

FINANCIAL STATEMENTS  
WASHINGTON MONTESSORI, INC.  
WASHINGTON, NORTH CAROLINA  
JUNE 30, 2021

WASHINGTON MONTESSORI, INC.  
TABLE OF CONTENTS  
JUNE 30, 2021

---

	EXHIBIT	PAGE
FINANCIAL SECTION		
Independent Auditor's Report		5
Management's Discussion and Analysis		7
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	15
Statement of Activities	2	16
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	17
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	3	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statements of Activities	5	19
Statement of Net Position - Proprietary Fund	6	20
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	7	21
Statement of Cash Flows - Proprietary Fund	8	22
Notes to the Financial Statements		23

Combining & Individual Fund Financial Statements and Schedules:

Balance Sheet - Non-major Governmental Fund	1	35
Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Fund	2	36
Balance Sheet - Non-major Enterprise Fund	3	37
Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Enterprise Fund	4	38
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - All Fund Types	5	39

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		41
Independent Auditor's Report on Compliance with Requirements Applicable to each Major State Program and Internal Control over Compliance in Accordance with Uniform Guidance and the State Single Audit Implementation Act		43
Schedule of Findings and Questioned Costs		45
Corrective Action Plan		47
Summary Schedule of Prior Year's Audit Findings		48
Schedule of Expenditures of Federal and State Awards		49

FINANCIAL SECTION

WASHINGTON MONTESSORI, INC.

WASHINGTON, NORTH CAROLINA

JUNE 30, 2021

# Rebekah Barr, CPA PC

*Certified Public Accountant*

5422 Boswellville Road

Wilson, North Carolina 27893

Office: 252-230-6294 • Fax: 252-237-2426

Email: [contact@rbarrcpa.com](mailto:contact@rbarrcpa.com)

## Independent Auditor's Report

Board of Directors  
Washington Montessori, Inc.  
Washington, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington Montessori, Inc., North Carolina, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington Montessori, Inc., as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 7-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washington Preparatory School’s basic financial statements. The combining and individual non-major fund financial statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, budgetary schedules, other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, budgetary schedules, other schedules, and the accompanying Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2021, on our consideration of Washington Montessori, Inc.’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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washington Montessori, Inc.’s internal control over financial reporting and compliance.



Rebekah Barr, CPA PC  
Certified Public Accountant  
Wilson, North Carolina

September 23, 2021

**Management's Discussion and Analysis**  
**Washington Montessori, Inc.**  
**June 30, 2021**

As management of Washington Montessori, Inc., we offer readers of Washington Montessori, Inc.'s financial statements this narrative overview and analysis of the financial activities of Washington Montessori, Inc. for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the School's financial statements which follow this narrative.

