THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

Financial Statements and Supplementary Information

For the Year Ended June 30, 2020
(With Summarized Financial Information for the Year Ended June 30, 2019)

and

Report Thereon

Report Required in Accordance with Government Auditing Standards

For the Year Ended June 30, 2020
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For the Year Ended June 30, 2020

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INDEPENDENT AUDITORS’ REPORT

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

Report on the Financial Statements
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, 2020, 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.

Auditors’ 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 auditors’ 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 2020 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, 2020, 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.

Other Matters

Report on Summarized Comparative Financial Statements

We have previously audited The Goodwill Excel Center, Public Charter School’s 2019 financial statements, and in our report dated November 13, 2019, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Regulatory Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of vendor contacts $25,000 and above is presented for the purposes for additional analysis and is not a required part of the financial statements. Such information, although not a part of the financial statements, is required by the D.C. Public Charter School Board and has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 24, 2020, 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.

Marcum LLP

Washington, DC
November 30, 2020
THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION
June 30, 2020
(With Summarized Financial information as of June 30, 2019)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 6,575,847</td>
<td>$ 5,181,418</td>
</tr>
<tr>
<td>Receivables</td>
<td>119,369</td>
<td>31,245</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>215,667</td>
<td>121,818</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>6,910,883</td>
<td>5,334,481</td>
</tr>
<tr>
<td>Deposits</td>
<td>189,775</td>
<td>189,775</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>1,884,172</td>
<td>2,053,555</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$ 8,984,830</td>
<td>$ 7,577,811</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$ 643,391</td>
<td>$ 329,325</td>
</tr>
<tr>
<td>Contract liability</td>
<td>44,776</td>
<td>-</td>
</tr>
<tr>
<td>Deferred rent and lease incentive, current portion</td>
<td>185,987</td>
<td>166,475</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>874,154</td>
<td>495,800</td>
</tr>
<tr>
<td>Deferred rent and lease incentive, net of current portion</td>
<td>1,521,316</td>
<td>1,703,680</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>2,395,470</td>
<td>2,199,480</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without donor restrictions</td>
<td>6,589,360</td>
<td>5,353,331</td>
</tr>
<tr>
<td>With donor restrictions</td>
<td>-</td>
<td>25,000</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td>6,589,360</td>
<td>5,378,331</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td>$ 8,984,830</td>
<td>$ 7,577,811</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
The accompanying notes are an integral part of these financial statements.
## STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

