

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY

WASHINGTON, D.C.

CONSOLIDATED 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
Consolidated Statements of Financial Position, June 30, 2015 and 2014	3
Consolidated Statements of Activities, For the Years Ended June 30, 2015 and 2014	4
Consolidated Statements of Cash Flows, For the Years Ended June 30, 2015 and 2014	5
Notes to Consolidated Financial Statements	6-18
Supplemental Information	
Schedule 1 - Consolidated Schedules of Functional Expenses, For the Years Ended June 30, 2015 and 2014	19-20
Schedule 2 - Consolidated Schedules of Average Cost per Student, For the Years Ended June 30, 2015 and 2014	21
Schedule 3 - Consolidating Schedule of Financial Position, For the Year Ended June 30, 2015	22
Schedule 4 - Consolidating Schedule of Activities, For the Year Ended June 30, 2015	23
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>	24-25
Summary Schedule of Prior Audit Findings, For the Year Ended June 30, 2015	26
Schedule of Findings and Questioned Costs, For the Year Ended June 30, 2015	27

Kendall, Prebola and Jones, LLC

Certified Public Accountants

The Board of Directors
Briya Public Charter School and Subsidiary
2333 Ontario Road NW
Washington, DC 20009

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Briya Public Charter School and Subsidiary (the School), which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

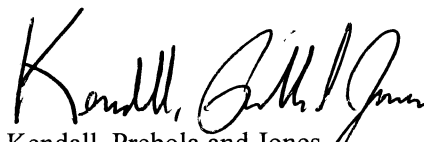
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Briya Public Charter School and Subsidiary as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance 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 consolidated financial statements as a whole. The schedules of consolidated functional expenses, consolidated schedules of average cost per student, consolidating schedule of financial position and consolidating schedule of activities are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 2, 2015, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Kendall, Prebola and Jones
Certified Public Accountants

Bedford, Pennsylvania
November 2, 2015

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
CONSOLIDATED 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	\$ 2,921,743	\$ 1,166,760
Certificates of Deposit	7,856,467	7,962,020
Accounts, Grants and Interest Receivable	293,968	114,187
Prepaid Expenses	<u>67,235</u>	<u>53,514</u>
Total Current Assets	<u>\$ 11,139,413</u>	<u>\$ 9,296,481</u>
<u>Fixed Assets:</u>		
Furniture, Equipment and Computers	\$ 455,003	\$ 411,299
Accumulated Depreciation - Furniture, Equipment and Computers	(358,614)	(286,650)
Leasehold Improvements	285,013	235,598
Accumulated Amortization - Leasehold Improvements	(236,981)	(227,970)
Construction in Progress	<u>279,759</u>	<u>4,932</u>
Total Fixed Assets	<u>\$ 424,180</u>	<u>\$ 137,209</u>
<u>Capital Lease:</u>		
Leasehold - Georgia Avenue	\$ 2,056,499	\$ 2,056,499
Accumulated Amortization - Capital Lease	<u>(274,200)</u>	<u>(205,650)</u>
Total Capital Leases	<u>\$ 1,782,299</u>	<u>\$ 1,850,849</u>
<u>Other Assets:</u>		
Deposits	<u>\$ 227,875</u>	<u>\$ 227,800</u>
Total Other Assets	<u>\$ 227,875</u>	<u>\$ 227,800</u>
TOTAL ASSETS	<u>\$ 13,573,767</u>	<u>\$ 11,512,339</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts Payable	\$ 231,088	\$ 71,350
Accrued Salaries and Expenses	288,310	284,301
Deferred Revenues	-	301,345
Capital Lease - Current Portion	<u>18,965</u>	<u>18,944</u>
Total Current Liabilities	<u>\$ 538,363</u>	<u>\$ 675,940</u>
<u>Long-term Liabilities:</u>		
Capital Lease	\$ 1,617,451	\$ 1,636,394
Less: Current Portion	<u>(18,965)</u>	<u>(18,944)</u>
Total Long-term Liabilities	<u>\$ 1,598,486</u>	<u>\$ 1,617,450</u>
Total Liabilities	<u>\$ 2,136,849</u>	<u>\$ 2,293,390</u>
<u>Net Assets:</u>		
Unrestricted	\$ 11,434,918	\$ 9,205,048
Temporarily Restricted	<u>2,000</u>	<u>13,901</u>
Total Net Assets	<u>\$ 11,436,918</u>	<u>\$ 9,218,949</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,573,767</u>	<u>\$ 11,512,339</u>

