

The Excel  
Center®



ADULT CHARTER HIGH SCHOOL

**THE GOODWILL EXCEL CENTER,  
PUBLIC CHARTER SCHOOL**

**Financial Statements and Supplemental Information**

*For the Year Ended June 30, 2018*

*(With Summarized Financial Information for the Year Ended June 30, 2017)*



**and  
Report Thereon**



**Report Required in Accordance with  
Government Auditing Standards**

*For the Year Ended June 30, 2018*

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

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For the Year Ended June 30, 2018

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Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Goodwill Excel Center, Public Charter School

We have audited the accompanying financial statements of The Goodwill Excel Center, Public Charter School (GEC), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Goodwill Excel Center, Public Charter School as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Continued

## **Other Matters**

### *Report on Summarized Comparative Information*

We have previously audited GEC's 2017 financial statements, and in our report dated November 13, 2017, we expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### *Report on Supplemental Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of vendor expenses over \$25,000 on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2018, on our consideration of GEC'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 GEC'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 GEC's internal control over financial reporting and compliance.

*Raffa, P.C.*

**Raffa, P.C.**

Washington, D.C.  
November 12, 2018

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

June 30, 2018

(With Summarized Financial information as of June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 3,559,077	\$ 1,971,397
Receivables	20,661	2,177
Prepaid expenses	<u>156,630</u>	<u>116,342</u>
Total Current Assets	3,736,368	2,089,916
Deposits	189,775	196,025
Property and equipment, net	<u>2,357,054</u>	<u>2,655,729</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 6,283,197</b></u>	<u><b>\$ 4,941,670</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 268,330	\$ 243,906
Deferred rent and lease incentive, current portion	146,537	127,085
Note payable, current portion	<u>-</u>	<u>139,552</u>
Total Current Liabilities	414,867	510,543
Deferred rent and lease incentive, net of current portion	1,870,155	2,016,692
Note payable, net of current portion	<u>-</u>	<u>897,839</u>
<b>TOTAL LIABILITIES</b>	<u><b>2,285,022</b></u>	<u><b>3,425,074</b></u>
Net Assets		
Unrestricted	<u>3,998,175</u>	<u>1,516,596</u>
<b>TOTAL NET ASSETS</b>	<u><b>3,998,175</b></u>	<u><b>1,516,596</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 6,283,197</b></u>	<u><b>\$ 4,941,670</b></u>

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

**THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2018**

**(With Summarized Financial Information for the Year Ended June 30, 2017)**

	2018	2017
<b>REVENUE AND SUPPORT</b>		
Per pupil allocation	\$ 6,745,492	\$ 5,863,695
Private grants and contributions	801,005	361,500
Federal grants	18,677	362,200
Other income	8,065	-
	<u>7,573,239</u>	<u>6,587,395</u>
<b>EXPENSES</b>		
Program Service:		
Adult Education	4,623,439	4,284,393
Supporting Service:		
Management and general	468,221	364,012
	<u>5,091,660</u>	<u>4,648,405</u>
<b>CHANGE IN NET ASSETS</b>	2,481,579	1,938,990
<b>NET ASSETS (DEFICIT), BEGINNING OF YEAR</b>	<u>1,516,596</u>	<u>(422,394)</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,998,175</u>	<u>\$ 1,516,596</u>

