Total Investments	<u>\$ 409,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 409,386</u>

Fixed Income:

This category includes domestic and international fixed income securities that primarily focus in debt or debt-like securities, including debt obligations issued or guaranteed by United States or foreign governments. The investment manager will generally acquire positions in debt securities and currencies that are rated investment grade (i.e., rated at least BBB-) by Standard and Poor's Credit Market Services, a division of the McGraw-Hill Companies, Inc., or Baa3 by Moody's Investors Services, Inc., or if unrated, an equivalent rating determined by the investment manager in his sole discretion. The investment manager seeks to retain a reasonable diversification of investments across countries and, consequently, will normally incur some exposure to foreign currencies. As of the end of the periods, all investments in this category may be redeemed with no restrictions.

Equity:

This category includes investments in funds that focus on domestic and international equities. The underlying assets are liquid and the funds' managers provide details of those assets. As of the end of the periods, all of the investments in the category can be redeemed with no restrictions.

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

4. INVESTMENTS: (Continued)

A comparison of the carrying value of these financial instruments at year end were as follows:

<u>June 30, 2015</u>	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Equity Securities	\$ 304,930	\$ 19,050	\$ (5,106)	\$ 318,874
Debt Securities	<u>137,395</u>	<u>4,653</u>	<u>-</u>	<u>142,048</u>
Total - Investments	<u>\$ 442,325</u>	<u>\$ 23,703</u>	<u>\$ (5,106)</u>	<u>\$ 460,922</u>

<u>June 30, 2014</u>	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Equity Securities	\$ 281,469	\$ 29,478	\$ (661)	\$ 310,286
Debt Securities	<u>96,560</u>	<u>2,540</u>	<u>-</u>	<u>99,100</u>
Total - Investments	<u>\$ 378,029</u>	<u>\$ 32,018</u>	<u>\$ (661)</u>	<u>\$ 409,386</u>

Unrealized gains and losses on investments are based on the difference between book value and fair value. Net unrealized gains/(losses) at June 30, 2015 and 2014, were \$18,597 and \$31,357, respectively.

The composition of investment return at June 30, 2015 and 2014, all of which was recorded as unrestricted support, consisted of the following:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Interest	\$ 693	\$ 647
Dividends	16,916	12,934
Capital Gain Distributions	5,770	3,274
Realized Gains/(Loss)	(2,149)	8,496
Unrealized Gain/(Loss) on Investments	<u>(12,760)</u>	<u>22,307</u>
Total	<u>\$ 8,470</u>	<u>\$ 47,658</u>

5. FAIR VALUE MEASUREMENTS:

Financial Accounting Standards Board ASC No. 820-10, *Fair Value Measurements*, formerly FASB Statement No. 157, establishes a framework for measuring fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

5. FAIR VALUE MEASUREMENTS: (Continued)

The three levels of the fair value hierarchy under FASB ASC No. 820-10 are described below:

Level 1 - Valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

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

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

Level 3 - Inputs to the valuation methodology are unobservable (supported by little or no market activity) and not corroborated by market data. Unobservable inputs reflect the organizations estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015.

Mutual Funds: Valued at the net asset value ("NAV") of shares held by the organization at year end.

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

The following tables set forth by level, within the fair value hierarchy, the organization's assets at fair value as of June 30, 2015 and 2014.

June 30, 2015

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity Securities	\$ 318,874	\$ -	\$ -	\$ 318,874
Debt Securities	<u>142,048</u>	<u>-</u>	<u>-</u>	<u>142,048</u>
Total Assets at Fair Value	<u>\$ 460,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 460,922</u>

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

5. FAIR VALUE MEASUREMENTS: (Continued)

June 30, 2014

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity Securities	\$ 310,286	\$ -	\$ -	\$ 310,286
Debt Securities	<u>99,100</u>	<u>-</u>	<u>-</u>	<u>99,100</u>
Total Assets at Fair Value	<u>\$ 409,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 409,386</u>

