

**WASHINGTON GLOBAL  
PUBLIC CHARTER SCHOOL**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2023 AND 2022**

DRAFT

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## Independent Auditor's Report

To the Board of Trustees  
Washington Global Public Charter School  
Washington, DC

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Washington Global Public Charter School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington Global Public Charter School as of June 30, 2023 and 2022, 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.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Washington Global Public Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Washington Global Public Charter School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Washington Global Public Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Washington Global Public Charter School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 December xx 2023, on our consideration of Washington Global Public Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Washington Global Public Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washington Global Public Charter School's internal control over financial reporting and compliance.

### **Emphasis of Matter**

As discussed in Note B to the financial statements, during the year ended June 30, 2023, Washington Global Public Charter School adopted new accounting guidance, adopted new accounting guidance, Accounting Standards Update ("ASU") 2016-02, Topic 842 *Leases*, as amended. Our opinion is not modified with respect to this matter.

**Report on Supplementary Schedules Required by DCPCSB**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules of vendors awarded contracts equal to or above \$25,000 on page 35, and supplementary schedule of income not subject to DCPCSB administrative fee on page 36, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Washington, DC  
December xx, 2023

DRAFT

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

	2023	2022
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 3,254,267	\$ 1,438,235
Federal grants receivable	558,242	728,743
State and local grants receivable	99,521	150,585
Accounts receivable	9,773	256,300
Prepaid expenses	147,797	101,638
Total Current Assets	4,069,600	2,675,501
<b>OTHER ASSETS</b>		
Property and equipment, net	5,682,683	5,748,024
Operating lease right-of-use assets, net	3,805,129	-
Finance lease right-of-use assets, net	21,104	-
Deposit	50,250	50,000
Total Non-Current Assets	9,559,166	5,798,024
<b>TOTAL ASSETS</b>	<b>\$ 13,628,766</b>	<b>\$ 8,473,525</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 411,356	\$ 153,868
Accrued expenses	247,405	279,290
Operating lease liabilities, current portion	132,883	-
Finance lease liabilities, current portion	4,952	-
Notes payable, current portion	121,988	100,609
Total Current Liabilities	918,584	533,767
<b>NON-CURRENT LIABILITIES</b>		
Operating lease liabilities, net of current portion	3,672,246	-
Finance lease liabilities, net of current portion	16,764	-
Notes payable, net of current portion	5,777,087	5,860,297
Total Non-Current Liabilities	9,466,097	5,860,297
<b>TOTAL LIABILITIES</b>	10,384,681	6,394,064
<b>NET ASSETS</b>		
Without donor restrictions	3,237,078	2,079,461
With donor restrictions	7,007	-
Total Net Assets	3,244,085	2,079,461
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 13,628,766</b>	<b>\$ 8,473,525</b>

The accompanying notes are an integral part of these financial statements.

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
General education, DC funding allocation	\$ 3,263,104	\$ -	\$ 3,263,104
Categorical enhancements, DC funding allocation	1,781,980	-	1,781,980
Facilities allowance, DC funding allocation	843,120	-	843,120
Federal entitlements and other federal grants	508,714	-	508,714
Federal grants - COVID-19	779,533	-	779,533
Donated federal commodities	25,603	-	25,603
Donated services	92	-	92
State and local government contributions and grants	16,653	-	16,653
Private contributions, donations, and grants	30,260	16,265	46,525
Other income	15,179	-	15,179
Net assets released from restrictions	9,258	(9,258)	-
Total Revenue and Support	7,273,496	7,007	7,280,503
<b>EXPENSES</b>			
Program Services:			
Educational services	4,935,433	-	4,935,433
Supporting Services:			
Management and general	1,034,721	-	1,034,721
Fundraising	145,725	-	145,725
Total Supporting Services	1,180,446	-	1,180,446
Total Expenses	6,115,879	-	6,115,879
<b>CHANGE IN NET ASSETS</b>	1,157,617	7,007	1,164,624
<b>NET ASSETS, beginning of year</b>	2,079,461	-	2,079,461
<b>NET ASSETS, end of year</b>	\$ 3,237,078	\$ 7,007	\$ 3,244,085

The accompanying notes are an integral part of these financial statements.



**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
General education, DC funding allocation	\$ 2,647,696	\$ -	\$ 2,647,696
Categorical enhancements, DC funding allocation	1,401,955	-	1,401,955
Facilities allowance, DC funding allocation	712,272	-	712,272
Federal entitlements and other federal grants	1,199,042	-	1,199,042
Federal grants - COVID-19	100,588	-	100,588
Donated federal commodities	21,717	-	21,717
State and local government contributions and grants	101,969	-	101,969
Private contributions, donations, and grants	12,342	-	12,342
Other income	331	-	331
Net assets released from restrictions	40	(40)	-
Total Revenue and Support	6,197,952	(40)	6,197,912
<b>EXPENSES</b>			
Program Services:			
Educational services	4,951,229	-	4,951,229
Supporting Services:			
Management and general	769,788	-	769,788
Fundraising	143,349	-	143,349
Total Supporting Services	913,137	-	913,137
Total Expenses	5,864,366	-	5,864,366
<b>CHANGE IN NET ASSETS</b>	333,586	(40)	333,546
<b>NET ASSETS, beginning of year</b>	1,745,875	40	1,745,915
<b>NET ASSETS, end of year</b>	\$ 2,079,461	\$ -	\$ 2,079,461

The accompanying notes are an integral part of these financial statements.