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

**THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended June 30, 2018**

**(With Summarized Financial Information for the Year Ended June 30, 2017)**

	<u>Program Service</u>	<u>Supporting Service</u>		
	<u>Adult Education</u>	<u>Management and General</u>	<u>2018 Total</u>	<u>2017 Total</u>
Personnel, Salaries and Benefits:				
Contracted labor	\$ 2,221,601	\$ 155,878	\$ 2,377,479	\$ 1,978,825
Professional development	47,565	-	47,565	29,131
Other contracted labor-related expense	<u>2,788</u>	<u>-</u>	<u>2,788</u>	<u>3,727</u>
Total Personnel, Salaries and Benefits	<u>2,271,954</u>	<u>155,878</u>	<u>2,427,832</u>	<u>2,011,683</u>
Direct Student Costs:				
Child development center	479,620	-	479,620	548,343
Student transportation stipends	150,026	-	150,026	161,035
Student recruiting	66,167	-	66,167	70,365
Other students costs	37,691	-	37,691	7,027
Computer support	34,061	-	34,061	35,014
Student assessments	24,040	-	24,040	10,216
Student books and learning material	16,582	-	16,582	5,277
Supplies, materials and snacks	<u>13,891</u>	<u>-</u>	<u>13,891</u>	<u>16,881</u>
Total Direct Student Costs	<u>822,078</u>	<u>-</u>	<u>822,078</u>	<u>854,158</u>
Occupancy:				
Rent	552,443	-	552,443	660,239
Depreciation and amortization	286,258	70,898	357,156	321,272
Utilities and garbage removal	33,368	-	33,368	35,825
Maintenance and repairs	15,815	-	15,815	4,331
Other occupancy expenses	10,629	-	10,629	18,000
Interest	8,904	-	8,904	45,755
Janitorial supplies	<u>3,259</u>	<u>-</u>	<u>3,259</u>	<u>11,070</u>
Total Occupancy	<u>910,676</u>	<u>70,898</u>	<u>981,574</u>	<u>1,096,492</u>
Office Expenses:				
Telecommunications	-	55,931	55,931	50,225
Office supplies	-	36,359	36,359	50,777
Printing and copying	-	28,393	28,393	36,971
Other	-	7,388	7,388	4,450
Postage	<u>-</u>	<u>2,038</u>	<u>2,038</u>	<u>2,240</u>
Total Office Expenses	<u>-</u>	<u>130,109</u>	<u>130,109</u>	<u>144,663</u>
General Expenses:				
Professional and consulting fees	610,855	462	611,317	416,130
Accounting, auditing and payroll	-	47,141	47,141	40,991
Dues, fees, licenses and fines	-	36,625	36,625	52,087
Insurance	-	19,813	19,813	22,720
Other	<u>7,876</u>	<u>7,295</u>	<u>15,171</u>	<u>9,481</u>
Total General Expenses	<u>618,731</u>	<u>111,336</u>	<u>730,067</u>	<u>541,409</u>
<b>TOTAL EXPENSES</b>	<u><b>\$ 4,623,439</b></u>	<u><b>\$ 468,221</b></u>	<u><b>\$ 5,091,660</b></u>	<u><b>\$ 4,648,405</b></u>

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

**THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2018**  
**(With Summarized Financial Information for the Year Ended June 30, 2017)**  
**Increase (Decrease) in Cash**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,481,579	\$ 1,938,990
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	357,156	321,272
Changes in assets and liabilities:		
Receivables	(18,484)	40,851
Prepaid expenses	(40,288)	(29,600)
Deposits	6,250	(69,508)
Accounts payable and accrued expenses	24,424	(1,490,510)
Deferred rent and lease incentive	(127,085)	979,859
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,683,552</b>	<b>1,691,354</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(58,481)	(365,335)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(58,481)</b>	<b>(365,335)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from note payable	-	705,964
Principal payments on notes payable	(1,037,391)	(67,334)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(1,037,391)</b>	<b>638,630</b>
<b>NET INCREASE IN CASH</b>	<b>1,587,680</b>	<b>1,964,649</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>1,971,397</b>	<b>6,748</b>
<b>CASH, END OF YEAR</b>	<b>\$ 3,559,077</b>	<b>\$ 1,971,397</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest paid	<b>\$ 8,904</b>	<b>\$ 45,755</b>
<b>NONCASH TRANSACTIONS</b>		
Noncash investing activities:		
Leasehold improvements acquired in operating lease	\$ -	\$ (494,634)
Deferred lease incentive included in operating lease	-	494,634
	<b>\$ -</b>	<b>\$ -</b>

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

**THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

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1. Organization and Summary of Significant Accounting Policies

**Organization**

The Goodwill Excel Center, Public Charter School (GEC) was formed on February 23, 2015, and launched operations in August 2016. The goal of the school is to provide Washington, D.C., adult residents the opportunity and support to earn a high school diploma and post-secondary education while developing career paths that present greater employment and career growth opportunities. GEC's revenue and other support consist primarily of the per pupil allocations from the government of the District of Columbia (DC), private grants and contributions, and federal sources.

**Basis of Accounting**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The financial statements are prepared using the accrual basis of accounting and include receivables and payables.

**Receivables**

GEC uses the allowance method to record potentially uncollectible accounts receivable.

**Property and Equipment**

Property and equipment are carried at cost. Depreciation and amortization are recorded using the straight-line method in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives.

Furniture and fixtures	7 years
Software	3 years
Office equipment	5 years
Computer hardware	3 to 5 years

Leasehold improvements are amortized over the remaining life of the lease. Maintenance and repairs are expensed as incurred. Significant renewals and betterments are capitalized. At the time assets are retired or otherwise disposed of, the property and related accumulated depreciation and amortization accounts are relieved of the applicable amounts and any gain or loss is credited or charged to revenue and support.

**Classification of Net Assets**

The net assets of GEC are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for general support of GEC's operations.