6. ACCOUNTS AND GRANTS RECEIVABLE:

Accounts and grants receivable are current and considered to be fully collectible by management. Balances as of June 30, 2015 and 2014 consisted of the following:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<u>Accounts Receivable</u>		
Per Pupil Funding - OSSE	\$ 36,518	\$ -
Reimbursable Expenses	2,344	924
Employee	200	1,911
Due from Related Parties	<u>-</u>	<u>4,897</u>
Total	<u>\$ 39,062</u>	<u>\$ 7,732</u>
<u>Grants Receivable</u>		
U.S. Department of Labor - YouthBuild Program	\$ 24,020	\$ 40,215
AmeriCorps	11,244	8,897
D.C. Grant (OSSE) - Schools Technology Fund	5,704	-
D.C. Grant (OSSE) - Vocational Education	<u>-</u>	<u>7,757</u>
Total	<u>\$ 40,968</u>	<u>\$ 56,869</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 the amounts owed to it throughout the year and at year end.

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts or grants receivable. Management believes that an allowance was not required based on its evaluation of collectability of receivables for the years ended June 30, 2015 and 2014.

Trade receivables related to program service fees are recognized as revenue on the accrual basis of accounting at the time the program activity has occurred. Credit is extended for a period of 60 days with no interest accrual at which time payment is considered delinquent. Trade receivables are written off as uncollectable when payment has not been received after 180 days.

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

7. FIXED ASSETS:

Furniture and equipment 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 \$500 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. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any other resulting gain or loss is reflected in income 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, 2015 and 2014 was \$19,035 and \$32,880, 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, 2015

	<u>Depreciable Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Leasehold Improvements	14 Years	\$ 130,757	\$ 56,941	\$ 73,816
Computer Equipment	3 Years	61,052	54,458	6,594
Office Equipment	5 Years	<u>124,397</u>	<u>117,118</u>	<u>7,279</u>
Total		<u>\$ 316,206</u>	<u>\$ 228,517</u>	<u>\$ 87,689</u>

June 30, 2014

	<u>Depreciable Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Leasehold Improvements	14 Years	\$ 130,757	\$ 47,558	\$ 83,199
Computer Equipment	3 Years	56,938	50,689	6,249
Office Equipment	5 Years	<u>119,542</u>	<u>111,235</u>	<u>8,307</u>
Total		<u>\$ 307,237</u>	<u>\$ 209,482</u>	<u>\$ 97,755</u>

8. 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 Schools fiscal management and academic acceptability. The contract dated May 24, 2005, provides for a 15-year charter effective the date of first operation. If not renewed, the charter contract will expire on or about January 1, 2020. The charter contract may be renewed for successive 15-year periods if the DCPCSB deems that the Latin American Youth Center YouthBuild Public 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 YouthBuild's charter every five years, with the first such review having occurred in the spring of 2015. 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.

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

8. DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD CONTRACT: (Continued)

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 year ended June 30, 2015, the Charter School incurred \$26,975 in administrative fees.

The charter contract provides that YouthBuild may 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, 2015, was not permitted to be greater than 115 students. Audit enrollment for the 2014/2015 year averaged between 53 and 112 students and enrollment for the 2013/2014 year averaged between 55 and 115 students.

9. PER-PUPIL FUNDING ALLOCATION:

The 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, 2015, the per-student rate was \$13,668 for the educational allotment and \$3,072 for the facility allotment. For the year ended June 30, 2014, the per-student rate was \$10,888 for the educational allotment and \$3,000 for the facility allotment. Additional allotments were made for Special Education Services and English as a Second Language. Per-pupil funding for the years ended June 30, 2015 and 2014 were as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Grade Level - Alternative	\$ 1,530,870	\$ 1,259,777
Special Education	184,667	95,576
English as a Second Language	32,558	121,448
Facilities Allowance	<u>344,064</u>	<u>345,000</u>
Total	<u>\$ 2,092,159</u>	<u>\$ 1,821,801</u>

10. FEDERAL ENTITLEMENTS AND GRANTS:

During the years ended June 30, 2015 and 2014, the Latin American Youth Center YouthBuild Public Charter School participated in the following federal award programs:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Department of Labor - YouthBuild Program	\$ 493,539	\$ 585,700
District of Columbia - Vocational Education	50,565	47,468
AmeriCorps	60,430	38,547
District of Columbia - Education Jobs Fund	-	(3,034)
Entitlement - Title III, Part A	-	(2,778)
OJJDP - Juvenile Mentoring Program	<u>-</u>	<u>(834)</u>
Total	<u>\$ 604,534</u>	<u>\$ 665,069</u>

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

10. FEDERAL ENTITLEMENTS AND GRANTS: (Continued)

YouthBuild is a youth and community development program that simultaneously addresses several core issues facing low-income communities: housing, education, employment, crime prevention, and leadership development.