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2023**

	Program Services		Supporting Services		Total
	Educational Services	Management and General	Fundraising	Total Supporting Services	
<b>PERSONNEL, SALARIES AND BENEFITS</b>					
Salaries	\$ 2,407,180	\$ 443,100	\$ 74,268	\$ 517,368	\$ 2,924,548
Employee benefits	171,505	32,773	4,088	36,861	208,366
Payroll taxes	194,542	35,810	6,002	41,812	236,354
Professional development	15,603	2,873	481	3,354	18,957
Contracted staff	35,000	-	-	-	35,000
Other staff-related expense	58,543	10,777	1,806	12,583	71,126
Total Personnel, Salaries and Benefits	2,882,373	525,333	86,645	611,978	3,494,351
<b>DIRECT STUDENT COSTS</b>					
Supplies, materials, snacks	74,678	-	-	-	74,678
Fieldwork and other transportation	33,236	-	-	-	33,236
Contracted instruction fees	239,245	-	-	-	239,245
Textbooks	51,085	-	-	-	51,085
Student assessments	45,533	-	-	-	45,533
Student food service program	116,826	-	-	-	116,826
Donated federal commodities	25,603	-	-	-	25,603
Student events	15,075	-	-	-	15,075
Translation services	489	-	-	-	489
Other student costs	19,024	-	-	-	19,024
Total Direct Student Costs	620,794	-	-	-	620,794
<b>OCCUPANCY EXPENSE - LEASED FACILITY</b>					
Rent	294,319	117,998	9,080	127,078	421,397
Repairs and maintenance	11,869	2,184	366	2,550	14,419
Utilities and garbage removal	122,630	22,573	3,783	26,356	148,986
Contracted building services	174,747	32,167	5,391	37,558	212,305
Janitorial supplies	1,473	271	45	316	1,789
Depreciation and amortization - facility	259,391	47,747	8,003	55,750	315,141
Insurance - facility	14,596	2,687	450	3,137	17,733
Interest - facility	187,002	34,423	5,769	40,192	227,194
Total Occupancy Expense - Leased Facility	1,066,027	260,050	32,887	292,937	1,358,964
<b>OFFICE EXPENSE</b>					
Office supplies	39,972	1,233	7,358	8,591	48,563
Office expense and equipment rental	4,311	794	133	927	5,238
Telephone	26,195	4,821	808	5,629	31,824
Postage	1,179	214	36	250	1,429
Printing and copying	1,731	52	319	371	2,102
Computer support	54,266	9,989	1,674	11,663	65,929
Total Office Expense	127,654	17,103	10,328	27,431	155,085
<b>GENERAL EXPENSE</b>					
Insurance - non-facility	17,923	3,299	553	3,852	21,775
Administrative fees	-	60,851	-	60,851	60,851
Accounting, auditing and payroll	-	127,463	-	127,463	127,463
Legal fees	12,151	2,237	375	2,612	14,763
Other professional and fundraising fees	129,736	23,882	12,507	36,389	166,125
Dues, fees, and fines	16,145	2,973	498	3,471	19,616
Donated services	75	15	2	17	92
Depreciation and amortization - non-facility	62,555	11,515	1,930	13,445	76,000
Total General Expense	238,585	232,235	15,865	248,100	486,685
<b>TOTAL EXPENSES</b>	<u>\$ 4,935,433</u>	<u>\$ 1,034,721</u>	<u>\$ 145,725</u>	<u>\$ 1,180,446</u>	<u>\$ 6,115,879</u>

The accompanying notes are an integral part of these financial statements.

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2022**

	Program Services		Supporting Services		Total
	Educational Services	Management and General	Fundraising	Total Supporting Services	
<b>PERSONNEL, SALARIES AND BENEFITS</b>					
Salaries	\$ 2,274,006	\$ 317,836	\$ 65,693	\$ 383,529	\$ 2,657,535
Employee benefits	170,002	23,761	4,911	28,672	198,674
Payroll taxes	194,367	27,167	5,615	32,782	227,149
Professional development	8,961	1,252	259	1,511	10,472
Contracted staff	61,000	-	-	-	61,000
Other staff-related expense	51,702	7,226	1,494	8,720	60,422
Total Personnel, Salaries and Benefits	<u>2,760,038</u>	<u>377,242</u>	<u>77,972</u>	<u>455,214</u>	<u>3,215,252</u>
<b>DIRECT STUDENT COSTS</b>					
Supplies, materials, snacks	40,736	-	-	-	40,736
Fieldwork and other transportation	3,820	-	-	-	3,820
Contracted instruction fees	253,947	-	-	-	253,947
Textbooks	41,241	-	-	-	41,241
Student assessments	47,704	-	-	-	47,704
Student food service program	91,542	-	-	-	91,542
Donated federal commodities	21,717	-	-	-	21,717
Student events	779	-	-	-	779
Translation services	525	-	-	-	525
Other student costs	49,289	-	-	-	49,289
Total Direct Student Costs	<u>551,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>551,300</u>
<b>OCCUPANCY EXPENSE - LEASED FACILITY</b>					
Rent	347,040	48,505	10,026	58,531	405,571
Repairs and maintenance	19,688	2,751	569	3,320	23,008
Utilities and garbage removal	101,553	14,193	2,934	17,127	118,680
Contracted building services	261,156	36,502	7,544	44,046	305,202
Janitorial supplies	9,936	1,389	287	1,676	11,612
Depreciation and amortization - facility	265,468	37,104	7,669	44,773	310,241
Insurance - facility	12,534	1,752	362	2,114	14,648
Interest - facility	326,098	45,578	9,421	54,999	381,097
Total Occupancy Expense - Leased Facility	<u>1,343,473</u>	<u>187,774</u>	<u>38,812</u>	<u>226,586</u>	<u>1,570,059</u>
<b>OFFICE EXPENSE</b>					
Office supplies	24,562	3,426	710	4,136	28,698
Office expense and equipment rental	9,643	1,348	279	1,627	11,270
Telephone	36,804	5,144	1,063	6,207	43,011
Postage	366	50	11	61	427
Computer support	38,996	5,451	1,127	6,578	45,574
Total Office Expense	<u>110,371</u>	<u>15,419</u>	<u>3,190</u>	<u>18,609</u>	<u>128,980</u>
<b>GENERAL EXPENSE</b>					
Insurance - non-facility	16,185	2,262	468	2,730	18,915
Administrative fees	-	48,073	-	48,073	48,073
Accounting, auditing and payroll	-	115,279	-	115,279	115,279
Legal fees	19,398	2,712	560	3,272	22,670
Other professional and fundraising fees	79,476	11,107	20,297	31,404	110,880
Dues, fees, and fines	7,281	1,017	210	1,227	8,508
Depreciation and amortization - non-facility	63,707	8,903	1,840	10,743	74,450
Total General Expense	<u>186,047</u>	<u>189,353</u>	<u>23,375</u>	<u>212,728</u>	<u>398,775</u>
<b>TOTAL EXPENSES</b>	<u>\$ 4,951,229</u>	<u>\$ 769,788</u>	<u>\$ 143,349</u>	<u>\$ 913,137</u>	<u>\$ 5,864,366</u>