**Revenue Recognition**

Grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received with donor restrictions that are met during the same fiscal year in which they are received are recorded as unrestricted revenue in the accompanying statement of activities. Revenues from federal grants are recognized when the related expense is incurred.

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018

1. Organization and Summary of Significant Accounting Policies (continued)

**Per Pupil Funding**

Per pupil funding represents the per pupil student allocation and facility allowance from DC, as well as federal entitlement funding, to cover the cost of academic expenses. Revenue is recognized ratably over the academic year. Unearned funding is recognized as deferred revenue in the accompanying statement of financial position until earned.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based upon estimates deemed appropriate in relation to the benefits received by those programs and supporting services.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

2. Property and Equipment and Accumulated Depreciation and Amortization

GEC held the following property and equipment as of June 30, 2018:

Leasehold improvements	\$ 2,208,434
Furniture and fixtures	334,642
Computer hardware	202,324
Office equipment	156,300
Software	<u>133,781</u>
Total Property and Equipment	3,035,481
Less: Accumulated Depreciation and Amortization	<u>(678,427)</u>
Property and Equipment, Net	<u>\$ 2,357,054</u>

Depreciation and amortization expense totaled \$357,156 for the year ended June 30, 2018.

3. Note Payable

GEC entered into a loan agreement with Goodwill of Greater Washington (GGW) for \$1,104,725, the proceeds of which were to be used to fund leasehold improvements of GEC's facility, including furnishings, overhead and other soft costs related to the project. The loan required monthly principal and interest payments beginning January 1, 2017, through December 1, 2023, and interest accrued at the rate of 4.75% per annum.

**THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

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3. Note Payable (continued)

In September 2017, GEC paid the then-outstanding principal balance of \$1,014,589 and the loan was considered paid in full. For the year ended June 30, 2018, interest expense totaled \$8,904 which is included in the accompanying statement of functional expenses.

4. Charter School Funding – Per Pupil Allocation

The per pupil allocation funding for the year ended June 30, 2018, was composed of the following:

General education	\$ 4,481,397
Facilities allowance	1,117,454
At-risk students	786,199
Special education	<u>360,442</u>
Total Per Pupil Allocation	<u>\$ 6,745,492</u>

5. Risks and Commitments

**Concentration of Risk**

GEC maintains its cash and cash equivalents with highly creditworthy financial institutions. At times, the aggregate balance may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit. At June 30, 2018, GEC had approximately \$3,457,000 in excess of FDIC insured limits.

**Related Party**

GEC is affiliated with GGW through common management. GGW is a tax-exempt organization under Internal Revenue Code (IRC) Section 501(c)(3). GGW was established as a provider of quality service programs to those in need of support and/or training to assume a self-sufficient role in their community. Under its Management and Administrative Support Services, Staffing and Sublicense Agreement with GGW, executed as of May 1, 2015, with subsequent amendments effective on July 1, 2016, and July 1, 2018, GEC paid GGW \$550,710 in management fees. Additionally, GEC was billed \$2,347,808 for reimbursable costs relating to labor and other direct costs, of which \$22,945 was outstanding as of June 30, 2018, in accordance with the terms of the agreement. This expense is reported in personnel, salaries and benefits; direct student costs; student transportation stipends and general expenses; professional and consulting fees; and dues, fees, licenses and fines in the accompanying statement of functional expenses. The accounts payable and accrued expenses are reported in the accompanying statement of financial position.

As described in Note 3, GGW lent GEC funds totaling \$1,104,725, the purpose of which was to fund leasehold improvements of GEC's facility including furnishings, overhead and other soft costs related to the project. This loan was repaid during the year ended June 30, 2018.

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018

5. Risks and Commitments (continued)

**Operating Lease**

In December 2015, GEC entered into a noncancelable operating lease for office space in Washington, D.C., which expires in April 2027. The terms of the lease required a deposit of \$126,517, and include monthly base rent of \$63,258 and a 15-month rental abatement. The lease also contains a fixed escalation clause for an increase in the annual minimum rent at a rate of 2.5%, except for the sixth lease-year, for which the increase will be based on \$2 per square foot of rentable area. The lease also provided a tenant improvement allowance of up to \$1,272,700. Under GAAP, all fixed rent increases and lease incentives are recognized on a straight-line basis over the term of the lease and are reported as deferred rent and lease incentive liability in the accompanying statement of financial position. In addition, GEC is obligated to pay its share of increases in real estate taxes and operating expenses of the office building.

Rent expense totaled \$552,443 for the year ended June 30, 2018.

