

The Excel
Center



ADULT CHARTER HIGH SCHOOL

THE GOODWILL EXCEL CENTER,
PUBLIC CHARTER SCHOOL

**Financial Statements and Supplementary
Information**

For the Year Ended June 30, 2023

(With Summarized Financial Information for the Year Ended June 30, 2022)



and
Report Thereon



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

For the Year Ended June 30, 2023



THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

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For the Year Ended June 30, 2023

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Goodwill Excel Center, Public Charter School (GEC), 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GEC as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GEC and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

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 GEC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 GEC'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 GEC'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.

Other Matters

Report on Summarized Comparative Financial Statements

We have previously audited The Goodwill Excel Center, Public Charter School's 2022 financial statements, and in our report dated November 30, 2022, 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, 2022, 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 awarded contracts equal to or exceeding \$25,000 and schedule of average usable square footage are presented for the purposes for additional analysis and are not a required part of the financial statements. Such information, although not

a part of the financial statements, is required by the DC 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 20, 2023, on our consideration of the 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 the 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 the GEC's internal control over financial reporting and compliance.

Marcum LLP

Washington, DC
November 20, 2023

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
June 30, 2023
(With Summarized Financial information as of June 30, 2022)

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 10,475,017	\$ 9,224,610
Receivables	6,870	1,107,631
Prepaid expenses	307,360	142,949
Total Current Assets	10,789,247	10,475,190
Deposits	63,258	63,258
Right-of-use asset	7,526,931	8,470,858
Property and equipment, net	4,423,823	4,530,093
TOTAL ASSETS	\$ 22,803,259	\$ 23,539,399
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 826,662	\$ 1,126,598
Lease liability, current portion	1,476,611	681,315
Total Current Liabilities	2,303,273	1,807,913
Lease liability, net of current portion	11,082,309	12,558,920
TOTAL LIABILITIES	13,385,582	14,366,833
Net Assets		
Without donor restrictions	9,313,510	9,172,566
With donor restrictions	104,167	-
TOTAL NET ASSETS	9,417,677	9,172,566
TOTAL LIABILITIES AND NET ASSETS	\$ 22,803,259	\$ 23,539,399

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, 2023

(With Summarized Financial Information for the Year Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
REVENUE AND SUPPORT				
Per pupil allocation	\$ 9,718,257	\$ -	\$ 9,718,257	\$ 9,283,012
Private grants and contributions	1,265	125,000	126,265	5
Federal grants	68,928	-	68,928	444,873
Contributed goods and services	-	-	-	39,355
Interest income	1,055	-	1,055	746
Net assets released from restrictions:				
Satisfaction of program restrictions	20,833	(20,833)	-	-
TOTAL REVENUE AND SUPPORT	9,810,338	104,167	9,914,505	9,767,991
EXPENSES				
Program Service:				
Adult Education	9,028,767	-	9,028,767	7,928,977
Supporting Service:				
Management and general	640,627	-	640,627	534,084
TOTAL EXPENSES	9,669,394	-	9,669,394	8,463,061
CHANGE IN NET ASSETS	140,944	104,167	245,111	1,304,930
NET ASSETS, BEGINNING OF YEAR	9,172,566	-	9,172,566	7,867,636
NET ASSETS, END OF YEAR	\$ 9,313,510	\$ 104,167	\$ 9,417,677	\$ 9,172,566

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, 2023

(With Summarized Financial Information for the Year Ended June 30, 2022)

