

GIRLS GLOBAL ACADEMY PUBLIC CHARTER SCHOOL, INC.

**Financial Statements and Supplemental Schedules Together with
Reports of Independent Public Accountants**

For the Years Ended June 30, 2023 and 2022

GIRLS GLOBAL ACADEMY PUBLIC CHARTER SCHOOL, INC.

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Reports of Independent Public Accountants**

JUNE 30, 2023 AND 2022

CONTENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS	1
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to the Financial Statements	8
SUPPLEMENTAL SCHEDULES (UNAUDITED)	
Schedule of Vendors Contracted for Services in Excess of \$25,000	17
Schedule of Facilities Usage	18
Schedule of Income Not Subjected to DC PCSB Administrative Fees	19
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	20



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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of the
Girls Global Academy Public Charter School, Inc.

Opinion

We have audited the financial statements of Girls Global Academy Public Charter School, Inc. (the Academy), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 the Academy as of June 30, 2023 and 2022, and the changes in its net assets, and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the auditing standards established pursuant to the District of Columbia School Reform Act, Public Law No. 104-134, 110 Stat. 1321-121, 2204(c)(11)(B)(ix)(1996); D.C. Official Code 38-1802.04(ii)(B)(2001, as amended). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 controls 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 the Academy's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 controls. 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 controls 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 the Academy’s internal controls. 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 the Academy’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 controls-related matters that we identified during the audit.

Supplementary Information

The unaudited schedules of vendors contracted for services in excess of \$25,000, facility usage, and income not subject to the District of Columbia Public Charter School Board (DC PCSB) administrative fees, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, although not a part of the basic financial statements, are required by the DC PCSB and has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

GIRLS GLOBAL ACADEMY PUBLIC CHARTER SCHOOL, INC.

**Statements of Financial Position
As of June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash	\$ 870,469	\$ 2,706,445
Accounts receivable	231,906	196,030
Prepaid expense and other assets	24,041	33,918
Total Current Assets	<u>1,126,416</u>	<u>2,936,393</u>
Cash for rent reserve	150,000	150,000
Deposits	10,000	10,000
Property and equipment, net	2,337,623	509,005
Right of use of assets - operating	8,886,837	-
Total Assets	<u>\$ 12,510,876</u>	<u>\$ 3,605,398</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 131,167	\$ 62,575
Accrued salaries and payroll withholdings	92,533	98,796
Total Current Liabilities	<u>223,700</u>	<u>161,371</u>
Lease liabilities - operating	9,204,782	-
Loan payable	1,947,635	1,961,175
Total Liabilities	<u>11,376,117</u>	<u>2,122,546</u>
Net Assets		
Net assets without donor restrictions	947,578	1,316,649
Net assets with donor restrictions	187,181	166,203
Total Net Assets	<u>1,134,759</u>	<u>1,482,852</u>
Total Liabilities and Net Assets	<u>\$ 12,510,876</u>	<u>\$ 3,605,398</u>

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

GIRLS GLOBAL ACADEMY PUBLIC CHARTER SCHOOL, INC.

**Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
CHANGE IN NET ASSETS		
WITHOUT DONOR RESTRICTIONS		
Revenue and Support		
Per pupil allocation-general education	\$ 2,499,592	\$ 2,218,142
Per pupil allocation-categorical enhancements	1,442,129	1,346,852
Per pupil allocation-facilities allowance	572,619	528,240
Federal entitlements	234,658	189,680
Federal grants	338,256	841,612
Other Federal grants - Emergency Connectivity Fund	37,811	25,898
Local government grants	49,822	57,665
Foundation grants	267,002	160,100
Contributions and other revenue	139,341	64,994
Contributed non-financial assets	2,761	12,366
Released from restriction	43,422	5,350
Total Revenue and Support	<u>5,627,413</u>	<u>5,450,899</u>
Expenses		
Educational programs	5,562,439	4,320,267
General and administrative	388,219	290,853
Fundraising	45,826	31,777
Total Expenses	<u>5,996,484</u>	<u>4,642,897</u>
Change in Net Assets		
Without Donor Restrictions	<u>(369,071)</u>	<u>808,002</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	64,400	10,705
Released from restriction	(43,422)	(5,350)
Change in Net Assets With Donor Restrictions	<u>20,978</u>	<u>5,355</u>
Changes in net assets	(348,093)	813,357
Net assets, beginning of year	1,482,852	669,495
Net Assets, End of Year	<u>\$ 1,134,759</u>	<u>\$ 1,482,852</u>

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

GIRLS GLOBAL ACADEMY PUBLIC CHARTER SCHOOL, INC.