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
CONSOLIDATED 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>						
Tuition - Per Pupil Funding Allocation	\$ 6,511,441	\$ -	\$ 6,511,441	\$ 5,355,567	\$ -	\$ 5,355,567
Federal Entitlements and Grants	472,834	-	472,834	124,865	-	124,865
State Government Grants	176,210	-	176,210	131,205	-	131,205
Private Grants and Contributions	35,271	650	35,921	4,494	21,321	25,815
Donated Services, Facilities, Etc.	79,431	-	79,431	79,309	-	79,309
Interest	66,738	-	66,738	62,025	-	62,025
Other Revenues	1,335	-	1,335	770	-	770
Net Assets Released from Restrictions (Satisfaction of Program Restrictions)	<u>12,551</u>	<u>(12,551)</u>	<u>-</u>	<u>12,516</u>	<u>(12,516)</u>	<u>-</u>
Total Revenues and Other Support	<u>\$ 7,355,811</u>	<u>\$ (11,901)</u>	<u>\$ 7,343,910</u>	<u>\$ 5,770,751</u>	<u>\$ 8,805</u>	<u>\$ 5,779,556</u>
<u>Expenses:</u>						
Educational Services	\$ 4,561,071	\$ -	\$ 4,561,071	\$ 4,028,292	\$ -	\$ 4,028,292
Fundraising	39,816	-	39,816	43,478	-	43,478
General and Administrative	<u>525,054</u>	<u>-</u>	<u>525,054</u>	<u>469,421</u>	<u>-</u>	<u>469,421</u>
Total Expenses	<u>\$ 5,125,941</u>	<u>\$ -</u>	<u>\$ 5,125,941</u>	<u>\$ 4,541,191</u>	<u>\$ -</u>	<u>\$ 4,541,191</u>
Changes in Net Assets	\$ 2,229,870	\$ (11,901)	\$ 2,217,969	\$ 1,229,560	\$ 8,805	\$ 1,238,365
Net Assets, Beginning of Year	<u>9,205,048</u>	<u>13,901</u>	<u>9,218,949</u>	<u>7,975,488</u>	<u>5,096</u>	<u>7,980,584</u>
Net Assets, End of Year	<u>\$ 11,434,918</u>	<u>\$ 2,000</u>	<u>\$ 11,436,918</u>	<u>\$ 9,205,048</u>	<u>\$ 13,901</u>	<u>\$ 9,218,949</u>

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
CONSOLIDATED 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	\$ 2,217,969	\$ 1,238,365
Adjustments to Reconcile Changes in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	149,525	213,040
Imputed Interest	81,819	82,674
Loss on Disposal of Fixed Assets	-	241
Accounts, Grants and Interest Receivable - (Increase)/Decrease	(179,781)	(96,975)
Prepaid Expenses - (Increase)/Decrease	(13,721)	(36,905)
Deposits - (Increase)/Decrease	(75)	(2,800)
Accounts Payable - Increase/(Decrease)	159,738	37,408
Accrued Salaries and Expenses - Increase/(Decrease)	4,009	16,466
Deferred Revenue - Increase/(Decrease)	<u>(301,345)</u>	<u>126,850</u>
Net Cash Flows from Operating Activities	<u>\$ 2,118,138</u>	<u>\$ 1,578,364</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Fixed Assets and Construction in Progress	\$ (367,945)	\$ (39,110)
Proceeds from Disposal of Fixed Assets	-	2,993
Net Sales (Purchases) of Certificates of Deposit	<u>105,553</u>	<u>(1,128,212)</u>
Net Cash Flows from Investing Activities	<u>\$ (262,392)</u>	<u>\$ (1,164,329)</u>
<u>Cash Flows from Financing Activities:</u>		
Payments made on Capital Lease	<u>\$ (100,763)</u>	<u>\$ (99,766)</u>
Net Cash Flows from Financing Activities	<u>\$ (100,763)</u>	<u>\$ (99,766)</u>
Net Increase in Cash and Cash Equivalents	\$ 1,754,983	\$ 314,269
Cash and Cash Equivalents at Beginning of Year	<u>1,166,760</u>	<u>852,491</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,921,743</u>	<u>\$ 1,166,760</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.
- c) During the year ended June 30, 2014, the School received \$1,444 of food commodities from the U.S. Department of Agriculture.

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Briya Public Charter School (Briya PCS), a District of Columbia Not-for-Profit Corporation was incorporated on July 12, 2005, exclusively for educational purposes. Briya PCS operates as part of the District of Columbia Public School system with its focus on providing high quality education for adults and children that empowers families through a culturally sensitive family literacy model.

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

In February 2015, Briya Public Charter School formed Mamie D. Lee, LLC (a District of Columbia LLC), which was established to lease a school building from the DC Government. This school building will be renovated by the LLC and subleased to Briya Public Charter School and Bridges Public Charter School for the 2016-2017 school year. These two schools, who are both 501(c)(3) organizations, are the only members of the LLC. All transactions of the LLC are consolidated with the transactions of Briya Public Charter School in the accompanying financial statements. Since the LLC was formed in February 2015, Schedules 3 and 4 in this report are only presented for the year ended June 30, 2015.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of the School are summarized below:

(a) Basis of Accounting and Presentation:

The accompanying consolidated 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) Principles of Consolidation:

The accompanying consolidated financial statements include the accounts of Mamie D. Lee, LLC, and Briya Public Charter School, collectively referred to as the School. All significant intercompany transactions and accounts have been eliminated in consolidation.

(c) Revenue Recognition:

Contributions

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

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

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

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(c) Revenue Recognition: (Continued)

Federal and Charter School Funding

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

Federal entitlements are recognized based on the allowable costs incurred.

(d) Corporate Taxes:

The School is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Exemption from District of Columbia income taxes was granted to the School effective July 12, 2005. Accordingly, no provisions for income taxes have been provided for in the accompanying financial statements. The School is not a private foundation.

(e) Grants:

Grant revenues are received primarily from the Federal agencies and the District of Columbia Government. These grants are subject to audit 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.

(f) Net Assets:

The School has adopted Financial Accounting Standards Board ASC No. 958-205-05, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC No. 958-205-05, the 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 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.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(f) Net Assets: (Continued)

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions 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 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>
Student Loans - Use Restricted	\$ 2,000	\$ 2,000
Educational Program Services - Use Restricted	<u>-</u>	<u>11,901</u>
Total	<u>\$ 2,000</u>	<u>\$ 13,901</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>
Educational Program Services - Use Restricted	\$ 12,551	\$ 12,516
Total Released	<u>\$ 12,551</u>	<u>\$ 12,516</u>

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that requires the net assets be maintained permanently by the 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.