	<u>Program Service</u>	<u>Supporting Service</u>	<u>2023 Total</u>	<u>2022 Total</u>
	<u>Adult Education</u>	<u>Management and General</u>		
Personnel, Salaries and Benefits				
Contracted labor	\$ 4,612,613	\$ 195,179	\$ 4,807,792	\$ 4,559,207
Professional development	56,213	-	56,213	65,298
Other contracted labor-related expense	<u>7,401</u>	<u>-</u>	<u>7,401</u>	<u>1,155</u>
Total Personnel, Salaries and Benefits	<u>4,676,227</u>	<u>195,179</u>	<u>4,871,406</u>	<u>4,625,660</u>
Direct Student Costs				
Child development center	607,409	-	607,409	580,417
Student books and learning material	72,889	-	72,889	126,455
Other student costs	65,178	-	65,178	48,242
Computer support	99,711	-	99,711	90,162
Student recruiting	79,068	-	79,068	39,343
Student assessments	48,816	-	48,816	20,217
Student transportation stipends	59,496	-	59,496	7,422
Supplies, materials and snacks	<u>93,523</u>	<u>-</u>	<u>93,523</u>	<u>76,306</u>
Total Direct Student Costs	<u>1,126,090</u>	<u>-</u>	<u>1,126,090</u>	<u>988,564</u>
Occupancy				
Lease expense	1,122,856	-	1,122,856	909,922
Depreciation and amortization - facilities	574,247	-	574,247	136,910
Utilities and garbage removal	18,000	-	18,000	15,700
Other occupancy expenses	10,652	-	10,652	8,872
Janitorial supplies	14,603	-	14,603	5,803
Maintenance and repairs	<u>49,238</u>	<u>-</u>	<u>49,238</u>	<u>4,586</u>
Total Occupancy	<u>1,789,596</u>	<u>-</u>	<u>1,789,596</u>	<u>1,081,793</u>
Office Expenses				
Telecommunications	-	79,870	79,870	29,793
Office supplies	-	35,484	35,484	24,609
Printing and copying	12,265	29,816	42,081	21,231
Other	-	10,818	10,818	3,659
Postage	<u>-</u>	<u>5,026</u>	<u>5,026</u>	<u>2,126</u>
Total Office Expenses	<u>12,265</u>	<u>161,014</u>	<u>173,279</u>	<u>81,418</u>
General Expenses				
Professional and consulting fees	1,334,076	21,847	1,355,923	1,313,230
Depreciation and amortization - non-facility	90,397	55,304	145,701	237,131
Dues, fees, licenses and fines	-	54,449	54,449	45,136
Accounting, auditing and payroll	-	75,341	75,341	44,387
Insurance	-	43,234	43,234	29,551
Other	<u>116</u>	<u>34,259</u>	<u>34,375</u>	<u>16,191</u>
Total General Expenses	<u>1,424,589</u>	<u>284,434</u>	<u>1,709,023</u>	<u>1,685,626</u>
TOTAL EXPENSES	<u><u>\$ 9,028,767</u></u>	<u><u>\$ 640,627</u></u>	<u><u>\$ 9,669,394</u></u>	<u><u>\$ 8,463,061</u></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, 2023
(With Summarized Financial Information for the Year Ended June 30, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 245,111	\$ 1,304,930
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	719,948	374,041
Amortization of right of use assets	943,927	776,282
Loss on student provided computers	67,222	120,457
Changes in assets and liabilities:		
Receivables	291,763	(298,633)
Prepaid expenses	(164,411)	(115,060)
Deposits	-	126,517
Accounts payable and accrued expenses	299,936	(49,862)
Contract liability	-	(44,776)
Lease liability	(681,315)	(553,221)
	<u>1,722,181</u>	<u>1,640,675</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(471,774)	(457,110)
	<u>(471,774)</u>	<u>(457,110)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,250,407	1,183,565
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,224,610</u>	<u>8,041,045</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 10,475,017</u>	<u>\$ 9,224,610</u>
NONCASH TRANSACTIONS		
Noncash investing and financing activities:		
Property and equipment purchases in accounts payable	\$ -	\$ 428,647

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

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

NOTES ON FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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, DC, 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 receivables.

Right of Use Asset and Lease Liability

GEC determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) asset and lease liability in the accompanying statement of financial position. The ROU asset and lease liability are recognized at the commencement date of the lease agreement based on the present value of lease payments over the lease term using GEC's estimated incremental borrowing rate or implicit rate, when readily determinable, and is adjusted for lease incentives. The ROU asset is amortized on a straight-line basis over the lease term and is reflected as lease expense in the accompanying financial statements. The lease liability is reduced as cash payments are made under the terms of the lease. Interest is charged to lease expense for the difference. Short-term operating leases, which have an initial term of 12 months or less, are not recorded on the statement of financial position. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

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

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

NOTES ON FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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

Property and Equipment (continued)

Leasehold improvements are amortized over the remaining life of the lease. Assets in process are stated at cost and not depreciated until the assets are complete and placed in service. 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.

Net Assets

The net assets of GEC are classified as follows:

Without donor restrictions – Net assets that are not subject to any donor-imposed stipulations or other legal limitations and are available for support of GEC's operations.

With donor restrictions – Net assets subject to donor-imposed stipulations that may be used for a particular purpose or within a specific time period.

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.

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. 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. 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.

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.

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

NOTES ON FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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

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.

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. Right-of-Use Asset and Lease Liability

GEC evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) asset represents GEC's right to use the underlying assets for the lease term, and the lease liability represent GEC's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. GEC has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

GEC's operating leases consist of two real estate leases. Both leases have options for renewal, at GEC's option, for which management is not reasonably certain to exercise. Therefore, the payments associated with the extension are not included in the ROU asset nor the lease liability recognized as of June 30, 2023.