Statement of Functional Expenses For the Year Ended June 30, 2023 with Comparative 2022 Totals

	2023				2022
	Educational Programs	General and Administrative	Fundraising	Total	
Personnel, Salaries and Benefits					
Salaries	\$ 2,542,438	\$ 135,388	\$ 6,760	\$ 2,684,586	\$ 2,349,167
Employee benefits	331,755	17,666	882	350,303	109,307
Payroll taxes	-	-	-	-	204,318
Professional development	52,032	2,771	138	54,941	78,159
Contracted staff	41,648	2,218	111	43,977	23,315
Total personnel, salaries and benefits	<u>2,967,873</u>	<u>158,043</u>	<u>7,891</u>	<u>3,133,807</u>	<u>2,764,266</u>
Direct Student Costs					
Supplies and materials	60,477	-	-	60,477	81,127
Contracted instruction fees	137,570	-	-	137,570	111,204
Textbooks	20,657	-	-	20,657	87,067
Food service/catering	173,490	-	-	173,490	77,501
Student assessments	7,403	-	-	7,403	5,181
Other student costs	80,142	-	-	80,142	126,867
Total direct student costs	<u>479,739</u>	<u>-</u>	<u>-</u>	<u>479,739</u>	<u>488,947</u>
Occupancy Expenses					
Rent	949,902	105,545	-	1,055,447	546,240
Maintenance and repairs	11,456	1,273	-	12,729	5,779
Other occupancy	199,684	22,187	-	221,871	48,932
Contracted building services	97,057	10,784	-	107,841	106,177
Total occupancy expenses	<u>1,258,099</u>	<u>139,789</u>	<u>-</u>	<u>1,397,888</u>	<u>827,991</u>
Office Expenses					
Office supplies and materials	33,500	1,784	89	35,373	35,066
Equipment rental	5,180	276	14	5,470	4,922
Telecommunications	28,567	1,521	76	30,164	31,094
Professional fees	134,279	7,151	357	141,787	124,518
Printing and publications	6,532	348	17	6,897	1,164
Postage and shipping	2,936	156	8	3,100	1,636
Total office expenses	<u>210,994</u>	<u>11,236</u>	<u>561</u>	<u>222,791</u>	<u>198,400</u>
General Expenses					
Insurance	8,770	467	23	9,260	8,926
Transportation	32,686	-	-	32,686	13,812
Administration fee (to PCSB)	-	48,795	-	48,795	40,372
Depreciation	226,997	19,106	281	246,384	72,960
Interest	30,070	3,341	-	33,411	-
Other general expense	347,211	7,442	37,070	391,723	333,400
Total general expenses	<u>645,734</u>	<u>79,151</u>	<u>37,374</u>	<u>762,259</u>	<u>469,470</u>
Total Expenses	<u>\$ 5,562,439</u>	<u>\$ 388,219</u>	<u>\$ 45,826</u>	<u>\$ 5,996,484</u>	<u>\$ 4,642,897</u>

The accompanying notes are an integral part of this financial statement.

GIRLS GLOBAL ACADEMY PUBLIC CHARTER SCHOOL, INC.