(g) Donated Services and Facilities:

Services:

During the year ended June 30, 2015, there were no donated services. During the year ended June 30, 2014, there were donated legal services of \$500, consulting services of \$500, and free lunch and conference registrations of \$1,240 that were recognized in the financial statements. Contributions of services are recognized if the services received create or enhance non-financial 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. A substantial number of volunteers donated significant amounts of their time in the School's supporting services for which no value has been assigned.

Facilities and Supplies:

Donated supplies of \$50 were recognized in the financial statements during the year ended June 30, 2015. The School received donated office space from the Bancroft Elementary School for the years ended June 30, 2015 and 2014 at an estimated fair rental value of \$79,381 and \$77,069, respectively. These amounts have been reflected in the financial statements for the years ended June 30, 2015 and 2014.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(h) Basic Programs:

Education -

The Briya Public Charter School is a multicultural family literacy public charter school designed to give an integrated educational experience to parents and their children. The program creates a place where parents can learn necessary English literacy and parenting skills and children are prepared for future school success. The program builds on families' strengths and provides the tools and support for improving educational, economic, and social opportunities.

The School works in collaboration with Mary's Center for Maternal and Child Care, Inc., and Bancroft Elementary School.

- Adult Education - English for Speakers of Other Languages.
- Early Childhood Education - Literacy focused classes for children that are held simultaneously with Adult services. Early Childhood Education Classes are taught with an emphasis on preparing children for school aged success.
- Parenting - Parenting Workshops assist parents with developing responsible parenting skills. Parenting includes early childhood education, how to help your child in school, child behavior management, and nutrition.
- Parenting and Child Together - This unique component of family literacy brings parents and their children together in the child's classroom to work, play, and learn through literacy activities.
- Work force development programs - Two programs help students achieve economic independence with credentials for jobs in health care and early childhood care:
 - Medical Assistant (MA) Program - This 18-month program prepares students for a career as a Registered Medical Assistant in medical offices, clinics and hospitals. MA students learn to perform both clinical and administrative duties.
 - CDA Program - This program prepares students to gain the nationally-recognized Child Development Associate (CDA) credential. With the CDA credential, graduates can pursue career options such as early childhood teacher, home visitor, or operator of a licensed home daycare facility.
- The National External Diploma Program (NEDP) - NEDP is offered to Briya students who are enrolled in the Advanced II class and provides a unique way for students to earn a high school diploma.
- Education Fellows - Education Fellows Program is a paid internship program that provides a one year entry level work experience and tuition assistance for continuing education, with the possibility of a second year renewal.

Other Services -

- Counseling and interpretation are available to students in most workshops and during registration and referral services.
- Referral Services are available for health care, nutrition, employment, legal aid, emergency shelter, and continuing education.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(i) Functional Expenses:

The costs of providing the School's various programs and supporting services have been summarized on a functional basis in the accompanying Statement of Activities. Accordingly, certain costs have been allocated among the programs, fundraising and supporting services benefited on the basis of direct labor, equivalent number of employees and actual purpose of the expenditure.

(j) 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. The significant estimates in the financial statements are depreciable lives and estimated residual value of property and equipment, estimated economic life of capital leases, and the allocation of expenses by function.

(k) Fundraising:

During the years ended June 30, 2015 and 2014, expenses incurred for the purpose of fundraising were \$39,816 and \$43,478, respectively.

(l) 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.

(m) Certificates of Deposit:

Certificates of deposit are other investments with original maturities greater than three months and are carried at amortized cost. The certificates of deposit do not qualify as securities as defined in Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") 320, *Investments - Debt and Equity Securities*, thus the fair value disclosures required by ASC 820, Fair Value Measurements and Disclosures, are not provided.

(n) Fair Value of Certain Financial Instruments:

Some of the 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.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING FOR UNCERTAIN TAX POSITIONS:

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB ASC No. 740-10, *Accounting for Uncertainty in Income Taxes*, which is an interpretation of ASC 740's, *Accounting for Income Taxes*. FASB ASC No. 740-10 clarifies the accounting for uncertainty in income taxes recognized in the 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 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 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 School files tax returns. It is the School's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of June 30, 2015, the School had no accruals for interest and/or penalties.

3. CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT:

Cash and Cash Equivalents:

Cash at June 30, 2015 and 2014, totaled \$2,921,743 and \$1,166,760, respectively, and consisted of the following:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Interest Bearing Checking Account	\$ 2,611,066	\$ 856,997
Savings Accounts	48,810	48,778
Non-Interest Bearing Checking Accounts	254,823	254,793
Money Market - Treasury Obligations	<u>7,044</u>	<u>6,192</u>
Total	<u>\$ 2,921,743</u>	<u>\$ 1,166,760</u>

Certificates of Deposit:

Certificates of Deposit are purchased from banking institutions by the School and the Manufacturers and Traders Trust Co. as custodian for the School. Certificates of Deposits are valued at original cost plus reinvested interest. Balances at year end consisted of the following:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Certificates of Deposit	<u>\$ 7,856,467</u>	<u>\$ 7,962,020</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, including money market mutual accounts.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT: (Continued)

The School maintains its cash in multiple financial institutions, with most of the cash being held by one banking institution. These cash accounts are covered under the Federal Deposit Insurance Corporation (FDIC) Program. FDIC insures both interest-bearing and non-interest-bearing accounts up to \$250,000 per banking institution.