The YouthBuild model balances in-school learning, geared toward a high school diploma or passing the General Education Development (GED) test, and construction skills training, geared toward a career placement for the youth. The in-school component is an alternative education program that assists youth who are often significantly behind in basic skills to obtain a high school diploma or GED credential. The primary target populations for YouthBuild are high school dropouts that may also be adjudicated youth, youth aging out of foster care, and other at-risk youth populations. The YouthBuild model enables these youth to access the education they need to move on to post-secondary and high-growth, high demand jobs which will enable them to prosper in the 21st century economy. The funding for this grant is authorized by Subtitle D of Title I of the Workforce Investment Act (WIA).

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. Rather, NCLB funds provide additional support to states, LEAs, and schools for specific purposes. Grants are provided by the U.S. Department of Education and pass through the District of Columbia Office of State Superintendent of Education.

11. COMMITMENTS:

Building Lease:

The Latin American Youth Center YouthBuild Public Charter School originally entered into a sublease agreement with the Latin American Youth Center effective for a one year period commencing on July 1, 2006, and ending on June 30, 2007, for the rental of a building located at 3014 14th Street, NW, Washington DC. This lease was renewed on July 1, 2007 for an additional two year period through June 30, 2009.

During July 2008, the Latin American Youth Center YouthBuild Public Charter School executed an amendment to the current lease agreement which was to expire on June 30, 2009 by extending the lease term until June 30, 2023. The lease amendment increased the rented square footage from 6,962 square feet to 12,006 square feet and increased the monthly rental payment to \$22,000 per month with yearly increases of 3%. As of June 30, 2015, this lease called for monthly lease payments of \$26,269. The terms of the new lease commenced on May 15, 2009.

The School is obligated to pay a proportion of the annual increase in operating cost of the leased property in the event the landlord bills for such costs. Rental expense for the years ended June 30, 2015 and 2014 was \$306,814 and \$297,877, respectively.

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

11. COMMITMENTS: (Continued)

Building Lease: (Continued)

Future minimum rental lease payment requirements for the next five years are as follows:

Year Ended June 30,

2016	\$ 316,018
2017	325,498
2018	335,263
2019	345,321
2020	<u>355,681</u>
Total	<u>\$ 1,677,781</u>

Copier Lease:

The Latin American Youth Center YouthBuild Public Charter School entered into an operating lease with Wells Fargo Financial Leasing, Inc., on October 12, 2012, for the rental of a Copystar 4550CI photocopier. This lease calls for thirty-sixty (36) monthly payments of \$364 commencing on October 27, 2012. Rental expense for the years ending June 30, 2015 and 2014 was \$4,368 and \$4,171, respectively.

Future minimum payments due under this lease are as follows:

Year Ended June 30,

2016	\$ <u>1,456</u>
Total	<u>\$ 1,456</u>

12. RELATED PARTY TRANSACTIONS:

Latin American Youth Center:

The Latin American Youth Center YouthBuild Public Charter School was formed as a not-for-profit corporation on October 7, 2004 by the Latin American Youth Center, a separate 501(c)(3) organization. Prior to its formation, the YouthBuild Public Charter School operated as a separate program of the Latin American Youth Center. The Latin American Youth Center received a grant from the U.S. Department of Housing and Urban Development to assist in the operations of the YouthBuild Program. Various transactions occurred during the year between the two organizations including the following:

- a) As of June 30, 2015 and June 30, 2014, an amount of \$-0- and \$4,897, respectively, was due from the Latin American Youth Center.
- b) Office space is subleased by the School from the Latin American Youth Center. As of June 30, 2015, monthly payments were required in the amount of \$26,269. Rent expense to the Latin American Youth Center for the years ended June 30, 2015 and 2014, was \$306,814 and \$297,877, respectively.