**Statement of Functional Expenses
For the Year Ended June 30, 2022**

	Educational Programs	General and Administrative	Fundraising	Total
Personnel, Salaries and Benefits				
Salaries	\$ 2,209,672	\$ 132,735	\$ 6,760	\$ 2,349,167
Employee benefits	102,817	6,176	314	109,307
Payroll taxes	192,185	11,545	588	204,318
Professional development	73,518	4,416	225	78,159
Contracted staff	21,931	1,317	67	23,315
Total personnel, salaries and benefits	<u>2,600,123</u>	<u>156,189</u>	<u>7,954</u>	<u>2,764,266</u>
Direct Student Costs				
Supplies and materials	81,127	-	-	81,127
Contracted instruction fees	111,204	-	-	111,204
Textbooks	87,067	-	-	87,067
Food service/catering	77,501	-	-	77,501
Student assessments	5,181	-	-	5,181
Other student costs	126,867	-	-	126,867
Total direct student costs	<u>488,947</u>	<u>-</u>	<u>-</u>	<u>488,947</u>
Occupancy Expenses				
Rent	491,616	54,624	-	546,240
Maintenance and repairs	5,201	578	-	5,779
Utilities	44,039	4,893	-	48,932
Contracted building services	13,300	1,386	-	14,686
Facility consulting fee	95,559	10,618	-	106,177
Total occupancy expenses	<u>649,715</u>	<u>72,099</u>	<u>-</u>	<u>721,814</u>
Office Expenses				
Office supplies and materials	32,984	1,981	101	35,066
Equipment rental	4,630	278	14	4,922
Telecommunications	29,248	1,757	89	31,094
Professional fees	117,124	7,036	358	124,518
Printing and publications	1,095	66	3	1,164
Postage and shipping	1,539	92	5	1,636
Total office expenses	<u>186,620</u>	<u>11,210</u>	<u>570</u>	<u>198,400</u>
General Expenses				
Insurance	8,396	504	26	8,926
Transportation	13,812	-	-	13,812
Administration fee (to PCSB)	-	40,372	-	40,372
Depreciation	68,628	4,122	210	72,960
Other general expense	304,026	6,357	23,017	333,400
Total general expenses	<u>394,862</u>	<u>51,355</u>	<u>23,253</u>	<u>469,470</u>
Total Expenses	<u>\$ 4,320,267</u>	<u>\$ 290,853</u>	<u>\$ 31,777</u>	<u>\$ 4,642,897</u>

The accompanying notes are an integral part of this financial statement.

GIRLS GLOBAL ACADEMY PUBLIC CHARTER SCHOOL, INC.

**Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (348,093)	\$ 813,357
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	246,384	87,646
Amortization of debt issuance costs	13,411	-
Non-cash lease expense	317,945	-
Effect of changes in non-cash assets and liabilities:		
Accounts receivable	(35,876)	(43,816)
Prepaid expenses	9,877	3,444
Deposits	-	2,550
Accounts payable	68,592	8,978
Accrued salaries and payroll withholdings	(6,263)	36,908
Net Cash Flows from Operating Activities	<u>265,977</u>	<u>909,067</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	<u>(2,075,002)</u>	<u>(336,102)</u>
Cash Flows from Financing Activities		
Payment of debt financing costs	(26,951)	(38,825)
Proceeds from loan	-	2,000,000
Net Cash Flows from Financing Activities	<u>(26,951)</u>	<u>1,961,175</u>
Net change in cash	(1,835,976)	2,534,140
Cash, beginning of year	2,856,445	322,305
Cash, End of Year	<u>\$ 1,020,469</u>	<u>\$ 2,856,445</u>
Reconciliation of cash to statement of financial position		
Cash	\$ 870,469	\$ 2,706,445
Cash for rent reserve	150,000	150,000
Total Cash	<u>\$ 1,020,469</u>	<u>\$ 2,856,445</u>
Supplemental Disclosure		
Cash paid during the year for interest	<u>\$ 33,411</u>	<u>\$ -</u>

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

GIRLS GLOBAL ACADEMY PUBLIC CHARTER SCHOOL, INC.

Notes to the Financial Statements June 30, 2023 and 2022

1. ORGANIZATION

Girls Global Academy Public Charter School (the Academy) was incorporated in the District of Columbia in June 2019 and opened its doors in August 2020 to students. The Academy is an all-girls public charter school with a goal to be the premier training ground for high school girls in the areas of global citizenship, business and engineering in Washington, DC. The Academy's mission is to ignite female empowerment and develop their confidence to lead and succeed at the local or global level.

On July 1, 2020, the Academy entered into a contract with the District of Columbia Public Charter School Board (the Board), granting the Academy a charter for the establishment of a public charter school in Washington, DC. The charter expires on June 30, 2035. The Board has the authority to revoke the charter for violations of applicable laws and conditions, terms and procedures set forth in the charter. The Academy's current charter provides for enrollment of up to 450 students. The Academy reserves the right to adjust the number of students in each grade, while staying within the confines of the total local educational agency (LEA) enrollment for each school year. Under the provisions of the contract, the Board is to make annual payments to the Academy for services provided to the students based on the number of students attending the Academy each year. The Academy is and shall remain a District of Columbia nonprofit organization in accordance with the District of Columbia Nonprofit Corporation Act.

The Academy started operations on July 1, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Academy are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

GIRLS GLOBAL ACADEMY PUBLIC CHARTER SCHOOL, INC.

Notes to the Financial Statements June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash for Rent Reserve

Cash for rent reserve is related to cash held in connection with its lease agreement. As of June 30, 2023 and 2022 the cash balance for the rent reserve was \$150,000.