As of June 30, 2015 and 2014, \$454,806 and \$290, respectively, 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 School would be at risk for any funds held in excess of the insured amounts.

In order to minimize this risk, the School has entered into a repurchase agreement with PNC Bank in which the bank agreed to transfer to the School an interest in securities issued or guaranteed by the United States or an agency thereof against the transfer of funds from the School to the respective bank. Per the repurchase agreement, funds in excess of \$50,000 are transferred out on a daily basis. The amount of funds transferred back the next day includes the original purchase price plus interest earned. The School has not experienced any losses related to these accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents. The balance of this account as of June 30, 2015 and 2014 is \$1,908,033 and \$599,915, respectively. These amounts are included in the interest bearing checking amounts above.

As of June 30, 2015 and 2014, \$7,044 and \$6,192, respectively, was held in money market funds that are not federally insured. Management has minimized risk related to these money funds by investing in high quality short term securities as well as certain repurchase agreements that are backed by high quality securities. The money market funds seek to maintain a share price of \$1.00. The School has not experienced any losses related to these accounts and does not believe it is exposed to any significant credit risk on these accounts.

4. ACCOUNTS, GRANTS, AND INTEREST RECEIVABLE:

Accounts, grants, and interest receivable are 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>
Grants:		
School Technologies Fund	\$ 12,503	\$ -
National School Lunch Program	2,433	5,026
Healthy Schools Act	141	447
Community Schools	26,388	53,319
Charter School Planning and Implementation Grant (Title V, Part B)	7,637	18,366
Scholarship for Opportunity and Results Act (SOAR)	219,414	24,833
Per Pupil Funding	12,170	-
Interest	6,803	8,845
Mary's Center Reimbursement	5,138	350
Other	<u>1,341</u>	<u>3,001</u>
Total	<u>\$ 293,968</u>	<u>\$ 114,187</u>

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. ACCOUNTS, GRANTS, AND INTEREST RECEIVABLE: (Continued)

The School's accounts and grants receivable consists of unsecured amounts due from public funding sources whose ability to pay is subject to changes in general economic conditions. The School performs ongoing credit evaluations of its funding sources and generally does not require collateral. The School was at credit risk due to the type of organization for the balance of the accounts and grants receivable as of June 30, 2015 and 2014.

Accounts, grants and interest receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible 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.

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 uncollectible when payment has not been received after 180 days.

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Promises to give represent amounts committed by donors that have not been received by the organization. The School uses the allowance method to determine uncollectible promises to give. There were no promises to give as of June 30, 2015.

5. FIXED ASSETS:

Furniture and equipment, and leasehold improvements are recorded at cost and contributed property is recorded at the fair market value at the date of the contribution. If an expenditure in excess of \$1,000 results in an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized at cost and depreciated or amortized over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization is removed from the accounts and any other resulting gain or loss is reflected in revenues for the period. Depreciation and amortization has been provided on the straight-line method over the estimated useful lives of the assets. Depreciation and amortization expense for the years ended June 30, 2015 and 2014 was \$149,525 and \$213,040, respectively. Maintenance and repairs are charged to expenses as incurred. As of June 30, 2015, Construction in Progress consists of building architectural costs for a school building project that Briya Public Charter School is beginning to undertake. 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 and Amortization</u>	<u>Net Book Value</u>
Furniture and Equipment	5 Years	\$ 130,649	\$ 95,937	\$ 34,712
Computers and Software	3-5 Years	324,354	262,677	61,677
Leasehold Improvements	3 Years	285,013	236,981	48,032
Construction in Progress	-	<u>279,759</u>	<u>-</u>	<u>279,759</u>
Total		<u>\$ 1,019,775</u>	<u>\$ 595,595</u>	<u>\$ 424,180</u>

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FIXED ASSETS: (Continued)

June 30, 2014

	<u>Depreciable Life</u>	<u>Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net Book Value</u>
Furniture and Equipment	5 Years	\$ 113,040	\$ 77,129	\$ 35,911
Computers and Software	3-5 Years	298,259	209,521	88,738
Leasehold Improvements	3 Years	235,598	227,970	7,628
Construction in Progress	-	4,932	-	4,932
Total		<u>\$ 651,829</u>	<u>\$ 514,620</u>	<u>\$ 137,209</u>

6. CAPITAL LEASE - LEASEHOLD AND CAPITAL LEASE PAYABLE:

On November 1, 2010, Briya Public Charter School entered into a 30-year lease with Mary's Center for Maternal and Child Care, Inc., for approximately 7,735 square feet located at 3910 Georgia Avenue, NW, Washington, DC. Rent for approximately 1,215 square feet of space has been abated at the present time. Rent is at a fixed rate of \$15 per square foot in year one and shall increase one percent (1%) each subsequent year over the previous year's rate per square foot per year. The commencement date of this lease was July 1, 2011. The lease may be terminated by a written notice of intent to terminate at least six months prior to the date desired and written consent by the landlord. The School has the option to buy in ten years. The School contributed \$374,000 towards the design and construction of leasehold improvements and \$171,640 to the cost of equipping and furnishing the premises. On July 1, 2011, the cost value of the capital lease was \$2,056,499. This amount includes the total lease payments of \$1,682,499 and \$374,000 for the design and construction. The lease has been capitalized and is being amortized over 30 years beginning on July 1, 2011.