The accompanying notes are an integral part of these financial statements.

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,164,624	\$ 333,546
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization - facility	315,141	310,241
Depreciation and amortization - non-facility	70,724	74,450
Amortization of debt issuance costs	37,654	124,192
ROU operating lease	(3,930,293)	-
Amortization of ROU operating building lease	125,164	-
Operating lease obligation	3,930,293	-
ROU finance lease	(26,380)	-
Amortization of ROU finance lease	5,276	-
Finance lease obligation	26,380	-
Decrease (increase) in assets:		
Federal grants receivable	170,501	(376,658)
State and local grants receivable	51,064	(43,187)
Accounts receivable	246,527	2,693
Prepaid expenses	(46,159)	27,482
Deposit	(250)	-
(Decrease) increase in liabilities:		
Accounts payable	257,488	39,986
Accrued expenses	(31,885)	(60,634)
Operating lease liabilities	(125,164)	-
Net Cash Provided by Operating Activities	2,240,705	432,111
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(320,524)	(172,732)
Net Cash Used for Investing Activities	(320,524)	(172,732)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable	-	7,530,000
Principal payments on notes payable	(99,485)	(7,493,975)
Debt issuance costs	-	(188,269)
Principal payments on finance lease liabilities	(4,664)	-
Net Cash Used for Financing Activities	(104,149)	(152,244)
<b>NET INCREASE IN CASH</b>	1,816,032	107,135
<b>CASH, beginning of year</b>	1,438,235	1,331,100
<b>CASH, end of year</b>	\$ 3,254,267	\$ 1,438,235
<b>SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 189,763	\$ 255,517
Cash paid during the year for right of use asset, finance leases	\$ 1,456	\$ -

The accompanying notes are an integral part of these financial statements.

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE A – ORGANIZATION AND NATURE OF BUSINESS**

Washington Global Public Charter School (“Washington Global”), a District of Columbia not-for-profit corporation, was incorporated on February 25, 2014, exclusively for educational purposes. Washington Global operates as a public charter school authorized by the District of Columbia Public Charter School Board. Washington Global is a community school open to all middle school students in Washington, DC, that utilizes a rigorous, internationally based academic and cultural curriculum that integrates project-based learning, service-learning, technology, and language acquisition to develop, educate and train enterprising and competitive global citizens.

Washington Global’s primary sources of support are local appropriations for Charter Schools from the District of Columbia Government, and federal entitlements and grants.

Washington Global offers a robust international and research-based academic program to develop globally competitive students who are ready for college and careers. The academic program includes project-based learning, small learning communities, technology instruction, art, and foreign language classes. Washington Global places great emphasis on the health and wellbeing of its students through its nutrition, physical education, and athletic programs. Washington Global also promotes local community engagement and service-learning for its students.

Washington Global’s cornerstone program is the International Middle Years Curriculum (“IMYC”) that is used in middle schools throughout the world. The IMYC offers interactive, stimulating, real-world, project-based learning delivered through thematic units such as resilience, entrepreneurship, and creativity. These themes are woven into the students’ English Language Arts, Math, Science, and Social Studies courses, where they are working towards mastering the Common Core State Standards. The IMYC also provides the framework for these themes to support Art, Information and Communications Technology, and Physical Education curricula.

The Global Public Charter Foundation (the "Foundation"), a nonprofit organization, was formed on March 23, 2021, and an aspect of its mission is to support and promote Washington Global. The Head of Washington Global is also a board member of the Foundation.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

Washington Global’s financial statements are prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Adoption of New Accounting Pronouncement

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), as amended. FASB Accounting Standards Codification (“ASC”) 842 supersedes the lease requirements in FASB ASC 840. This guidance is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months. Key provisions in this guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. Washington Global adopted FASB ASC Topic 842, with an initial application of July 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases* (Topic 842): *Targeted Improvements*.