Accounts Receivable

Accounts receivable consist primarily of amounts due from governmental agencies and are recorded at their net realizable value. The Academy records an allowance for doubtful accounts equal to estimated losses that will be incurred in the collection of receivables. The estimated losses are based on historical collection experience and the review of the current status of existing receivables. Management believes that all receivables were fully collectible as of June 30, 2023 and 2022.

Property and Equipment

Property and equipment valued in excess of \$500 with an estimated useful life of more than one year are capitalized and recorded at cost. Bulk purchases of property and equipment with unit costs less than \$500 and total monetary value acquisitions exceeding \$5,000, with an estimated useful of more than one year, are capitalized as a group. Depreciation of property and equipment is computed using the straight-line method over the estimated useful life of the asset. Replacements, maintenance, and repairs that do not improve the useful life of an asset are expensed as incurred.

Right of Use Asset and Lease Liability

The School records right of use assets related to the office facilities and equipment where the School conducts its operations. The right of use assets are being amortized over the term of the leases. As of June 30, 2023, the carrying value of the right of use assets was \$8,886,837.

The lease liability represents the future commitments for the School's office facility and equipment leases. The term of a lease is assessed as the non-cancellable period of the lease, plus any extension options that the School is reasonably certain to exercise. The lease liabilities are discounted using the School's estimated borrowing rate.

Debt Issuance Costs

Debt issuance costs consist of costs associated with obtaining the loan payable. The debt financing costs of \$52,365 are being amortized using the effective interest rate method. Accumulated amortization was \$13,411 as of June 30, 2023. No accumulated amortization was recorded as of June 30, 2022, as the transaction occurred on June 23, 2022.

GIRLS GLOBAL ACADEMY PUBLIC CHARTER SCHOOL, INC.

Notes to the Financial Statements June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired.

Net assets with donor restrictions are those whose use by the Academy has been restricted by donors primarily for a specific time period or purpose. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions. If a donor restriction is met in the same reporting period in which the contribution is received, the contribution (to the extent that the restrictions have been met) is reported as net assets without donor restrictions. As of June 30, 2023 and 2022, there was \$187,181 and \$166,203, respectively, in net assets with donor restrictions for a specific time period or purpose.

Net assets with donor restrictions are also those that are restricted by donors to be maintained by the Academy in perpetuity. There were no net assets with donor restrictions in perpetuity as of June 30, 2023 and 2022.

Restricted and Unrestricted Support and Revenue

The Academy receives a student allocation from the District of Columbia as well as Federal funding to cover the cost of academic expenses. The student allocation is on a per pupil basis and includes the academic year funding and a facilities allotment. The Academy recognizes this funding in the year in which the school term is conducted. Funding received in advance of the school term is recorded as deferred revenue in the accompanying statements of financial position.

Grants and contributions received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor-restricted support is reported as an increase in net assets, depending on the nature of the restriction.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

Revenue from other government sources is recognized as earned. It is considered earned once all conditions are met.

GIRLS GLOBAL ACADEMY PUBLIC CHARTER SCHOOL, INC.

Notes to the Financial Statements June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Non-Financial Assets

The Academy received donated supplies and materials of \$2,761 for the year ended June 30, 2023. For the year ended June 30, 2022, the donated supplies and materials was \$12,366. Such amounts, which are based upon information provided by third parties, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and program services and supporting services on the accompanying statements of activities and changes in net assets and functional expenses.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets and in the statement of functional expenses. Expenses are charged directly to program services, general and fundraising based on specific identification, when determinable. Direct student costs are 100% attributed to educational programs. Salaries and benefits are charged to programs based on time and effort. General and administrative expenses include those expenses that are not directly identified with any other specific function but provide for the overall support and direction of the Academy. The basis of the allocation for most general and administrative costs is direct salaries.

Income Taxes

The Academy is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America 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 of tax positions taken or expected to be taken in a tax return. The Academy performed an evaluation of uncertain tax positions as of June 30, 2023, and determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax-exempt status. As of June 30, 2023, the statute of limitations for fiscal years 2020 and 2023 remain open with the U.S. Federal jurisdiction and local jurisdictions in which the Academy files tax returns. It is the Academy's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

GIRLS GLOBAL ACADEMY PUBLIC CHARTER SCHOOL, INC.