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

12. RELATED PARTY TRANSACTIONS: (Continued)

Latin American Youth Center: (Continued)

- c) Through the period of September 30, 2014, the charter school paid the Latin American Youth Center an amount of \$1,000 per month for information technology support. A total amount of \$3,000 was paid during the year ended June 30, 2014.
- d) During the years ended June 30, 2015 and 2014, the charter school reimbursed the Latin American Youth Center an amount of \$1,200 and \$1,200, respectively, for the rental of a parking space.

Contributions:

Various board members of the Latin American Youth Center YouthBuild Public Charter School, organizations for which they are affiliated, and relatives of board members gave contributions to the organization in the amount of \$668 and \$573 during the years ended June 30, 2015 and 2014, respectively.

The National Chapter of YouthBuild USA gave various donations and grants to the Latin American Youth Center YouthBuild Public Charter School during the years ended June 30, 2015 and 2014.

Total contributions and grants were as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
National and Community Service -		
Passed Through AmeriCorps	\$ 60,430	\$ 38,547
General Donation	<u>-</u>	<u>2,500</u>
Total	<u>\$ 60,430</u>	<u>\$ 41,047</u>

These transactions were conducted on an arm's length basis and there is no quid pro quo.

13. CONCENTRATIONS:

Revenues:

Based on the nature and purpose of the Latin American Youth Center YouthBuild Public Charter School, significant revenues are received through parties interested in helping out-of-school youth. The Latin American Youth Center YouthBuild Public Charter School receives public funds from the DC government based on the number of students they enroll according to the Uniform Per Student Funding Formula developed by the Mayor and City Council. This per pupil allocation is supplemented with extra funds for students with special needs. During the years ended June 30, 2015 and 2014, seventy-six percent (76%) and sixty-six percent (66%), respectively, of total support was received from the District of Columbia in the form of per pupil funding. In addition, eighteen percent (18%) and twenty-one percent (21%), respectively, was received as a federal grant under the YouthBuild Program for the years ended June 30, 2015 and 2014.

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

13. CONCENTRATIONS: (Continued)

Revenues: (Continued)

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

14. CONTINGENCIES:

The Latin American Youth Center YouthBuild Public Charter School was granted its charter by the District of Columbia Public Charter School Board and the District of Columbia Board of Education, authorized under the District of Columbia School Reform Act of 1995, Public Law 104-134, as amended. The Latin American Youth Center YouthBuild Public 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 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 School. While the Charter School's board of directors and management believe 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.

Laws and regulations governing charter schools are complex and subject to interpretation. For instance, the Charter School receives funding from various federal and state grant reimbursement programs, which are governed by various rules and regulations of the respective grantor agencies. To the extent that the Charter School has not complied with the rules and regulations governing the grants, refunds of any money received may be required. The Latin American Youth Center YouthBuild Public 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. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies. The viability of public charter schools and funding for these schools is dependent on the consensus of current and future administration 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 August 14, 2015, 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.

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

16. RETIREMENT PLAN:

401(k) Plan:

The Latin American Youth Center YouthBuild Public Charter School provides pension benefits for its employees through a defined contribution 401(k) retirement plan which is currently administered by John Hancock. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Provisions of the plan allow for the employees to contribute up to the statutory limits set by the Internal Revenue Code.

In addition, the School contributes a discretionary percentage of compensation, which is determined on an annual basis. The School made employer discretionary contributions of 3% of annual employee compensation for employees with two or more years of service through December 31, 2014. There is no unfunded past service liability. The School's contributions for the years ended June 30, 2015 and 2014 were \$15,678 and \$26,863, respectively.