The capital lease is summarized as follows:

June 30, 2015

	<u>Life of Lease</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Book Value</u>
Leasehold - Georgia Avenue	30 Years	\$ 2,056,499	\$ 274,200	\$ 1,782,299

June 30, 2014

	<u>Life of Lease</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Book Value</u>
Leasehold - Georgia Avenue	30 Years	\$ 2,056,499	\$ 205,650	\$ 1,850,849

The capital lease payable in the original amount of \$1,682,498 consists of the total lease payments per the agreement of \$3,401,963 less a net present value discount of 5% over 30 years of \$1,719,465. The unpaid balance as of June 30, 2015 and 2014 was \$1,617,451 and \$1,636,394, respectively. Total payments made in the current year of \$100,763 resulted in a reduction of the capital lease payable by \$18,944 and recognition of imputed interest of \$81,819.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. DEPOSIT

As of June 30, 2015, the deposit amount of \$227,875 consists of a \$225,000 advance paid for the contracted staff costs that are billed to the School on a monthly basis. The amount also includes \$2,800 for a security deposit on a leased storage space and a \$75 field trip reservation. As of June 30, 2014, \$225,000 was also on deposit for contracted staff costs, along with the \$2,800 deposit for leased storage space.

8. DEFERRED REVENUE:

There was no deferred revenue as of June 30, 2015. As of June 30, 2014, there was deferred revenue of \$301,345 consisting of per pupil funding received for the summer school program to be operated subsequent to June 30, 2014.

9. DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD CONTRACT:

The School has been approved by the District of Columbia Public Charter School Board (DCPCSB) to operate a charter school in the District of Columbia. The contract dated July 1, 2006, provides for a 15-year charter, unless sooner terminated in accordance with the contract. The school enrollment could not be greater than 482 students for the year ended June 30, 2015.

As part of the agreement with the DCPCSB, the 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 to the Board. For the year ended June 30, 2015, the School incurred \$72,323 in administrative fees.

10. 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. The number of equivalent full-time students for the year ended June 30, 2015 and 2014 was 492 and 452, respectively. 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>
Pre-School	\$ 445,175	\$ 473,881
Pre-Kindergarten	135,736	72,590
Adult	3,767,754	2,847,751
Special Education	75,425	91,065
English as a Second Language	233,381	217,211
Summer School	309,281	297,069
At Risk	33,265	-
Facilities Allowance	<u>1,511,424</u>	<u>1,356,000</u>
Total	<u>\$ 6,511,441</u>	<u>\$ 5,355,567</u>

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. FEDERAL ENTITLEMENTS AND GRANTS:

During the years ended June 30, 2015 and 2014, the School participated in the following federal award programs:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Department of Education - IDEA, Part B	\$ 3,205	\$ 3,565
Department of Education - Charter School Dissemination Grant (Title V, Part B)	38,146	18,366
National School Lunch and Breakfast Program	29,083	26,012
Scholarship for Opportunity and Results Act (SOAR)	401,602	75,478
Fruit and Vegetable Program	<u>798</u>	<u>1,444</u>
Total	<u>\$ 472,834</u>	<u>\$ 124,865</u>

12. COMMITMENTS:

Operating Leases:

The School entered into an amended lease agreement with the Mary's Center for Maternal & Childcare, Inc., effective for a one-year period commencing on August 16, 2010, and ending on August 15, 2011, for the rental of 4,171 square feet of space in a building located at 2355 Ontario Road, NW and 1707 Kalorama Road, NW, Washington, DC. This lease calls for monthly lease payments of \$10,080. The School renewed the lease terms through July 31, 2016. The cost per square foot is \$29. The cost of these facilities was \$120,960 for each of the years ended June 30, 2015 and 2014.

On September 1, 2011, the School entered into a lease agreement with the Mary's Center for Maternal and Childcare, Inc., for five years commencing on September 1, 2011, for 2,220 square feet of additional space at 2355 Ontario Road, NW, and 1707 Kalorama Road, NW at \$21 per square foot. The payments increase by one percent (1%) each subsequent year over the previous year's rate. The lease currently calls for monthly lease payments of \$4,003. The lease expires on August 31, 2016. The cost of these facilities was \$47,952 and \$47,479 for the years ended June 30, 2015 and 2014, respectively.

On September 23, 2013, the School entered into a joint lease agreement with Jacqueline L. Bennett for the rental of storage space and internship housing located at 1726 Newton Street, NW. The lease was renewed on September 1, 2014. The lease, jointly entered with a Briya Education Fellow, is for one year and calls for a monthly payment of \$2,912, reduced by \$728, which was the shared cost paid by the Briya intern as a tenant. This space was shared through January 2015, at which time Briya no longer had the shared tenant. A security deposit of \$2,800 was made as of June 30, 2015, related to this lease. Rental expense was \$29,680 and \$19,740 for the years ended June 30, 2015 and 2014, respectively.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. COMMITMENTS: (Continued)

Capital Lease:

As disclosed in Note 6 to these financial statements, the Briya Public Charter School entered into a 30-year lease with the Mary's Center for Maternal and Child Care, Inc., for approximately 7,735 square feet of space located at 3910 Georgia Avenue, NW, Washington, DC. The commitments related to this lease are included below.

Donated Office Space:

The School received donated office space of approximately 4,034 square feet from the Bancroft Elementary School during the years ended June 30, 2015 and 2014. The estimated fair rental value of \$79,381 and \$77,069 has been reflected in the financial statements as rent expense for the years ended June 30, 2015 and 2014, respectively.