Washington Global did not restate prior comparative periods as presented under ASC Topic 842, and instead evaluated whether a cumulative effect adjustment to net assets as of July 1, 2022, was necessary for the adoption of FASB ASC Topic 842, of which there was none. As of July 1, 2022, Washington Global recognized (a) an operating lease liability, totaling \$3,930,293, which represents the present value of the remaining lease payments of \$6,436,368, discounted using the incremental borrowing rate of 6.00%, and (b) operating lease, right-of-use asset, totaling \$3,930,293. Washington Global did not have any finance lease commitments as of July 1, 2022.

As part of the transition, Washington Global implemented new controls and key system functionality to enable the preparation of financial information on adoption and elected to apply the following practical expedients:

- a) No reassessment of whether any expired or existing contracts contain a lease.
- b) No reassessment of initial direct costs for any existing leases as of the effective date.
- c) In calculating the right-of-use assets and lease liabilities, Washington Global has elected to combine lease and non-lease components.
- d) As an accounting policy, Washington Global has also elected to apply the short-term lease exception to all leases having initial terms of 12 months or less and recognizes occupancy expense on a straight-line basis over the lease term.
- e) As an accounting policy, Washington Global has also elected to use the incremental borrowing rate as the discount rate for all of its leases.

Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Financial Statements Topic 958, *Not-For-Profit Entities*. In accordance with Topic 958, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Washington Global and changes therein are classified and reported as follows:

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Financial Statement Presentation – continued

*Net Assets without Donor Restrictions* - Net assets that are not subject to donor-imposed stipulations.

*Net Assets with Donor Restrictions* - Net assets subject to donor-imposed stipulations that may or will be met either by actions of Washington Global Public Charter School and/or the passage of time or that must be maintained in perpetuity by Washington Global Public Charter School. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions as of June 30, 2023 and 2022, totaled \$7,007 and \$0, respectively.

Cash

Cash includes any cash on hand and checking account balances. Washington Global maintains its cash in bank deposit accounts which may, at times, exceed federally insured limits. Washington Global believes it is not exposed to any significant credit risk on cash.

Federal, State, Local and Grants Receivable and Accounts Receivable

Federal, state, and local grants receivable primarily consist of amounts due from the District of Columbia Office of the State Superintendent of Education for state and federal grant programs, whose ability to pay are subject to appropriations. Accounts receivable is related to program service fees and is recognized as revenue on the accrual basis of accounting at the time the program activity has occurred. Receivables are stated at the amount management expects to collect from outstanding balances. Due to the nature of funding from the federal government and the District of Columbia, management believes that all grants receivable will be collected within one year or less. Therefore, no allowance for doubtful accounts has been established. As of the beginning of the year ended June 30, 2022, federal, state, and local grants receivable totaled \$459,483. As of the beginning of the year ended June 30, 2022, accounts receivable totaled \$258,993.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Washington Global capitalizes all expenditures for property and equipment over \$1,000. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, which ranges from 2 to 25 years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Right-of-Use (“ROU”) Assets (Operating and Finance Leases)

ROU assets are measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, ROU assets are subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, and the addition or subtraction of any prepaid lease payments (accrued lease payments, less the unamortized balance of lease incentives received). Operating lease payments are recognized on a straight-line basis over the lease term. Finance lease ROU assets are amortized on a straight-line basis over the shorter of the lease term or the remaining useful life of the asset.

Lease Liability

Washington Global accounts for leases in accordance with FASB ASC Topic 842. Washington Global is a lessee in operating leases for building space, and finance leases for the use of equipment and vehicles. Operating and finance lease ROU liabilities are calculated by discounting fixed lease payments over the lease term at the risk-free rate. Finance lease liabilities are increased by interest and reduced by payments each period, and the right-of-use asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right-of-use asset result in straight-line rent expense over the lease term. Variable lease expenses, if any, are recognized when incurred.

A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of the lease term, purchase options or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable. The implicit rates of Washington Global’s leases were not readily determinable, therefore, Washington Global has elected to use the incremental borrowing rate of 6.0% as of July 1, 2022.

Debt Issuance Costs

Costs incurred in the issuance of debt have been capitalized and are reported on the statements of financial position as a direct deduction from the related debt liability. Debt issuance costs are amortized as interest expense using the straight-line method over the remaining period of the debt, which approximates the effective interest method.



**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Revenue Recognition

*General Education, Categorical Enhancements, and Facilities Allowance; DC Funding Allocations, Federal Entitlements and Other Federal Funds; State and Local Government Contributions and Grants; Federal Grants – COVID – 19*

Revenues are received primarily from state and federal government agencies, including the District of Columbia Office of the State Superintendent of Education ("OSSE"), District of Columbia Public Charter School Board, the U.S. Department of Education, and other agencies. These revenues are considered conditional grants with a measurable performance or other barrier and a right of return, and are not recognized until the conditions on which they depend have been substantially met. These grants are also subject to audit by the grantor agencies, which could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate grantor. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position. As of the beginning of the year ended June 30, 2022, there was no deferred revenue.

Washington Global receives a student allocation on a per pupil basis from the District of Columbia to cover the cost of academic expenses. Per pupil appropriated revenue is recognized during the period for which the associated education services are provided. As of June 30, 2023, Washington Global had conditional promises to give in the total amount of \$699,551 that are expected to be fulfilled by the fiscal year ending June 30, 2024.

*Private Contributions, Donations, and Grants*

Washington Global recognizes private contributions, donations, and grants when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that are, those with a measurable performance or other barriers, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions. Contributions with donor restrictions that are met in the same reporting period as the contributions are received are reported as contributions without donor restrictions support.