17. EMPLOYEE BENEFITS:

The cost of fringe benefits incurred for the years ended June 30, 2015 and 2014 consisted of the following:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Social Security/Medicare	\$ 101,678	\$ 107,845
Health Insurance	74,519	78,686
Life and Disability Insurance	7,310	7,834
Retirement	15,678	26,863
Unemployment	12,402	16,302
Workers Compensation	21,898	23,024
Tuition Reimbursement	4,335	3,000
De Minimus	<u>4,884</u>	<u>4,150</u>
Total	<u>\$ 242,704</u>	<u>\$ 267,704</u>

Flexible Benefits Plan:

The Latin American Youth Center YouthBuild Public Charter School adopted a Section 125 Flexible Benefits Plan (Cafeteria Plan). Under this plan, employees are permitted to use pre-tax benefit dollars through payroll deduction to pay for health and dental insurance premiums, and dependent care expenses.

Educational Assistance Program:

The Latin American Youth Center YouthBuild Public Charter School adopted a Section 127 Employee's Educational Assistance Program. Under this plan, payments up to an amount of \$5,250 paid on behalf of an employee for tuition, fees, books and supplies are considered to be a tax free benefit.

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

18. OCCUPANCY COST:

The cost of occupancy for the years ended June 30, 2015 and 2014 consisted of the following:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Rent	\$ 306,814	\$ 297,877
Janitorial Services/Supplies	34,320	38,236
Depreciation - Leasehold	9,384	9,383
Maintenance and Repair	9,098	3,852
Utilities	9,848	13,459
Storage	1,124	-
Pest Control	<u>530</u>	<u>1,155</u>
Total	<u>\$ 371,118</u>	<u>\$ 363,962</u>

19. CONSOLIDATION:

Management has applied the principles of FASB ASC 958-810 (formerly Statement of Position No. 94-3), *Reporting of Related Entities by Not-for-Profit Organizations*, in assessing the need to consolidate the financial statements of the School with those of the Latin American Youth Center. Under FASB ASC 958-810, consolidation should occur if both an economic interest between the organizations and control by a majority of common board members exist. Based on the criteria stipulated in the pronouncement, management has determined that financial statement consolidation is not appropriate for the fiscal years ending June 30, 2015 and 2014. Therefore, the accompanying financial statements reflect only the activity and net assets of the School.

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
COMPARATIVE SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	June 30, 2015				June 30, 2014			
	<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>								
Academic Instruction	\$ 286,009	\$ 286,009	\$ -	\$ -	\$ 303,177	\$ 303,177	\$ -	\$ -
Workforce Training	277,111	277,111	-	-	330,020	330,020	-	-
Transition Services	104,699	104,699	-	-	117,534	117,534	-	-
Support Services	234,898	234,898	-	-	227,268	227,268	-	-
Administration	468,474	274,843	176,269	17,362	498,700	268,194	210,307	20,199
Employee Benefits	128,625	110,461	16,535	1,629	143,557	121,148	20,445	1,964
Payroll Taxes	114,079	97,969	14,665	1,445	124,147	104,768	17,681	1,698
Leased Employees and Temporary Help	2,030	-	2,030	-	4,601	4,041	560	-
Staff Development Costs	38,560	38,560	-	-	22,709	22,709	-	-
Other Staff Related Expenses	7,702	6,615	990	97	6,983	5,893	994	96
Total Personnel, Salaries and Benefits	\$ 1,662,187	\$ 1,431,165	\$ 210,489	\$ 20,533	\$ 1,778,696	\$ 1,504,752	\$ 249,987	\$ 23,957
<u>Direct Student Costs:</u>								
Student Supplies and Food	\$ 5,360	\$ 5,360	\$ -	\$ -	\$ 4,246	\$ 4,246	\$ -	\$ -
Textbooks and Subscriptions	14,023	14,023	-	-	9,126	9,126	-	-
Student Assessment Materials	6,438	6,438	-	-	16,441	16,441	-	-
Student Uniforms	10,607	10,607	-	-	9,178	9,178	-	-
Contracted Instructional/Student Services	165,595	165,595	-	-	78,979	78,979	-	-
Student Travel/Field Trips	33,557	33,557	-	-	33,797	33,797	-	-
Student Stipends	283,519	283,519	-	-	317,933	317,933	-	-
Student Counseling	5,655	5,655	-	-	18,397	18,397	-	-
Student Recruiting	10,074	10,074	-	-	15,252	15,252	-	-
Other Student Costs	13,478	13,478	-	-	9,889	9,889	-	-
Total Direct Student Costs	\$ 548,306	\$ 548,306	\$ -	\$ -	\$ 513,238	\$ 513,238	\$ -	\$ -
<u>Occupancy Costs:</u>								
Rent	\$ 306,814	\$ 263,488	\$ 39,442	\$ 3,884	\$ 297,877	\$ 251,380	\$ 42,423	\$ 4,074
Storage	1,124	965	144	15	-	-	-	-
Utilities	9,848	8,457	1,266	125	13,459	11,358	1,917	184
Depreciation - Leasehold Improvement	9,384	8,059	1,206	119	9,383	7,919	1,336	128
Maintenance and Repairs	9,628	8,268	1,238	122	3,852	3,250	549	53
Contracted Building Services	34,320	29,474	4,412	434	39,391	33,242	5,610	539
Total Occupancy Costs	\$ 371,118	\$ 318,711	\$ 47,708	\$ 4,699	\$ 363,962	\$ 307,149	\$ 51,835	\$ 4,978