The following summarizes the line items in the statement of financial position which include amounts for operating leases as of June 30, 2023:

Operating right-of-use asset:	<u>\$ 7,526,931</u>
Operating lease liability:	
Current portion of operating lease liability	\$ 1,476,611
Operating lease liability	<u>11,082,309</u>
Total Operating Lease Liability	<u>\$ 12,558,920</u>

For the year ended June 30, 2023, total operating lease cost was \$1,122,856. Cash paid for operating leases for the year ended June 30, 2023 totaled \$860,244.

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

**NOTES ON FINANCIAL STATEMENTS
For the Year Ended June 30, 2023**

2. Right-of-Use Asset and Lease Liability (continued)

Weighted average lease term and discount rate as June 30, 2023 were as follows:

Weighted average remaining lease term	8.8 years
Weighted average discount rate	1.40%

The maturities of operating lease liabilities as of June 30, 2023 were as follows:

<u>For the Year Ending June 30,</u>	
2024	\$ 1,643,011
2025	1,689,036
2026	1,736,211
2027	1,650,710
2028	1,005,967
Thereafter	<u>5,710,327</u>
Total	13,435,262
Less: Present Value Discount	<u>(876,342)</u>
Lease Liability	<u><u>\$ 12,558,920</u></u>

3. Property and Equipment and Accumulated Depreciation and Amortization

GEC held the following property and equipment as of June 30, 2023:

Leasehold improvements	\$ 5,077,252
Furniture and fixtures	847,262
Computer hardware	601,393
Office equipment	322,518
Assets in process	179,317
Software	<u>168,426</u>
Total Property and Equipment	7,196,168
Less: Accumulated Depreciation and Amortization	<u>(2,772,345)</u>
Property and Equipment, Net	<u><u>\$ 4,423,823</u></u>

Depreciation and amortization expense totaled \$719,948 for the year ended June 30, 2023. Depreciation is included in the statement of functional expenses as follow:

Depreciation and amortization – facility	\$ 574,247
Depreciation and amortization – non-facility	<u>145,701</u>
Total Depreciation and Amortization	<u><u>\$ 719,948</u></u>

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

NOTES ON FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

4. School Funding – Per Pupil Allocation

The per pupil allocation funding for the year ended June 30, 2023, was composed of the following:

General education	\$ 6,136,227
At-risk students	1,862,753
Facilities allowance	1,422,765
Special education and compliance	<u>296,512</u>
Total Per Pupil Allocation	<u>\$ 9,718,257</u>

5. Income Not Subject to the DC Public Charter School Board Administrative Fee

The income not subject to the DC Public Charter School Board administrative fee for the year ended June 30, 2023, was composed of the following:

Income from philanthropy	\$ 126,265
Elementary and Secondary School Emergency Relief (ESSER)	55,668
Interest income	<u>1,055</u>
Total Income	<u>\$ 182,988</u>

6. 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, 2023, GEC had approximately \$10,379,000 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, GEC was billed \$1,241,777 in management fees. Additionally, GEC was billed \$4,710,127 for reimbursable costs relating to labor and other direct costs. 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. As of June 30, 2023, the amount outstanding related to the management agreement and reimbursable costs was \$352,556 and is included in accounts payable and accrued expenses in the accompanying statement of financial position.

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

NOTES ON FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

6. 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 expired on July 31, 2021 and GGW extended the agreement for another three year term that will expire on July 31, 2024.

Child Development Center

On August 3, 2021, GEC entered into an agreement with the Young Men's Christian Association of Metropolitan Washington (YMCA) to operate an on-site child development center at GEC's two school buildings located in Washington, DC. The agreement was for one year with an expiration date of June 30, 2022, and an option to extend for four additional one-year terms.

On July 6, 2023, GEC exercised the second option extending the term through June 30, 2024. In accordance with the terms of the Third Amendment, the fee for the 2023-24 school year will be determined based on two factors: (1) whether GEC opens the child development center in its 1201 Maryland Avenue SW location during the 2023-24 school year; and (2) the number of rooms that are open in the child development center at the 1776 G Street location. Based on the current number of rooms open at the 1776 G Street NW location, GEC estimates total payments to the YMCA for the 2023-24 fiscal year of \$623,520.

7. Net Assets With Donor Restrictions

Net assets with donor restriction as of June 30, 2023 totaled \$104,167 and were restricted for the Excel Fund program.