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Revenue Recognition – continued

*Donated Federal Commodities and Services*

Washington Global recognizes in-kind services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Washington Global received donated federal commodities, in the form of food items, from a federal government agency, which are recognized as revenue at either the estimated fair market value on the date the donated goods were received or at the value determined by the federal agency.

Method Used for Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or a support function such as general and administrative activities. Expenses of this nature are allocated on a reasonable basis that is consistently applied. Allocated expenses include depreciation and amortization, occupancy expenses, and any other applicable expenditures, which are allocated on the basis of salaries and related costs, and are based on the amount of time and effort expended.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

**NOTE C – INCOME TAXES**

Washington Global is a 501(c)(3) entity exempt from federal income tax under Section 501(a) of the Internal Revenue Code. Washington Global is, however, subject to tax on business income unrelated to its exempt purpose.

Washington Global believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There were no unrecognized tax benefits or liabilities that need to be recorded.

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
(continued)

**NOTE C – INCOME TAXES – continued**

Washington Global’s information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. Washington Global’s Form 990 returns for the years ended June 30, 2020 through 2022, are open for examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

**NOTE D – AVAILABLE RESOURCES AND LIQUIDITY**

Washington Global regularly monitors liquidity required to meet its operating needs and other commitments. Washington Global’s sources of liquidity at its disposal include cash, federal grants receivable, state and local grants receivable, and accounts receivable. In addition to financial assets available to meet general expenditures over the next 12 months, Washington Global anticipates collecting sufficient revenue to cover general expenditures.

In determining the adequacy of liquidity sources to cover general operating expenditures over a 12-month period, Washington Global considers all expenditures related to its ongoing educational services as well as services undertaken to support its program to be general operating expenditures.

The following reflects Washington Global’s financial assets as of June 30:

	<u>2023</u>	<u>2022</u>
Cash	\$ 3,254,267	\$ 1,438,235
Federal grants receivable	558,242	728,743
State and local grants receivable	99,521	150,585
Accounts receivable	<u>9,773</u>	<u>256,300</u>
Total Financial Assets	3,921,803	2,573,863
Less: donor restricted assets	<u>(7,007)</u>	<u>-</u>
Total Financial Assets Available to meet Cash Needs for General Expenditures Within One Year	<u>\$ 3,914,796</u>	<u>\$ 2,573,863</u>

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
(continued)

**NOTE E – PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment as of June 30:

	2023	2022
Leasehold improvements	\$ 7,449,084	\$ 7,175,586
Computers and office equipment	289,708	274,298
Furniture and fixtures	108,955	77,340
	7,847,747	7,527,224
Less: depreciation and amortization	(2,165,064)	(1,779,200)
Property and Equipment, Net	\$ 5,682,683	\$ 5,748,024

Depreciation and amortization expense for the years ended June 30, 2023 and 2022, was \$391,141 and \$384,691, respectively, and included \$5,276 of amortization related to the ROU finance lease discussed in Note F.

Average Usable Square Footage

Washington Global leases the facilities in which it operates, having an average usable square footage of 31,928 for each month during the years ended June 30, 2023 and 2022.

**NOTE F – LEASE COMMITMENTS**

As disclosed in Note B, Washington Global adopted FASB ASC Topic 842 as of July 1, 2022. Washington Global has an operating lease for its building space and a finance lease for equipment used in its operations.

Operating and finance leases are included in non-current assets and current and long-term liabilities in the statements of financial position.

*Operating Lease*

In April 2015, Washington Global entered into a lease agreement with 525 School Street Associates, LLP, to lease the property at 525 School Street, SW, Washington, DC, for a period of 25 years beginning on April 21, 2015, and ending on June 30, 2040. The annual base rent was \$206,250 for the first year and increased each year as renovations were completed and Washington Global occupied more space. As of June 30, 2020, Washington Global has occupied 100% of the property covered by the lease resulting in a base rent of \$285,000 for both fiscal years ended June 30, 2023 and 2022. In addition to the base rent, Washington Global also pays rent equal to 90% of the increase in the initial per pupil facility allowance multiplied by the minimum current enrollment of 240 students.

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
(continued)

**NOTE F – LEASE COMMITMENTS – continued**

*Operating Lease – continued*

The lease also provides for cost of living increases every five years of the greater of the change in the consumer price index or 12.5%.

The balance of the ROU operating asset is as follows:

	6/30/2023	7/1/2022
Operating lease ROU assets - building	\$ 3,930,293	\$ 3,930,293
Amortization of ROU operating assets - building	(125,164)	-
<b>Total Operating ROU Building Assets, Net</b>	<b>\$ 3,805,129</b>	<b>\$ 3,930,293</b>

Minimum future liabilities under the lease are as follows, for the years ending June 30:

2024	\$ 357,576
2025	357,576
2026	357,576
2027	357,576
2028	357,576
Thereafter	4,290,912
<b>Total Operating Lease Payments</b>	<b>6,078,792</b>
Less: interest	(2,273,663)
<b>Present Value of Operating Lease Liabilities</b>	<b>\$ 3,805,129</b>

Rent expense for the years ended June 30, 2023 and 2022, totaled \$421,397 and \$405,571, respectively.

As of June 30, 2023, the weighted-average remaining lease term for Washington Global’s operating lease is 17 years.

Because Washington Global generally does not have access to the rate implicit in the lease, it utilizes its incremental borrowing rate as the discount rate. The weighted average discount rate associated with its operating lease as of June 30, 2023, was 6%.