(See Accompanying Notes and Auditor's Report)

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
COMPARATIVE SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>June 30, 2015</u>				<u>June 30, 2014</u>			
	<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	\$ 10,127	\$ 8,697	\$ 1,302	\$ 128	\$ 11,248	\$ 9,492	\$ 1,602	\$ 154
Equipment Rental and Maintenance	5,554	4,770	714	70	5,157	4,352	734	71
Telecommunications	18,009	15,466	2,315	228	18,407	15,534	2,621	252
Printing and Copying	9,503	8,161	1,222	120	9,110	7,688	1,297	125
Postage and Shipping	1,654	1,420	213	21	2,577	2,175	367	35
Computer Support	20,655	17,738	2,655	262	24,567	20,733	3,499	335
Meeting Expenses	550	472	71	7	1,153	973	164	16
Membership and Subscriptions	4,655	3,998	598	59	4,282	3,614	610	58
Marketing and Promotion	1,512	1,512	-	-	147	147	-	-
Total Office Expenses	\$ 72,219	\$ 62,234	\$ 9,090	\$ 895	\$ 76,648	\$ 64,708	\$ 10,894	\$ 1,046
<u>General Expenses:</u>								
Insurance	\$ 12,542	\$ 10,771	\$ 1,612	\$ 159	\$ 12,233	\$ 10,323	\$ 1,743	\$ 167
Legal Fees	9,710	-	9,710	-	-	-	-	-
Accounting Services	69,595	-	69,595	-	72,252	-	72,252	-
Consulting	105,613	105,613	-	-	171,100	171,100	-	-
Authorizer Fee	26,975	-	26,975	-	12,815	-	12,815	-
Depreciation	9,651	8,288	1,241	122	23,497	19,830	3,346	321
Fees and Licenses	2,008	-	2,008	-	2,639	-	2,639	-
Total General Expenses	\$ 236,094	\$ 124,672	\$ 111,141	\$ 281	\$ 294,536	\$ 201,253	\$ 92,795	\$ 488
TOTAL FUNCTIONAL EXPENSES	\$ 2,889,924	\$ 2,485,088	\$ 378,428	\$ 26,408	\$ 3,027,080	\$ 2,591,100	\$ 405,511	\$ 30,469

(See Accompanying Notes and Auditor's Report)

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
COMPARATIVE SCHEDULES OF AVERAGE COST PER STUDENT
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

June 30, 2015

	<u>Total Cost</u>	<u>Average Cost Per Student</u>
Instructional	\$ 2,166,377	\$ 19,342.65
Occupancy Cost	318,711	2,845.63
General and Administrative	378,428	3,378.82
Fundraising	<u>26,408</u>	<u>-</u>
Total	<u>\$ 2,889,924</u>	<u>\$ 25,567.10</u>

The above is the average per student cost for the year ended June 30, 2015, and is based on a full time equivalent (FTE) enrollment of 112 students.