<table>
<thead>
<tr>
<th>Program Service</th>
<th>Supporting Service</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult Education</td>
<td>Management and General</td>
<td>$3,606,713</td>
<td>$3,097,263</td>
</tr>
<tr>
<td>Adult Education</td>
<td>Total</td>
<td>$3,666,578</td>
<td>$3,153,507</td>
</tr>
<tr>
<td>Adult Education</td>
<td>Personnel, Salaries and Benefits</td>
<td>$3,542,775</td>
<td>$3,153,507</td>
</tr>
<tr>
<td>Adult Education</td>
<td>Contracted labor</td>
<td>$3,482,910</td>
<td>$3,097,263</td>
</tr>
<tr>
<td>Adult Education</td>
<td>Professional development</td>
<td>$53,592</td>
<td>$52,624</td>
</tr>
<tr>
<td>Adult Education</td>
<td>Other contracted labor-related expense</td>
<td>$6,273</td>
<td>$3,620</td>
</tr>
<tr>
<td>Direct Student Costs</td>
<td>Total Personnel, Salaries and Benefits</td>
<td>$3,666,578</td>
<td>$3,153,507</td>
</tr>
<tr>
<td>Direct Student Costs</td>
<td>Child Development Center</td>
<td>$425,170</td>
<td>$509,659</td>
</tr>
<tr>
<td>Direct Student Costs</td>
<td>Student Transportation Stipends</td>
<td>$106,988</td>
<td>$163,655</td>
</tr>
<tr>
<td>Direct Student Costs</td>
<td>Student Recruiting</td>
<td>$66,372</td>
<td>$82,209</td>
</tr>
<tr>
<td>Direct Student Costs</td>
<td>Student Books and Learning Material</td>
<td>$47,641</td>
<td>$55,957</td>
</tr>
<tr>
<td>Direct Student Costs</td>
<td>Computer Support</td>
<td>$50,120</td>
<td>$52,426</td>
</tr>
<tr>
<td>Direct Student Costs</td>
<td>Other Student Costs</td>
<td>$43,149</td>
<td>$48,615</td>
</tr>
<tr>
<td>Direct Student Costs</td>
<td>Student Assessments</td>
<td>$35,810</td>
<td>$29,516</td>
</tr>
<tr>
<td>Direct Student Costs</td>
<td>Supplies, Materials and Snacks</td>
<td>$21,777</td>
<td>$31,578</td>
</tr>
<tr>
<td>Direct Student Costs</td>
<td>Total Direct Student Costs</td>
<td>$797,027</td>
<td>$973,615</td>
</tr>
<tr>
<td>Occupancy</td>
<td>Total Occupancy</td>
<td>$539,784</td>
<td>$604,388</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>Telecommunications</td>
<td>$45,411</td>
<td>$55,155</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>Printing and Copying</td>
<td>$40,688</td>
<td>$43,750</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>Other Supplies</td>
<td>$33,025</td>
<td>$28,840</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>Other</td>
<td>$19,375</td>
<td>$7,104</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>Total Office Expenses</td>
<td>$139,935</td>
<td>$137,267</td>
</tr>
<tr>
<td>General Expenses</td>
<td>Professional and Consulting Fees</td>
<td>$708,606</td>
<td>$637,672</td>
</tr>
<tr>
<td>General Expenses</td>
<td>Accounting, Auditing and Payroll</td>
<td>$45,056</td>
<td>$46,293</td>
</tr>
<tr>
<td>General Expenses</td>
<td>Dues, Fees, Licenses and Fines</td>
<td>$44,491</td>
<td>$45,200</td>
</tr>
<tr>
<td>General Expenses</td>
<td>Insurance</td>
<td>$21,611</td>
<td>$20,367</td>
</tr>
<tr>
<td>General Expenses</td>
<td>Other</td>
<td>$7,748</td>
<td>$17,194</td>
</tr>
<tr>
<td>General Expenses</td>
<td>Total General Expenses</td>
<td>$827,512</td>
<td>$766,726</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>Total Depreciation and Amortization</td>
<td>$363,713</td>
<td>$363,713</td>
</tr>
<tr>
<td>TOTAL EXPENSES</td>
<td>Total Expenses</td>
<td>$6,347,003</td>
<td>$5,999,216</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
# STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$1,211,029</td>
<td>$1,380,156</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>376,167</td>
<td>363,713</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>(88,124)</td>
<td>(10,584)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(93,849)</td>
<td>34,812</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>314,066</td>
<td>60,995</td>
</tr>
<tr>
<td>Contract liability</td>
<td>44,776</td>
<td>-</td>
</tr>
<tr>
<td>Deferred rent and lease incentive</td>
<td>(162,852)</td>
<td>(146,537)</td>
</tr>
<tr>
<td>NET CASH PROVIDED BY OPERATING ACTIVITIES</td>
<td>1,601,213</td>
<td>1,682,555</td>
</tr>
<tr>
<td>CASH FLOWS FROM INVESTING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(206,784)</td>
<td>(60,214)</td>
</tr>
<tr>
<td>NET CASH USED IN INVESTING ACTIVITIES</td>
<td>(206,784)</td>
<td>(60,214)</td>
</tr>
<tr>
<td>NET INCREASE IN CASH AND CASH EQUIVALENTS</td>
<td>1,394,429</td>
<td>1,622,341</td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</td>
<td>5,181,418</td>
<td>3,559,077</td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS, END OF YEAR</td>
<td>$6,575,847</td>
<td>$5,181,418</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
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. GEC capitalizes property and equipment purchases that have an estimated useful life of greater than one year and cost $1,000 or more.

- 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:

- Net assets without donor restrictions represent the portion of expendable funds that are available for general support of GEC’s operations.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of GEC or by...
1. Organization and Summary of Significant Accounting Policies (continued)

Classification of Net Assets (continued)

the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of June 30, 2020, GEC had no net assets with donor restrictions that are required to be maintained in perpetuity.

Revenue Recognition

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

Unconditional grants and contributions are recognized as revenue and support in the accounting period in which they are received or when an unconditional promise to give is made. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Unconditional contributions are considered available for general expenditure unless specifically restricted by a donor. Amounts that are designated for future periods or restricted by the donor for a specific purpose are reported as grants and contributions with donor restrictions in the accompanying statement of activities. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and released from restriction. Unconditional grants or contributions that have been committed to GEC, but have not been received as of year-end, are reflected as receivables in the accompanying statement of financial position.