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
(continued)

**NOTE F - LEASE COMMITMENTS** – continued

*Finance Leases*

On July 15, 2022, Washington Global entered into a lease agreement for a copier which is used in its day to day operations, and falls under the category of a finance lease. The term of the agreement is for 60 months, with payments in the amount of \$510, due monthly for usage and maintenance.

The balance of the ROU finance assets is as follows:

	<u>6/30/2023</u>	<u>7/1/2022</u>
Finance lease right-of-use assets - equipment	\$ 26,380	\$ -
Amortization of ROU finance leases - equipment	(5,276)	-
Total Finance ROU Equipment Asset, Net	<u>\$ 21,104</u>	<u>\$ -</u>

Minimum future lease payments under the lease are as follows, for the years ending June 30:

2024	\$ 6,120
2025	6,120
2026	6,120
2027	<u>6,120</u>
Total Finance Lease Payments	24,480
Less: interest	<u>(2,764)</u>
Present Value of Finance Lease Liabilities	<u>\$ 21,716</u>

As of June 30, 2023, the weighted-average remaining lease term for Washington Global's finance leases is 4 years.

Because Washington Global generally does not have access to the rate implicit in the lease, it utilizes its incremental borrowing rate as the discount rate. The weighted average discount rate associated with finance leases as of June 30, 2023, is 6%.

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
(continued)

**NOTE G – NOTES PAYABLE**

Washington Global had three loans from United Bank referred to as Phase I, Phase II and Phase III with the original amounts of \$2,000,000, \$1,400,000 and \$2,854,000, respectively. These loans originated as construction loans to fund costs of planned leasehold improvements to Washington Global's property. The loans bore interest at variable rates during the construction phase, and were later converted to fixed rate term loans. The loans were payable in monthly installments of principal and interest based on a 20-year amortization schedule except for Phase III, which was amortized over 15 years.

The loans were secured by a first leasehold deed on the trust of the property, DC charter school facility allowance, and receivables. In accordance with the terms of the loan, facility allowance and loan payments were deposited in a separate escrow account held at United Bank.

The DC Office of the State Superintendent of Education ("OSSE") and the Charter School Incubator Initiative provided a five-year credit enhancement of \$500,000 and \$540,000, respectively, which were deposited into an account with United Bank, and pledged as additional collateral until November 2020.

Washington Global secured a loan with Building Hope in the amount of \$500,000 related to Phase II. Principal and interest were payable based on a 20-year amortization. The Building Hope loan was subordinate to the United Bank loans and was guaranteed by a credit enhancement of \$100,000 from America's Charter School Finance Corporation. The Building Hope loan was secured by a second priority lien on its leasehold deed of trust of the property; second priority assignment of all leases and rents; and a second priority lien on per pupil appropriations and facility allowances.

On June 10, 2019, Washington Global secured an additional loan from OSSE (Phase IV) in the amount of \$700,000 to finance the fourth phase of renovations. The loan would be repaid in quarterly installments of principal and interest based on a 20-year amortization schedule for 36-months from the date of the loan closing. This loan was paid off in full on February 4, 2022, with the help of the new OSSE loan secured for \$2,000,000 as noted below.

On November 10, 2021, the above Phase I, Phase II, and Phase III loans with United Bank, and the Building Hope Phase IV loan with OSSE, were refinanced and combined into two separate (i.e., term loan and bridge loan) loans with City First Bank (the "Bank"). The bridge loan was for an amount of \$1,345,283, and the term loan was for an amount of \$4,184,717.

The bridge loan was paid off in full on February 4, 2022, with the help of a new OSSE loan. On February 4, 2022, Washington Global secured an additional loan in the amount of \$2,000,000 with OSSE. The loan shall be repaid in quarterly installments of principal and interest based on a 25-year amortization schedule, beginning May 10, 2024, and a balloon payment in the amount of \$1,803,640, due on February 10, 2027.

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
(continued)

**NOTE G – NOTES PAYABLE – continued**

The term loan is payable in monthly installments of principal and interest in the amount of \$22,316 based on a 25-year amortization schedule, beginning December 10, 2021, with a balloon payment in the amount \$3,660,385 due on November 10, 2026. The term loan agreement contains certain restrictive financial and non-financial covenants which required Washington Global to do the following:

- a) maintain a loan debt service coverage ratio of not less than 1.20:1,
- b) maintain a total debt service coverage ratio of not less than 1.15:1 for all indebtedness
- c) maintain a loan to value ratio of the property not greater than 70%.
- d) provide the bank with annual audited financial statements no later than 6-months after each fiscal year end during the term of the loan.

In the opinion of management , Washington global has complied with the above loan covenants.

The following summarizes debt as of June 30:

	2023	2022
City First Bank - Term Loan 4.04%, due November 2026	\$ 4,027,568	\$ 4,127,053
OSSE Loan 1%, due February 2027	2,000,000	2,000,000
	6,027,568	6,127,053
Less: current maturity	(121,988)	(100,609)
Less: debt issuance costs, net of accumulated amortization	(128,493)	(166,147)
Total Notes Payable, Net of Current Portion	\$ 5,777,087	\$ 5,860,297

Debt issuance costs and accumulated amortization are as follows as of June 30:

	2023	2022
Debt issuance costs	\$ 188,269	\$ 188,269
Less: accumulated amortization	(59,776)	(22,122)
Debt Issuance Costs, Net	\$ 128,493	\$ 166,147



**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
(continued)

**NOTE G – NOTES PAYABLE – continued**

Washington Global reports debt issuance costs as a direct deduction from the carrying amount of the related debt and amortization of debt issuance costs as interest expense. Due to the refinance (stated above), the unamortized debt issuance costs related to those were written of for \$102,070 and are included in the interest expense for the year ending June 30, 2022. Interest expense totaled \$227,194 and \$381,097, and included the amortization of debt issuance cost of \$37,654 and \$124,192, for the years ended June 30, 2023 and 2022, respectively.