June 30, 2014

	<u>Total Cost</u>	<u>Average Cost Per Student</u>
Instructional	\$ 2,283,951	\$ 19,860.44
Occupancy Cost	307,149	2,670.86
General and Administrative	405,511	3,526.18
Fundraising	<u>30,469</u>	<u>-</u>
Total	<u>\$ 3,027,080</u>	<u>\$ 26,057.48</u>

The above is the average per student cost for the year ended June 30, 2014, and is based on a full time equivalent (FTE) enrollment of 115 students.

(See Accompanying Notes and Auditor's Report)

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Federal Grantor/Pass Through Grantor</u>	<u>Program Title</u>	<u>Federal</u>	<u>Pass-Through</u>	<u>Program</u>	<u>Grant</u>	<u>Refundable</u>	<u>Current Year Activity</u>		<u>Grant</u>	<u>Refundable</u>
		<u>CFDA</u>	<u>Grantors</u>	<u>or Award</u>	<u>Receivable</u>	<u>Advance at</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Receivable</u>	<u>Advance at</u>
		<u>Number</u>	<u>Number</u>	<u>Amount</u>	<u>Period of Award</u>	<u>at 7/1/14</u>	<u>7/1/14</u>		<u>at 6/30/15</u>	<u>6/30/15</u>
<u>U.S. Department of Labor:</u>										
Direct Awards:										
YouthBuild Program		17.274	YB-24751-13-60-A-11	\$ 1,100,000	07/15/13 to 11/14/16	\$ 37,400	\$ -	\$ 506,919	\$ 493,539	\$ 24,020
YouthBuild Program		17.274	YB-21751-11-60-A-11	\$ 1,100,000	06/01/11 to 05/31/14	<u>2,815</u>	-	<u>2,815</u>	-	-
Total U.S. Department of Labor						<u>\$ 40,215</u>	<u>\$ -</u>	<u>\$ 509,734</u>	<u>\$ 493,539</u>	<u>\$ 24,020</u>
<u>U.S. Department of Education:</u>										
Passed Through the District of Columbia Government:										
Vocational Education - Basic Grants to States		84.048A	Unknown	\$ 45,825	07/01/14 to 09/30/15	\$ -	\$ -	\$ 44,780	\$ 44,780	\$ -
Vocational Education - Basic Grants to States		84.048A	Unknown	\$ 55,825	07/01/13 to 09/30/14	<u>7,757</u>	-	<u>16,114</u>	<u>5,785</u>	-
Total U.S. Department of Education						<u>\$ 7,757</u>	<u>-</u>	<u>\$ 60,894</u>	<u>\$ 50,565</u>	<u>\$ -</u>
<u>Corporation for National and Community Service:</u>										
Passed Through YouthBuild USA:										
AmeriCorps		94.006	Unknown	\$ 52,000	08/15/14 to 08/14/15	\$ -	\$ -	\$ 30,615	\$ 41,859	\$ 11,244
AmeriCorps		94.006	Unknown	\$ 52,000	08/15/13 to 08/14/14	<u>8,897</u>	-	<u>27,468</u>	<u>18,571</u>	-
Total Corporation for National and Community Service						<u>\$ 8,897</u>	<u>\$ -</u>	<u>\$ 58,083</u>	<u>\$ 60,430</u>	<u>\$ 11,244</u>
TOTAL FEDERAL AWARDS						<u>\$ 56,869</u>	<u>\$ -</u>	<u>\$ 628,711</u>	<u>\$ 604,534</u>	<u>\$ 35,264</u>

(See Accompanying Notes and Auditor's Report)

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Note 1 - Basis of Accounting:

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting.

Note 2 - Major Program Selection:

The major Federal Award Program selected for testing is as follows:

U.S. Department of Labor

YouthBuild Program

The requirements of Office of Management and Budget Circular A-133 requires all major programs as determined by the auditor on a risk-based approach and/or at least 50% (25% for low risk auditees) of all federal awards be subject to specific control and compliance testing. For the Latin American Youth Center YouthBuild Public Charter School, Inc., the programs subject to these requirements are as listed above. The total expenditures of these programs represent 81.64% of the total federal expenditures.