Total rental expense for the years ended June 30, 2015 and 2014 was \$277,973 and \$266,279, respectively. The School is committed to a lease of facilities over the next five years. The future required minimum lease payments as of June 30, 2015, are as follows:

Year Ended June 30,	Ontario Road	Kalorama Road	Newton Road	Georgia Avenue	Georgia Ave Rent Abatement	Total
2016	\$ 120,960	\$ 48,426	\$ 5,824	\$ 120,736	\$ (18,965)	\$ 276,981
2017	10,080	8,086	-	121,943	(19,155)	120,954
2018	-	-	-	123,163	(19,346)	103,817
2019	-	-	-	124,395	(19,540)	104,855
2020	-	-	-	125,638	(19,735)	105,903
Total	<u>\$ 131,040</u>	<u>\$ 56,512</u>	<u>\$ 5,824</u>	<u>\$ 615,875</u>	<u>\$ (96,741)</u>	<u>\$ 712,510</u>

13. RELATED PARTY TRANSACTIONS:

Mary's Center for Maternal and Childcare, Inc., is a not-for-profit corporation. Briya Public Charter School and the Mary's Center for Maternal and Childcare, Inc., have separate independent boards of directors and all relationships between the two organizations are by contract. The School leased employees and facilities from Mary's Center for the years ended June 30, 2015 and 2014. The building lease agreements are noted above in Note 12. In addition, the School paid Mary's Center a human resource services management fee of \$100,000 during the years ended June 30, 2015 and 2014. Payments to Mary's Center for contracted employees amounted to \$3,218,649 and \$2,864,588, respectively, for the years ended June 30, 2015 and 2014. Payments to Mary's Center for contracted employees are made on a cost reimbursement basis the following month. Therefore, to cover a portion of the cash Mary's Center uses to pay contracted employees, the School paid Mary's Center a deposit for contracted employee costs that is reflected in Other Assets -Deposits, the balance of which was \$225,000 at June 30, 2015 and 2014.

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. CONCENTRATIONS:

The School is dependent on funding from the District of Columbia Public School System, as authorized by the District of Columbia Public Charter School Board. During the years ended June 30, 2015 and 2014, ninety percent (90%) and ninety-four percent (94%), respectively, of total support, excluding donated services and facilities, was received from the District of Columbia for per pupil funding.

15. CONTINGENCIES:

The 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 School's board of directors and management believes the 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. The School believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

The viability of public charter schools and funding for these schools is dependent upon 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.

16. SUBSEQUENT EVENTS:

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 2, 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.

17. 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>
Leasehold Amortization	\$ 9,011	\$ 45,767
Capital Lease Amortization	68,550	68,550
Imputed Interest Capital Lease	81,819	82,674
Rent, Facilities and Storage	198,592	189,210
Donated Rent	79,381	77,069
Cleaning and Maintenance	88,403	50,660
Janitorial Contracted Services	7,716	5,576
Facilities Development Consultants	<u>-</u>	<u>8,683</u>
Total	<u>\$ 533,472</u>	<u>\$ 528,189</u>

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	June 30, 2015				June 30, 2014			
	Total	Educational Services	General and Administrative	Fundraising	Total	Educational Services	General and Administrative	Fundraising
<u>Personnel, Salaries and Benefits:</u>								
Teacher Salaries	\$ 86,155	\$ 86,155	\$ -	\$ -	\$ 92,579	\$ 92,579	\$ -	\$ -
Teaching Assistant Salaries	104,975	104,975	-	-	68,602	67,559	1,043	-
Student Support Salaries	13,059	13,059	-	-	23,186	17,613	5,573	-
Front Office Salaries	18,097	5,682	12,415	-	8,117	1,552	6,565	-
Security Salaries	14,691	11,019	3,672	-	2,028	1,521	507	-
Fringe Benefits - Staff	21,952	20,377	1,575	-	19,199	18,107	1,092	-
Contracted Executive Salaries	115,856	69,514	40,549	5,793	99,320	59,592	34,762	4,966
Contracted Business Management Services	177,676	38,121	122,882	16,673	169,519	45,156	108,385	15,978
Contracted Leadership Services	292,815	253,120	30,466	9,229	337,820	295,188	29,926	12,706
Contracted Teaching Services	1,175,396	1,175,396	-	-	985,786	985,786	-	-
Contracted Student Support Services	265,447	254,032	11,415	-	152,051	138,124	13,927	-
Contracted Front Office Support	238,781	212,795	25,986	-	192,155	167,250	24,905	-
Contracted Teaching Assistant Services	534,628	500,477	34,151	-	552,131	520,740	31,391	-
Fringe Benefits - Contracted Staff	418,050	373,694	39,624	4,732	375,806	333,987	36,738	5,081
Substitute Teachers	5,909	5,282	560	67	417	371	40	6
Temporary Contract Help	8,297	7,525	772	-	4,257	3,849	408	-
Staff Development Costs	85,305	77,365	7,940	-	59,977	54,233	5,744	-
Other Staff Related Expenses	104,695	94,950	9,745	-	103,361	93,462	9,899	-
Total Personnel, Salaries and Benefits	<u>\$ 3,681,784</u>	<u>\$ 3,303,538</u>	<u>\$ 341,752</u>	<u>\$ 36,494</u>	<u>\$ 3,246,311</u>	<u>\$ 2,896,669</u>	<u>\$ 310,905</u>	<u>\$ 38,737</u>
<u>Direct Student Costs:</u>								
Student Supplies, Snacks, etc.	\$ 62,608	\$ 62,608	\$ -	\$ -	\$ 36,868	\$ 36,868	\$ -	\$ -
Student Assessment and Materials	17,901	17,901	-	-	-	-	-	-
Student Textbooks	17,660	17,660	-	-	10,119	10,119	-	-
Library and Media Materials	369	369	-	-	2,437	2,437	-	-
Student Uniforms	1,961	1,961	-	-	-	-	-	-
Contracted Instructional Fees	122,726	122,726	-	-	103,679	103,679	-	-
Student Travel/Field Trips	34,010	34,010	-	-	34,574	34,574	-	-
Food Service Fees	41,815	41,815	-	-	36,622	36,622	-	-
Other Student Costs	15,548	15,548	-	-	12,165	12,165	-	-
Total Direct Student Costs	<u>\$ 314,598</u>	<u>\$ 314,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,464</u>	<u>\$ 236,464</u>	<u>\$ -</u>	<u>\$ -</u>