Future minimum payments of the debt are as follows for the years ending June 30:

2024	\$	121,988
2025		180,121
2026		185,390
2027		5,540,069
Total		\$ 6,027,568

**NOTE H – CHARTER SCHOOL AGREEMENT**

On July 15, 2015, Washington Global entered into a Charter School Agreement with the DCPCSB, which expires on July 15, 2030. As part of this agreement, the DCPCSB may charge the School a fee up to the maximum amount permitted by the Congressionally-enacted District of Columbia School Reform Act of 1995, as amended, to cover the administrative responsibilities of the DCPCSB. For the years ended June 30, 2023 and 2022, Washington Global was charged \$60,851 and \$48,073, in administrative fees, respectively.

**NOTE I – RETIREMENT PLAN**

Washington Global established the Washington Global Public Charter School 401(k) Plan (the “Plan”) for eligible employees. The Plan allows the participants to make voluntary contributions up to the maximum amount allowable by the Internal Revenue Code. All employees who have completed one month of employment are eligible to participate in the Plan. Washington Global matches the employee’s contribution up to 4% of the employee’s salary, subject to a vesting schedule. Total expenses related to the Plan for the years ended June 30, 2023 and 2022, was \$32,249 and \$55,584, respectively.

**NOTE J – COMMITMENTS AND CONTINGENCIES**

Washington Global participates in federal grant reimbursement programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
(continued)

**NOTE J – COMMITMENTS AND CONTINGENCIES – continued**

Washington Global has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable as of June 30, 2023 and 2022, respectively, may be impaired. In the opinion of Washington Global, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**NOTE K – CONCENTRATIONS OF RISK**

Washington Global is supported primarily through government grants. For the years ended June 30, 2023 and 2022, 81% and 77%, respectively, of total revenue and support was provided by one government agency. Reduction of this source of support would have a significant impact on Washington Global's programs and activities.

Washington Global is limited to enrolling students that are residents of the District of Columbia. As a DC Public Charter School, Washington Global must adhere to the terms of its Charter Agreement. Uniform Per-Student Funding received from the District of Columbia is based upon actual student enrollment determined by an annual enrollment audit. As a result, actual revenue may vary materially from budgeted revenue if under-enrollment were to occur.

Washington Global maintains its cash in several financial institutions. The cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. Washington Global's cash routinely exceeds the FDIC limit. However, management does not believe Washington Global is exposed to any significant credit risk on its cash.

**NOTE L – DONATED FEDERAL COMMODITIES AND SERVICES**

Each year, Washington Global receives donated federal commodities, mainly food items, from the U.S. Department of Agriculture's Department of Defense Food and Nutrition Service Program. Donated commodities recorded for the years ended June 30, 2023 and 2022, totaled \$25,603 and \$21,717, respectively. The donated federal commodities were recorded on the statements of activities and functional expenses based on either the estimated fair market value on the date of donation, or at the value determined by the federal agency. The donated federal commodities were utilized for and allocated to educational services on the statements of functional expenses. There were no donor-imposed restrictions on the donated federal commodities.

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**  
(continued)

**NOTE L – DONATED FEDERAL COMMODITIES AND SERVICES – continued**

Donated professional services are contributed to Washington Global by lawyers. Donated services recorded for the year ended June 30, 2023, included legal services totaling \$92, and have been included in the statements of activities and statements of functional expenses, as donated services. There were no donated services for the year ended June 30, 2022. The donated services were utilized for and allocated to program services on the statements of functional expenses. The donated services are evaluated by the donors based on the ongoing hourly rates for those services in the area that they are located. There were no donor-imposed restrictions on the donated services.

**NOTE M – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were restricted for the following purposes as of June 30, 2023:

Korean language classes	\$	728
Literacy, magazines, and garden supplies		6,279
Total	\$	<u>7,007</u>

There were no net assets with donor restrictions as of June 30, 2022.

**NOTE N – SUBSEQUENT EVENTS**

In preparing these financial statements, Washington Global’s management has evaluated events and transactions for potential recognition or disclosure through December xx, 2023, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.

**REPORTS AND SCHEDULES REQUIRED  
BY THE UNIFORM GUIDANCE**

DRAFT

**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***

To the Board of Trustees  
Washington Global Public Charter School  
Washington, DC

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Washington Global Public Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December xx, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Washington Global Public Charter School’s internal control over financial reporting (internal control) as a basis for designing 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 Washington Global Public Charter School’s internal control. Accordingly, we do not express an opinion on the effectiveness of Washington Global Public Charter School’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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Washington Global Public Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 Washington Global Public Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washington Global Public Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Washington, DC  
December xx, 2023

**Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control over Compliance  
Required by the Uniform Guidance**

To the Board of Trustees  
Washington Global Public Charter School  
Washington, DC

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

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

We have audited Washington Global Public Charter School's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Washington Global Public Charter School's major federal programs for the year ended June 30, 2023. Washington Global Public Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Washington Global Public Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Washington Global Public Charter School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Washington Global Public Charter School's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Washington Global Public Charter School's federal programs.