Notes to the Financial Statements June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adopted Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases, which created a singular reporting model for leases. This standard requires the School to record changes to its statement of financial position to reflect balances for current leases that are not shown in the statement of financial position. This standard was effective for June 30, 2023 and was implemented in the accompanying financial statements. The implementation resulted in a right-to-use asset of \$9,338,329, and a lease liability of \$9,211,877 as of July 1, 2022.

Subsequent Events

The Academy's management evaluated the accompanying financial statements for subsequent events and transactions through _____, 2023, the date these financial statements were available for issue, and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

Liquidity and Availability of Resources

The table below presents financial assets available to be used within one year as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Liquidity and Availability of Resources		
Cash	\$ 870,469	\$ 2,706,445
Cash for rent reserve	150,000	150,000
Accounts receivable	231,906	196,030
Total Financial Assets at Year End	<u>1,252,375</u>	<u>3,052,475</u>
Less Amounts not Available to be Used Within One Year:		
Cash for rent reserve	150,000	150,000
Unspent debt proceeds	-	2,000,000
Donor contributions restricted to specific purposes	20,978	5,355
Total Amounts not Available to be Used Within One Year	<u>170,978</u>	<u>2,155,355</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,081,397</u>	<u>\$ 897,120</u>

The Academy has a policy to structure its financial assets to be available for its general expenses, liabilities, and other obligations as they come due. The Academy has a goal to maintain financial assets on hand to meet at least 45 days of operating expenses.

GIRLS GLOBAL ACADEMY PUBLIC CHARTER SCHOOL, INC.

Notes to the Financial Statements June 30, 2023 and 2022

3. PROPERTY AND EQUIPMENT

As of June 30, 2023 and 2022, property and equipment consisted of the following:

	<u>2023</u>	<u>2022</u>	<u>Estimated Useful Lives</u>
Computers and equipments	\$ 499,296	\$ 328,780	3 Years
Leasehold improvements	<u>2,217,113</u>	<u>312,627</u>	Life of the lease
Total	2,716,409	641,407	
Less: accumulated depreciation	<u>378,786</u>	<u>132,402</u>	
Total Property and Equipment, Net	\$ 2,337,623	\$ 509,005	

Depreciation expense was \$246,384 and \$87,646, for the years ended June 30, 2023 and 2022, respectively.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2023 and 2022, consisted of contributions that were restricted based on purpose and time:

	<u>2023</u>	<u>2022</u>
Time restrictions	\$ 5,497	\$ 5,497
Purpose restrictions - rent reserve	150,000	150,000
Other purpose restricted	<u>31,684</u>	<u>10,706</u>
Total	\$ 187,181	\$ 166,203

5. LOAN PAYABLE

On June 23, 2022, the Academy obtained a loan from the Office of Public Charter School Financing and Support (PCSFS Loan) in the amount of \$2,000,000. The PCSFS Loan is to be paid by quarterly principal and interest payments at 1% per annum over a term of five years. Beginning September 23, 2022, a quarterly interest only payments of \$5,000 is due. A quarterly principal payment will start on September 23, 2024. A balloon payment of \$1,803,640 is scheduled to be paid at maturity date of September 23, 2027.

The School was required to maintain certain financial and nonfinancial covenants including but not limited to meeting a debt service coverage ratio of 1.15 to 1.

Loan payable as of June 30, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
Principal payment	\$ 2,000,000	\$ 2,000,000
Less: unamortized debt issuance cost	<u>52,365</u>	<u>38,825</u>
Total long-term loan payable	\$ 1,947,635	\$ 1,961,175

GIRLS GLOBAL ACADEMY PUBLIC CHARTER SCHOOL, INC.

Notes to the Financial Statements June 30, 2023 and 2022

5. LOAN PAYABLE (continued)

Below is the future minimum loan payments as of June 30, 2023:

	<u>Principal</u>
2024	\$ -
2025	70,781
2026	71,491
2027	1,857,728
Total	\$ 2,000,000

For the years ended June 30, 2023 and 2022, interest expense totaled \$33,411 and \$0, respectively, which includes amortization of debt issuance costs of \$13,411 for the year ended June 30, 2023.

6. LEASE LIABILITIES

Operating Lease

The Academy entered into a building lease starting July 1, 2020 for 15 years ending on June 30, 2035, with an option to renew for one additional five-year term. The projected base rent is calculated using a projected enrollment multiplied by the annual facility allotment per pupil, whereby the minimum base rent cannot fall below 85% of the projection, as outlined in the lease agreement. In connection with the lease agreement, the Academy maintains \$150,000 in a reserve fund in the event that enrollment falls below 80% of the enrollment forecast projections, and/or in the event of any other monetary default. For the years ended June 30, 2023 and 2022, the Academy paid \$1,055,447 and \$546,240, respectively related to rent expense.