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	June 30, 2015				June 30, 2014			
	Total	Educational Services	General and Administrative	Fundraising	Total	Educational Services	General and Administrative	Fundraising
<u>Occupancy Costs:</u>								
Amortization Leasehold Improvements	\$ 9,011	\$ 8,078	\$ 839	\$ 94	\$ 45,767	\$ 40,810	\$ 4,383	\$ 574
Imputed Interest	81,819	81,819	-	-	82,674	82,674	-	-
Capital Lease Amortization	68,550	68,550	-	-	68,550	68,550	-	-
Rent	277,973	249,188	25,873	2,912	266,279	237,438	25,502	3,339
Maintenance and Custodial Salaries	67,959	63,082	4,877	-	35,903	31,236	4,165	502
Fringe Benefits - Maintenance and Custodial	9,550	8,865	685	-	4,346	3,781	565	-
Cleaning and Maintenance	10,894	9,765	1,014	115	10,411	9,284	997	130
Contracted Building Services	7,716	6,917	718	81	5,576	4,971	534	71
Facility Consulting Fees	-	-	-	-	8,683	8,683	-	-
Total Occupancy Costs	\$ 533,472	\$ 496,264	\$ 34,006	\$ 3,202	\$ 528,189	\$ 487,427	\$ 36,146	\$ 4,616
<u>Office Expenses:</u>								
Office Supplies and Materials	\$ 41,994	\$ 38,085	\$ 3,909	\$ -	\$ 21,571	\$ 19,505	\$ 2,066	\$ -
Equipment Rental and Maintenance	2,381	2,159	222	-	2,333	2,110	223	-
Telephone and Telecommunications	10,119	9,071	942	106	8,784	7,832	841	111
Postage, Shipping and Delivery	500	449	46	5	250	223	24	3
Printing and Duplication	770	690	71	9	847	755	81	11
Total Office Expenses	\$ 55,764	\$ 50,454	\$ 5,190	\$ 120	\$ 33,785	\$ 30,425	\$ 3,235	\$ 125
<u>General Expenses:</u>								
Insurance	\$ 21,067	\$ 19,106	\$ 1,961	\$ -	\$ 18,296	\$ 16,544	\$ 1,752	\$ -
Administrative Fee	72,323	-	72,323	-	28,385	-	28,385	-
Management Fees	100,000	90,692	9,308	-	100,000	90,423	9,577	-
Accounting, Auditing and Payroll	97,200	72,553	24,647	-	96,541	72,495	24,046	-
Legal Fees	-	-	-	-	7,625	6,895	730	-
Computer Support Fees	113,391	102,837	10,554	-	91,283	82,541	8,742	-
Other Professional Fees	43,811	39,733	4,078	-	34,507	31,202	3,305	-
Business Fees and Dues	16,288	14,772	1,516	-	13,831	12,506	1,325	-
Other Expenses	4,279	3,882	397	-	7,251	6,557	694	-
Depreciation and Amortization - Furniture and Equipment	71,964	52,642	19,322	-	98,723	58,144	40,579	-
Total General Expenses	\$ 540,323	\$ 396,217	\$ 144,106	\$ -	\$ 496,442	\$ 377,307	\$ 119,135	\$ -
TOTAL FUNCTIONAL EXPENSES	\$ 5,125,941	\$ 4,561,071	\$ 525,054	\$ 39,816	\$ 4,541,191	\$ 4,028,292	\$ 469,421	\$ 43,478

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
CONSOLIDATED 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	\$ 4,561,071	\$ 9,270
General and Administrative	525,054	1,067
Fundraising	<u>39,816</u>	<u>81</u>
Total	<u>\$ 5,125,941</u>	<u>\$ 10,418</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 492 students.

June 30, 2014

	<u>Total Cost</u>	<u>Average Cost Per Student</u>
Instructional	\$ 4,028,292	\$ 8,912
General and Administrative	469,421	1,039
Fundraising	<u>43,478</u>	<u>96</u>
Total	<u>\$ 4,541,191</u>	<u>\$ 10,047</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 452 students.