8. 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, 2023, was as follows:

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

NOTES ON FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

8. Availability and Liquidity (continued)

Cash and cash equivalents	\$ 10,475,017
Receivables	<u>6,870</u>
Total Financial Assets	10,481,887
Less:	
Amounts with donor purpose restrictions	<u>(104,167)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 10,377,720</u>

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.

9. 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, 2023, 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, 2023, 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.

10. Reclassifications

Certain 2022 balances were reclassified to conform to the 2023 financial statements presentation.

11. Subsequent Events

GEC's management has evaluated subsequent events through November 20, 2023, the date the financial statements were available to be issued. There were no subsequent events other than the agreement for the Child Development Center disclosed in Note 6 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, 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 November 20, 2023.

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 or significant deficiencies 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 20, 2023

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL
SCHEDULE OF AWARDED CONTRACTS EQUAL TO OR EXCEEDING \$25,000
For the Year Ended June 30, 2023

Award Date	Vendor	Type of Service	Minimum Contract Amount	Maximum Contract Amount	Conflict of Interest
6/16/2023	Davis Memorial Goodwill Industries d/b/a Goodwill of Greater Washington	Management and administrative support services	\$ 1,292,730	\$ 1,292,730	Yes*
7/13/2022	YMCA of Metropolitan Washington	Operation of child development center	\$ 900,000	\$ 960,000	No
5/4/2023	YMCA of Metropolitan Washington	Operation of child development center	\$ 562,848	\$ 623,520	No
6/7/2023	Allied Universal Security Services	Unarmed security guard services	\$ 110,000	\$ 130,000	No
5/30/2023	J.N. Rosenberg & Associates	Brokered advertising services	\$ 100,000	\$ 120,000	No
6/2/2023	CDW	Student IT equipment	\$ 94,858	\$ 94,858	No
6/7/2023	WMATA	Student transportation farecards	\$ 80,000	\$ 90,000	No
7/1/2022	Verizon Wireless	Student hot spots for internet access and staff cell phone lines	\$ 62,217	\$ 62,217	No
7/19/2022	Berry and Homer	Interior Graphics and Signage	\$ 52,000	\$ 54,000	No
7/6/2022	J.N. Rosenberg & Associates	Brokered advertising services	\$ 50,000	\$ 65,000	No
5/18/2023	CDW	Student IT equipment	\$ 47,529	\$ 47,529	No
7/25/2022	Marcum LLP	Audit, tax and agreed upon procedures audit	\$ 41,400	\$ 41,400	No
5/19/2023	Marcum LLP	Audit, tax and agreed upon procedures audit	\$ 41,400	\$ 41,400	No
5/17/2023	PowerSchool	Student information system and application system	\$ 33,395	\$ 33,395	No
6/16/2023	Nonprofits Insurance Alliance	Insurance	\$ 30,000	\$ 40,000	No
6/7/2023	Tri-Lingual Communications	Sign language interpreting services	\$ 30,000	\$ 50,000	No
6/7/2023	The MECCA Group, LLC	Psychological and social worker services	\$ 30,000	\$ 50,000	No
6/7/2023	Mid-Atlantic Children's Services	Psychological and social worker services	\$ 30,000	\$ 50,000	No
8/11/2022	Sign Language USA	Sign language interpreting services	\$ 25,000	\$ 30,000	No
8/11/2022	Tri-Lingual Communications	Sign language interpreting services	\$ 25,000	\$ 30,000	No

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

See notes to the schedule and independent auditors' report on required regulatory information.

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL

NOTE TO SCHEDULE OF AWARDED CONTRACTS EQUAL TO OR EXCEEDING \$25,000
For the Year Ended June 30, 2023

1. Basis of Presentation

The schedule of awarded contracts equal to or exceeding \$25,000 is required regulatory information and is reported in accordance with The DC Public Charter School Board (DC PCSB) fiscal year 2023 Audit Guidelines, Section **Audit Reports** – *Audit Package*.

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL
SCHEDULE OF AVERAGE USABLE SQUARE FOOTAGE
For the Year Ended June 30, 2023

Total Annual Leased Square Footage	598,752
Divided by Number of Months in Fiscal Year	<u>12</u>
Average Annual Leased Square Footage	<u><u>49,896</u></u>

See notes to the schedule and independent auditors' report on required regulatory information.

THE GOODWILL EXCEL CENTER, PUBLIC CHARTER SCHOOL
NOTE TO SCHEDULE OF AVERAGE USABLE SQUARE FOOTAGE
For the Year Ended June 30, 2023

2. Basis of Presentation

This schedule of average usable square footage is required regulatory information and is reported in accordance with The DC Public Charter School Board (DC PCSB) fiscal year 2023 Audit Guidelines, Section ***Audit Reports – Audit Package***.