As of June 30, 2023, the future minimum payments for the lease liability is as follow:

<u>For the Years Ending June 30,</u>	<u>Amount</u>
2024	\$ 1,015,854
2025	1,074,978
2026	1,074,978
2027	1,074,978
2028	1,074,978
Thereafter	7,524,846
Less: amounts representing interest	(3,635,830)
	\$ 9,204,782

GIRLS GLOBAL ACADEMY PUBLIC CHARTER SCHOOL, INC.

Notes to the Financial Statements June 30, 2023 and 2022

7. COMMITMENTS AND CONTINGENCIES

Grants

The Academy receives financial assistance from Federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the Academy. The Academy's management believes such disallowance, if any, would be immaterial.

Concentration of Revenue

The Academy receives a substantial portion of its revenue from the District of Columbia. If a significant reduction in this revenue should occur, it may have a material effect on the Academy's programs.

During the years ended June 30, 2023, and 2022, the Academy earned revenue of \$5,087,254 and \$5,149,057, respectively, from the District of Columbia, which was 90% and 95%, respectively, of the total revenue and support. These amounts are reflected as per pupil allocations, Federal entitlements, and other Federal grants in the accompanying statements of activities and changes in net assets.

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SUPPLEMENTAL SCHEDULES

GIRLS GLOBAL ACADEMY PUBLIC CHARTER SCHOOL, INC.

**Schedule of Vendors Contracted for Services in Excess of \$25,000
For the Year Ended June 30, 2023
(UNAUDITED)**

<u>Award Date</u>	<u>Name of Vendor</u>	<u>Goods and Services</u>	<u>Minimum Contract Amount</u>	<u>Maximum Contract Amount</u>	<u>Conflic of Interest</u>
6/22/2023	Aapiya Consulting Group, LLC	Human Resources Services	25,000	49,500	No
6/21/2023	LiftEd Consulting	Special Education and ELL programming & compliance oversight and training	25,000	75,000	No
9/27/2023	DC Health Link	Health Insurance	60,000	200,000	No
9/27/2023	Genuine Foods	Food Services	25,000	150,000	No
9/27/2023	Hertz Furniture	Furniture and Lockers	25,000	120,000	No
9/27/2023	Ed-Ops	Financial, Accounting, and Data Services	25,000	160,000	No
9/27/2023	Dynamic Network Solutions	IT Services	25,000	120,000	No
9/27/2023	SB and Company LLC	Audit Services	25,000	40,000	No
8/4/2022	MCN Build	Design Build Services	185,000	1,600,000	No

GIRLS GLOBAL ACADEMY PUBLIC CHARTER SCHOOL, INC.

**Schedule of Facility Usage
For the Year Ended June 30, 2023
(UNAUDITED)**

	<u>Square Feet</u>
Total square footage of leased facilities	31,652
Total square footage of owned facilities	<u>-</u>
Total square feet of combined facilities	<u>31,652</u>

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GIRLS GLOBAL ACADEMY PUBLIC CHARTER SCHOOL, INC.

**Schedule of Income Not Subject to the DC PCSB Administrative Fees
For the Year Ended June 30, 2023
(UNAUDITED)**

Total Revenue Per the Financial Statements Dated June 30, 2023	\$	5,648,391
Less: Income Not Subject to the DC PCSB Administrative Fees		
Private grants		374,491
Interest/investment income		6,273
Donated goods and services		2,761
ESSER III		45,426
COVID-19 school-based testing		870
COVID-19 positive case response		43,815
P-EBT		628
Emergency connectivity fund		37,811
Total Income Not Subject to the DC PCSB Administrative Fee		512,075
Adjusted Revenue Subject to Authorizer Fee	\$	5,136,316
0.95% of the Adjusted Revenue, Fee to be Paid to the PCSB	\$	48,795
Total Authorizer Fee Paid as of June 30, 2023		48,795
Over/(Under) Paid	\$	-



S B & COMPANY, LLC
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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL
CONTROLS OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Trustees
Girls Global Academy Public Charter School

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

Report on Internal Controls over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy's internal controls over financial reporting (internal controls) 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 the Academy's internal controls. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal controls.

A deficiency in internal controls 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 controls, 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 controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