Federal grants are conditioned upon certain performance requirements and are recognized as unconditional contributions when the conditions are met. Revenue recognized on federal grants for which billings have not been presented to or collected from the awarding agency is included in receivables in the accompanying statement of financial position. The expenditures under these grants are subject to review by the granting authority. Payments received before conditions are met are reflected as contract liability in the accompanying statement of financial position.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized in the accompanying statement of functional expenses. All expenses are directly attributed to specific functional areas of GEC and are reported as expenses of those functional areas.
1. Organization and Summary of Significant Accounting Policies (continued)

**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.

**New Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. GEC adopted ASU 2014-09 and related amendments on July 1, 2019, using the modified retrospective method and elected to apply the standard only to contracts that were not completed as of that date. The adoption of the standard did not impact the results of operations or change in net assets.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides additional guidance to be used to determine whether a contribution is conditional and when a transaction should be accounted for as a contribution versus an exchange. GEC adopted ASU 2018-08 as of July 1, 2019, and has applied the amendments of this standard on a modified prospective basis and elected to apply the standard only to agreements that were entered into after the effective date. This standard did not result in a material change to the financial statements or the timing of revenue recognition for GEC grants and contributions.

**New Accounting Pronouncement Issued but Not Yet Adopted**

In February 2016, FASB issued ASU 2016-02, *“Leases (Topic 842)”*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The standard applies a right-of-use model that requires, all leases with a lease term of more than 12 months, to recognize an asset representing its right to use the underlying asset for the lease term and liability to make lease payments to be recorded. Early adoption is allowed, but FASB deferred the effective date for implementation until annual periods beginning after December 15, 2021. Management is assessing the impact on GEC’s financial statements.
2. Property and Equipment and Accumulated Depreciation and Amortization

GEC held the following property and equipment as of June 30, 2020:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>$2,208,434</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>448,854</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>351,259</td>
</tr>
<tr>
<td>Office equipment</td>
<td>160,151</td>
</tr>
<tr>
<td>Software</td>
<td>133,781</td>
</tr>
<tr>
<td><strong>Total Property and Equipment</strong></td>
<td><strong>3,302,479</strong></td>
</tr>
<tr>
<td><strong>Less: Accumulated Depreciation and Amortization</strong></td>
<td>(1,418,307)</td>
</tr>
<tr>
<td><strong>Property and Equipment, Net</strong></td>
<td><strong>$1,884,172</strong></td>
</tr>
</tbody>
</table>


3. Charter School Funding – Per Pupil Allocation

The per pupil allocation funding for the year ended June 30, 2020, was composed of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>General education</td>
<td>$4,892,014</td>
</tr>
<tr>
<td>Facilities allowance</td>
<td>1,200,600</td>
</tr>
<tr>
<td>At-risk students</td>
<td>889,380</td>
</tr>
<tr>
<td>Special education and compliance</td>
<td>452,845</td>
</tr>
<tr>
<td><strong>Total Per Pupil Allocation</strong></td>
<td><strong>$7,434,839</strong></td>
</tr>
</tbody>
</table>

4. 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, 2020, GEC had approximately $6,348,000 in excess of FDIC insured limits.

**Related Party**

GEC is affiliated with Goodwill of Greater Washington (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
4. Risks and Commitments (continued)

**Related Party (continued)**

of May 1, 2015, with subsequent amendments effective on July 1, 2016, July 1, 2018, July 1, 2019 and July 1, 2020, GEC paid GGW $619,138 in management fees. Additionally, GEC was billed $3,261,942 for reimbursable costs relating to labor and other direct costs, of which $203,532 was outstanding as of June 30, 2020, in accordance with the terms of the agreement. This expense is reported in personnel, salaries and benefits; direct student costs; 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 in the amount of $203,532 are reported in the accompanying statement of financial position.

**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.

GEC applied for the public charter school real property tax rebate during the fiscal year and recognized a rebate of $278,429, which is included and reported in rent expense of $423,015 in the accompanying statement functional expenses.

As of June 30, 2020, the future minimum lease payments required under this lease were as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>837,906</td>
</tr>
<tr>
<td>2022</td>
<td>858,853</td>
</tr>
<tr>
<td>2023</td>
<td>880,325</td>
</tr>
<tr>
<td>2024</td>
<td>902,333</td>
</tr>
<tr>
<td>2025</td>
<td>936,452</td>
</tr>
<tr>
<td>Thereafter</td>
<td>1,746,213</td>
</tr>
</tbody>
</table>

Total Lease Payments Due $ 6,162,082
4. Risks and Commitments (continued)

**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.

**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 agreement is set to expire on June 30, 2021, with the option to extend for two additional one-year extensions at an annual fee of $521,964.