As of June 30, 2018, the future minimum lease payments required under this lease were as follows:

<u>For the Year Ending June 30,</u>	
2019	\$ 797,531
2020	817,469
2021	837,906
2022	858,853
2023	880,325
Thereafter	<u>3,584,998</u>
Total Lease Payments Due	<u>\$ 7,777,082</u>

**Curriculum Licensing Agreement**

On November 11, 2014, GGW entered into a Licensing and Services Agreement with Goodwill Education Initiatives, Inc. (GEI) for the use of GEI's intellectual property, educational expertise and other consulting services in connection with the operation of GEC. GGW sublicensed this agreement to GEC, and GEC must abide by all terms and conditions of this license agreement. Under the sublicense agreement with GGW, GEC was required to pay a start-up fee of \$50,000 to assist in the school opening, followed by annual fees. On September 1, 2017, GGW entered into a Membership Agreement with GEI replacing the existing Licensing and Services Agreement. All the services to be provided under the agreement remained the same. GGW will pay GEI a monthly fee of \$3,000. The agreement expires on July 31, 2021, with options to renew for two additional three-year terms.

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018

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5. Risks and Commitments (continued)

**Child Development Center**

On June 17, 2016, GEC entered into an agreement with the Young Men's Christian Association of Metropolitan Washington to operate an on-site child development center at GEC's school building located in Washington, D.C. The initial agreement was for two years beginning on July 1, 2016, and was set to expire on June 30, 2018, with the option to extend the contract for up to three one-year extensions. The contract was extended for an additional year, from July 1, 2018, through June 30, 2019, providing for increased service usage at an annual fee of \$509,659.

6. Income Taxes

Under Section 501(c)(3) of the IRC, GEC is exempt from the payment of taxes on income other than net unrelated business income. For the year ended June 30, 2018, no provision for income taxes was made, as GEC had no net unrelated business income.

GEC adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in Financial Accounting Standards Board Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. GEC evaluated its uncertainty in income taxes for the year ended June 30, 2018, 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. It is GEC's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax expense.

7. Subsequent Events

GEC's management has evaluated subsequent events through November 12, 2018, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these consolidated financial statements.

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018

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5. Risks and Commitments (continued)

**Child Development Center**

On June 17, 2016, GEC entered into an agreement with the Young Men's Christian Association of Metropolitan Washington to operate an on-site child development center at GEC's school building located in Washington, D.C. The initial agreement was for two years beginning on July 1, 2016, and was set to expire on June 30, 2018, with the option to extend the contract for up to three one-year extensions. The contract was extended for an additional year, from July 1, 2018, through June 30, 2019, providing for increased service usage at an annual fee of \$509,659.

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GEC adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in Financial Accounting Standards Board Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. GEC evaluated its uncertainty in income taxes for the year ended June 30, 2018, 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. It is GEC's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax expense.

7. Reclassifications

Certain 2017 amounts have been reclassified to conform to the 2018 financial statement presentation.

8. Subsequent Events

GEC's management has evaluated subsequent events through November 12, 2018, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these consolidated financial statements.

**SUPPLEMENTAL INFORMATION**

**THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL**

**SCHEDULE OF VENDOR EXPENSES OVER \$25,000  
For the Year Ended June 30, 2018**

Vendor	Type of Service	Amount
Washington Real Estate Investment Trust	Rent and utilities	\$ 602,540
Goodwill of Greater Washington	Administrative and executive management services	\$ 550,710
Young Men's Christian Association of Metropolitan Washington	Operation of on-site child development center	\$ 479,620
Washington Metro Area Transit Agency	SmartTrip cards - student transportation stipends	\$ 150,026
District of Columbia Public School Charter Board	Authorizer fees	\$ 60,140
G4S Secure Solutionsm Inc.	Security services	\$ 59,444
Rosenberg Media	Advertising	\$ 64,997
Kelly Services Inc.	Temporary staffing services	\$ 36,563
Staples	Office supplies	\$ 30,792
Goodwill of Greater Washington	Membership sub-licensing agreement	\$ 36,000
XO Communications Services, LLC	Internet services	\$ 26,314
Raffa P.C.	Audit fees	\$ 27,768

*This schedule has been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).*



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

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
The Goodwill Excel Center, Public Charter School

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 The Goodwill Excel Center, Public Charter School (GEC), which comprise the statement of financial position as of June 30, 2018, 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 November 12, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered GEC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GEC's internal control. Accordingly, we do not express an opinion on the effectiveness of GEC'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 GEC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and

material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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

*Raffa, P.C.*

**Raffa, P.C.**

Washington, D.C.  
November 12, 2018