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2015

	<u>Briya Public</u> <u>Charter School</u>	<u>Mamie D. Lee, LLC</u>	<u>Elimination</u>	<u>Total</u>
<u>ASSETS</u>				
<u>Current Assets:</u>				
Cash and Cash Equivalents	\$ 2,921,743	\$ -	\$ -	\$ 2,921,743
Certificates of Deposit	7,856,467	-	-	7,856,467
Accounts, Grants and Interest Receivable	293,968	-	-	293,968
Prepaid Expenses	<u>67,235</u>	<u>-</u>	<u>-</u>	<u>67,235</u>
Total Current Assets	<u>\$ 11,139,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,139,413</u>
<u>Fixed Assets:</u>				
Furniture, Equipment and Computers	\$ 455,003	\$ -	\$ -	\$ 455,003
Accumulated Depreciation - Furniture, Equipment and Computers	(358,614)	-	-	(358,614)
Leasehold Improvements	285,013	-	-	285,013
Accumulated Amortization - Leasehold Improvements	(236,981)	-	-	(236,981)
Construction in Progress	<u>-</u>	<u>279,759</u>	<u>-</u>	<u>279,759</u>
Total Fixed Assets	<u>\$ 144,421</u>	<u>\$ 279,759</u>	<u>\$ -</u>	<u>\$ 424,180</u>
<u>Capital Lease:</u>				
Leasehold - Georgia Avenue	\$ 2,056,499	\$ -	\$ -	\$ 2,056,499
Accumulated Amortization - Capital Lease	<u>(274,200)</u>	<u>-</u>	<u>-</u>	<u>(274,200)</u>
Total Capital Leases	<u>\$ 1,782,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,782,299</u>
<u>Other Assets:</u>				
Investment in Affiliate	\$ 279,759	\$ -	\$ (279,759)	\$ -
Deposits	<u>227,875</u>	<u>-</u>	<u>-</u>	<u>227,875</u>
Total Other Assets	<u>\$ 507,634</u>	<u>\$ -</u>	<u>\$ (279,759)</u>	<u>\$ 227,875</u>
TOTAL ASSETS	<u>\$ 13,573,767</u>	<u>\$ 279,759</u>	<u>\$ (279,759)</u>	<u>\$ 13,573,767</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>Current Liabilities:</u>				
Accounts Payable	\$ 231,088	\$ -	\$ -	\$ 231,088
Accrued Salaries and Expenses	288,310	-	-	288,310
Capital Lease - Current Portion	<u>18,965</u>	<u>-</u>	<u>-</u>	<u>18,965</u>
Total Current Liabilities	<u>\$ 538,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 538,363</u>
<u>Long-term Liabilities:</u>				
Capital Lease	\$ 1,617,451	\$ -	\$ -	\$ 1,617,451
Less: Current Portion	<u>(18,965)</u>	<u>-</u>	<u>-</u>	<u>(18,965)</u>
Total Long-term Liabilities	<u>\$ 1,598,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,598,486</u>
Total Liabilities	<u>\$ 2,136,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,136,849</u>
<u>Net Assets:</u>				
Unrestricted	\$ 11,434,918	\$ 279,759	\$ (279,759)	\$ 11,434,918
Temporarily Restricted	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Total Net Assets	<u>\$ 11,436,918</u>	<u>\$ 279,759</u>	<u>\$ (279,759)</u>	<u>\$ 11,436,918</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,573,767</u>	<u>\$ 279,759</u>	<u>\$ (279,759)</u>	<u>\$ 13,573,767</u>

(See Accompanying Notes and Auditor's Report)

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Briya Public Charter School</u>	<u>Mamie D. Lee, LLC</u>	<u>Elimination</u>	<u>Total</u>
<u>Revenues and Other Support:</u>				
Tuition - Per Pupil Funding Allocation	\$ 6,511,441	\$ -	\$ -	\$ 6,511,441
Federal Entitlements and Grants	472,834	-	-	472,834
State Government Grants	176,210	-	-	176,210
Private Grants and Contributions	35,921	-	-	35,921
Donated Services, Facilities, Etc.	79,431	-	-	79,431
Interest	66,738	-	-	66,738
Other Revenues	1,335	-	-	1,335
Net Assets Released from Restrictions (Satisfaction of Program Restrictions)	-	-	-	-
Total Revenues and Other Support	<u>\$ 7,343,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,343,910</u>
<u>Expenses:</u>				
Educational Services	\$ 4,561,071	\$ -	\$ -	\$ 4,561,071
Fundraising	39,816	-	-	39,816
General and Administrative	<u>525,054</u>	<u>-</u>	<u>-</u>	<u>525,054</u>
Total Expenses	<u>\$ 5,125,941</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,125,941</u>
Changes in Net Assets	\$ 2,217,969	\$ -	\$ -	\$ 2,217,969
Net Assets, Beginning of Year	9,218,949	-	-	9,218,949
Member Contributions	-	<u>279,759</u>	<u>(279,759)</u>	-
Net Assets, End of Year	<u>\$ 11,436,918</u>	<u>\$ 279,759</u>	<u>\$ (279,759)</u>	<u>\$ 11,436,918</u>

(See Accompanying Notes and Auditor's Report)

Kendall, Prebola and Jones, LLC

Certified Public Accountants

The Board of Directors
Briya Public Charter School and Subsidiary
2333 Ontario Road 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 consolidated financial statements of the Briya Public Charter School and Subsidiary (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 2, 2015.

Internal Control Over Financial Reporting

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

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

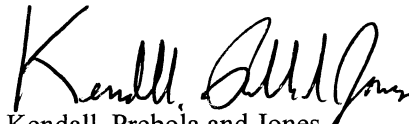
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's consolidated 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 consolidated 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kendall, Prebola and Jones
Certified Public Accountants

Bedford, Pennsylvania
November 2, 2015

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

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

None

BRIYA PUBLIC CHARTER SCHOOL AND SUBSIDIARY
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 consolidated financial statements of the Briya Public Charter School.
- b. No significant deficiencies relating to the audit of the consolidated financial statements have been reported.
- c. No instances of noncompliance material to the consolidated financial statements of the Briya Public Charter School were disclosed during the audit.

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

There were no findings in the current year.