**Risk and Uncertainty**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. GEC has been able to continue operations in a remote environment; however, at this point, the extent to which COVID-19 will impact the GEC’s financial condition or results of operations is uncertain and being evaluated by management and the Board.

5. Availability and Liquidity

GEC regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. GEC’s financial assets available within one year of the statement of financial position date for general expenditures at June 30, 2020, were as follows:

<table>
<thead>
<tr>
<th>Financial Asset</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$6,575,847</td>
</tr>
<tr>
<td>Receivables</td>
<td>119,369</td>
</tr>
</tbody>
</table>

Financial Assets Available to Meet General Expenditures Within One Year $6,695,216

Management is focused on sustaining the financial liquidity of GEC throughout the year. This is done through monitoring and reviewing GEC’s cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of GEC’s cash flow related to GEC’s various funding sources and is therefore, able to ensure that there is cash available to meet current liquidity needs.
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, 2020, 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 FASB 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, 2020, 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; however, there are currently no examinations pending or in process. It is GEC’s policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense.

7. Subsequent Events

GEC’s management has evaluated subsequent events through November 30, 2020, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these financial statements.
INDEPENDENT AUDITORS’ 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 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, 2020, 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 24, 2020.

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) 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 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 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 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.

Marcum LLP

Washington, DC
November 30, 2020
## SCHEDULE OF VENDOR CONTRACTS $25,000 AND ABOVE

For the Year Ended June 30, 2020

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Type of Service</th>
<th>Contract Amount</th>
<th>Conflict of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill of Greater Washington</td>
<td>Contracted labor, at cost (FY 2020)</td>
<td>N/A $3,261,942</td>
<td>Yes*</td>
</tr>
<tr>
<td>Goodwill of Greater Washington</td>
<td>Administrative and executive management services (FY 2020)</td>
<td>N/A $619,138</td>
<td>Yes*</td>
</tr>
<tr>
<td>Washington Real Estate Investment Trust</td>
<td>Rent and utilities</td>
<td>N/A $605,292</td>
<td>No</td>
</tr>
<tr>
<td>Young Men's Christian Association of Metropolitan Washington</td>
<td>Operation of on-site child development center (FY 2020)</td>
<td>$509,659</td>
<td>No</td>
</tr>
<tr>
<td>International Bank for Reconstruction</td>
<td>Rent</td>
<td>N/A $354,828</td>
<td>No</td>
</tr>
<tr>
<td>CDW Direct, LLC</td>
<td>Computer equipment</td>
<td>N/A $212,789</td>
<td>No</td>
</tr>
<tr>
<td>Jennifer Greenidge</td>
<td>ASL interpreter</td>
<td>N/A $110,382</td>
<td>No</td>
</tr>
<tr>
<td>Washington Metro Area Transit Agency</td>
<td>SmartTrip cards – student transportation stipends</td>
<td>N/A $104,880</td>
<td>No</td>
</tr>
<tr>
<td>District of Columbia Public School Charter Board</td>
<td>Authorizer fees</td>
<td>N/A $69,315</td>
<td>No</td>
</tr>
<tr>
<td>Rosenberg Media</td>
<td>Advertising broker</td>
<td>N/A $68,876</td>
<td>No</td>
</tr>
<tr>
<td>G4S Secure Solutions, Inc.</td>
<td>Security services</td>
<td>N/A $66,128</td>
<td>No</td>
</tr>
<tr>
<td>Power School</td>
<td>On-line school portal subscription</td>
<td>$42,506</td>
<td>No</td>
</tr>
<tr>
<td>Kelly Services Inc.</td>
<td>Temporary staffing services</td>
<td>N/A $57,830</td>
<td>No</td>
</tr>
<tr>
<td>The MECCA Group LLC</td>
<td>Therapy services</td>
<td>N/A $51,544</td>
<td>No</td>
</tr>
<tr>
<td>Marcum LLP</td>
<td>Accounting services</td>
<td>N/A $28,865</td>
<td>No</td>
</tr>
<tr>
<td>HBW Construction</td>
<td>Construction</td>
<td>N/A $27,675</td>
<td>No</td>
</tr>
</tbody>
</table>

* Conflicting interest contract for which all applicable DC PCSB Procurement Policy requirements have been met.

** No contract value as payments are based on usage of goods and services.

See notes to the schedule and independent auditors’ report on required regulatory information.
1. Basis of Presentation

This schedule of vendor contracts $25,000 and above is required regulatory information and is reported in accordance with The DC Public Charter School Board (DC PCSB) fiscal year 2020 Audit Guidelines, Section *Audit Reports – Audit Package*. 