### *Auditor's Responsibility for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Washington Global Public Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Washington Global Public Charter School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Washington Global Public Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Washington Global Public Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Washington Global Public Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



## Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Washington, DC  
December xx, 2023

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Grant Identification Number	Total Federal Expenditures
<b>U. S. Department of Education</b>			
<b>Pass Through from District of Columbia Office of the State Superintendent of Education (OSSE)</b>			
Other Programs			
Title I Grants to Local Educational Agencies	84.010A	84.010A	\$ 185,325
Total Title I Grants to Local Educational Agencies			<u>185,325</u>
Supporting Effective Instruction State Grants	84.367A	84.367A	32,140
Total Supporting Effective Instruction State Grants			<u>32,140</u>
DC Opportunity Scholarship Program	84.370C	CHOICE	74,413
Total DC Opportunity Scholarship Program			<u>74,413</u>
Student Support and Academic Enrichment Program	84.424A	84.424A	22,072
Total Student Support and Academic Enrichment Program			<u>22,072</u>
COVID 19 - Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act	84.425D	B3SERF	289,572
COVID 19 - Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act	84.425D	U3SERF	378,197
COVID 19 - Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act	84.425U	U3SERF	83,746
Total COVID 19 - Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act			<u>751,515</u>
Total Other Programs			1,065,465
Special Education Cluster (IDEA)			
Special Education Grants to States	84.027A	611- C2027A	44,634
Special Education Grants to States	84.027X	611- C2027X	1,673
Total Special Education Grants to States			<u>46,307</u>
Total Special Education Cluster (IDEA)-Cluster			<u>46,307</u>
<b>Total U.S. Department of Education</b>			<b>\$ 1,111,772</b>
<b>U.S. Department of Agriculture</b>			
<b>Pass Through from District of Columbia Office of the State Superintendent of Education (OSSE)</b>			
Child Nutrition Cluster			
School Breakfast Program	10.553		23,373
Total School Breakfast Program			<u>23,373</u>
National School Lunch Program	10.555		109,102
National School Lunch Program - DoD Donated Commodities Program	10.555		25,603
COVID-19 National School Lunch Program - Supply Chain Assistance	10.555		27,389
Total National School Lunch Program			<u>162,094</u>
Total Child Nutrition Cluster			<u>185,467</u>
Child Nutrition Discretionary Grants Limited Availability			
Child Nutrition Discretionary Grants Limited Availability	10.579		15,982
Total Child Nutrition Discretionary Grants Limited Availability			<u>15,982</u>
Pandemic EBT Administrative Costs			
COVID-19 Pandemic EBT Administrative Costs	10.649		629
Total Pandemic EBT Administrative Costs			<u>629</u>
<b>Total U.S. Department of Agriculture</b>			<b>202,078</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 1,313,850</b>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of Washington Global Public Charter School under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Washington Global Public Charter School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Washington Global Public Charter School.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued on the financial statements	Unmodified
Internal control over financial reporting: Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

***Federal Awards***

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs: Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

***Major Programs:***

Name of Federal Programs or Clusters:	COVID 19 - Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act
Assistance Listing Numbers:	84.425
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023  
(continued)**

**SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

None

**SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL  
AWARDS**

None

**SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

None

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**SUPPLEMENTARY SCHEDULES REQUIRED BY DCPCSB**

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**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL  
 SUPPLEMENTARY SCHEDULE OF VENDORS AWARDED CONTRACTS EQUAL TO OR ABOVE \$25,000  
 UNAUDITED  
 YEAR ENDED JUNE 30, 2023**

Award Date	Vendor Name	Goods and/or Services	Minimum Contract Amount	Maximum Contract Amount	Conflict of Interest ("YES" or "NO")
11/16/2022	Acumen Behavioral Consulting	Special education services	\$ 25,000	\$ 65,000	No
6/13/2023	Busy Bee Janitorial & Environmental Services, Inc.	Facilities maintenance	85,000	195,000	No
6/13/2023	DC Health Link	Health insurance	120,000	245,000	No
6/13/2023	Dynamic Network Solutions	Computer/IT support services	35,000	85,000	No
6/13/2023	EdOps	Student data management	55,000	99,000	No
6/13/2023	EdOps	Finance & accounting services	84,000	88,000	No
6/6/2023	Ellis Therapeutic Consultants	Special education services	80,000	140,000	No
8/29/2022	Genuine Foods	Food/NSLP services	150,000	163,000	No
6/13/2023	Harris & Associates Psychological Services	Special education services	45,000	90,000	No
6/13/2023	Isabella & Ferdinand	Staff recruitment services	35,000	70,000	No
6/13/2023	Pepco	Electrical power services	55,000	79,000	No
6/13/2023	Securemedy	Security services	58,900	78,900	No
6/14/2023	The Achievement Network	Student assessment services	26,000	38,000	No
6/13/2023	The Whiting-Turner Contracting Company	General contractor services	205,000	305,000	No
8/2/2022	Wright Speciality Insurance	Property and casualty insurance services	40,000	50,000	No

NOTE: The above schedule includes all contracts that are greater than or equal to \$25,000 awarded to a single vendor during the year ended June 30, 2023, regardless of the service period.

**WASHINGTON GLOBAL PUBLIC CHARTER SCHOOL  
 SUPPLEMENTARY SCHEDULE OF INCOME  
 NOT SUBJECT TO DCPCSB ADMINISTRATIVE FEE  
 UNAUDITED  
 YEAR ENDED JUNE 30, 2023**

<b>Total Revenue and Support</b>	<b>\$</b>	<b>7,280,503</b>
Income not subject to DCPCSB administrative fee		
Elementary and secondary school emergency relief funding		751,515
State government grants		9,155
Income from philanthropy		31,760
Total Income not Subject to DCPCSB Administrative Fee	<u><b>\$</b></u>	<u><b>792,430</b></u>

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