<u>Programs</u>	<u>CFDA #</u>	<u>Amount of Expenditures</u>
YouthBuild Program	17.274	\$ 493,539 *
Vocational Education - Basic Grants to States	84.048A	50,565
AmeriCorps	94.006	<u>60,430</u>
Total Federal Awards		<u>\$ 604,534</u>

* Denotes Major Program

Note 3 - Major Program Disclosure:

YouthBuild Program

The YouthBuild program provides funding assistance for a wide range of multi-disciplinary activities and services to assist economically disadvantaged youth. The opportunities are designed to help disadvantaged young adults who have dropped out of high school to obtain the education and employment skills necessary to achieve economic self-efficiency and develop leadership skills and a commitment to community development in low income communities. Another important objective of the YouthBuild program is to expand the supply of permanent affordable housing for homeless persons and members of low income and very low income families. By giving disadvantaged young adults participating in the program meaningful on-site training experiences constructing or rehabilitating housing as a community service, they are helping to meet the housing needs of homeless and low income families in their community.

Kendall, Prebola and Jones, LLC

Certified Public Accountants

The Board of Directors
Latin American Youth Center
YouthBuild Public Charter School, Inc.
3014 14th Street, NW
Washington, DC 20009

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 the Latin American Youth Center YouthBuild Public Charter School, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 14, 2015.

Internal Control Over Financial Reporting

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

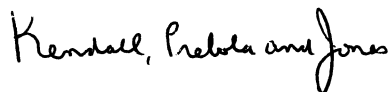
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 the Latin American Youth Center YouthBuild Public Charter School, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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
August 14, 2015

Kendall, Prebola and Jones, LLC

Certified Public Accountants

Board of Directors
Latin American Youth Center
YouthBuild Public Charter School, Inc.
3014 14th Street, NW
Washington, DC 20009

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Report on Compliance for Each Major Federal Program

We have audited the Latin American Youth Center YouthBuild Public Charter School, Inc.'s (a nonprofit organization) 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 Latin American Youth Center YouthBuild Public Charter School, Inc.'s major federal programs for the year ended June 30, 2015. The Latin American Youth Center YouthBuild Public Charter School, Inc.'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 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 the Latin American Youth Center YouthBuild Public Charter 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 the Latin American Youth Center YouthBuild Public Charter 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 the Latin American Youth Center YouthBuild Public Charter School, Inc.'s compliance.

Opinion on Each Major Federal Award Program

In our opinion, the Latin American Youth Center YouthBuild Public Charter 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 each of its major federal programs for the year ended June 30, 2015.

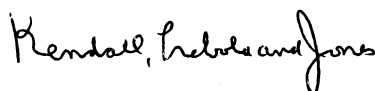
Report on Internal Control Over Compliance

Management of the Latin American Youth Center YouthBuild Public Charter School, Inc., 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 Latin American Youth Center YouthBuild Public Charter 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 the Latin American Youth Center YouthBuild Public Charter 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Kendall, Prebola and Jones
Certified Public Accountants

Bedford, Pennsylvania
August 14, 2015

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

There were no findings reported in the prior year.

LATIN AMERICAN YOUTH CENTER
YOUTHBUILD PUBLIC CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

I. Summary of Audit Results

- a. The auditor's report expresses an unmodified opinion on the financial statements of the Latin American Youth Center YouthBuild Public Charter School, Inc.
- 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 Latin American Youth Center YouthBuild Public Charter School, Inc., 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 Latin American Youth Center YouthBuild Public Charter School, Inc. expresses an unmodified opinion.
- f. There are no audit findings that are required to be reported in accordance with section 510 (a) of OMB Circular A-133 in the Schedule of Findings and Questioned Costs.
- g. The major programs of the Latin American Youth Center YouthBuild Public Charter School, Inc. were as follows:

<u>Programs</u>	<u>CFDA #</u>
YouthBuild Program	17.274

- h. The dollar threshold utilized to determine Type A programs was \$300,000.
- i. The Latin American Youth Center YouthBuild Public Charter School, Inc. qualified as a low-risk auditee.

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

None

III. Findings relating to federal awards, which are required to be reported in accordance with OMB Circular A-133

None