**Financial Highlights**

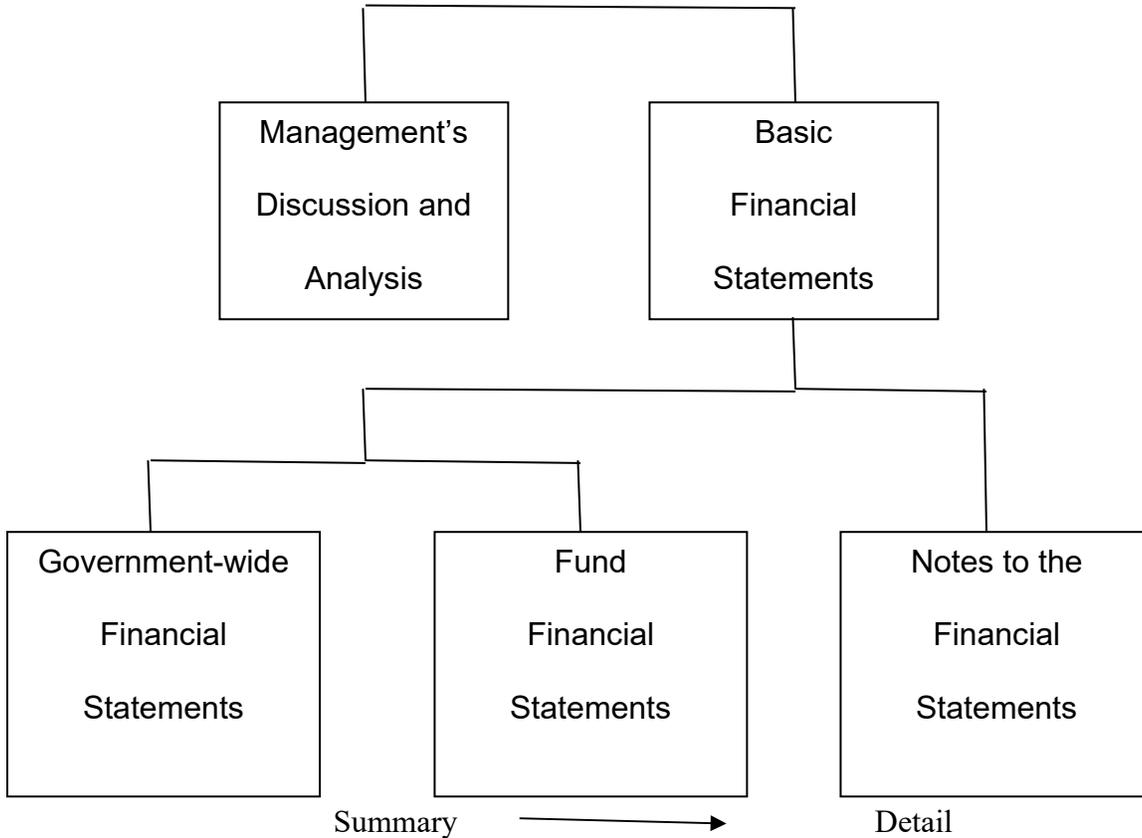
- The assets of Washington Montessori, Inc. exceeded its liabilities and deferred inflows at the close of the fiscal year by \$2,727,313 (*net position*).
- The school's total net position increased by \$154,188.
- As of the close of the current fiscal year, Washington Montessori, Inc.'s governmental funds reported combined ending fund balances of \$1,243,563, a increase of \$109,118 in comparison with the prior year.
- Enrollment continues to increase at the School, rising by 25 students this past year, a 5.4% increase.
- Washington Montessori, Inc.'s total debt decreased by \$227,314 during the current fiscal year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Washington Montessori, Inc.'s basic financial statements. The School's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Washington Montessori, Inc.

### Required Components of Annual Financial Report

Figure 1



#### Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the School's financial status.

The next statements (Exhibits 3 through 7) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the School's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the School's individual funds. Budgetary information for the School also can be found in this section of the statements.

## **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

The two government-wide statements report the School's net position and how it has changed. Net position is the difference between the School's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the School's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the School's basic functions such as instructional services and business services. State, county, and federal funds provide virtually all of the funding for these functions. The business-type activities are those services for which the School charges its students and other customers to provide. These include the Before and After School care and Day School services offered by Washington Montessori, Inc.

## **Fund Financial Statements**

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Washington Montessori, Inc., like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the School's budget ordinance. All of the funds of Washington Montessori, Inc. can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Washington Montessori, Inc. adopts an annual budget for each of its funds, although it is not required to do so by the General Statutes. Because the budget is not legally required by the statutes, the budgetary comparison statements are not included in the basic financial statements but are part of the supplemental statements and schedules that follow the notes. The budget is a legally adopted document that incorporates input from the faculty, management, and the Board of Directors of the School in determining what

activities will be pursued and what services will be provided by the School during the year. It also authorizes the School to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for each of the funds demonstrates how well the School has complied with the budget ordinance and whether or not the School has succeeded in providing the services as planned when the budget was adopted.

**Proprietary Funds** – Washington Montessori, Inc. has two proprietary funds, both of which are enterprise funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Washington Montessori, Inc. uses enterprise funds to account for its Day School and its Before and after School care programs.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net position may, over time, serve as one useful indicator of a school's financial condition. As of June 30, 2021, the net position of Washington Montessori, Inc. stood at \$2,727,313. The School's net position increased by \$154,188 for the fiscal year ended June 30, 2021, compared to an increase of \$47,570 in 2020. One of the largest portions, \$1,402,588 reflects the School's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Washington Montessori, Inc. uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although Washington Montessori, Inc.'s net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion (9.9%) is restricted for debt service. The remaining balance of \$1,109,785 is unrestricted. In 2020, the amount of net investment in capital assets was \$1,350,986, with unrestricted net position standing at \$1,007,310.

**Washington Montessori, Inc.’s Net Position**

**Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 1,243,836	\$ 1,137,883	\$ 141,403	\$ 128,460	\$ 1,385,239	\$ 1,266,343
Capital assets	6,870,223	7,056,934	27,885	33,196	\$ 6,898,108	7,090,130
<b>Total assets</b>	<b>\$ 8,114,059</b>	<b>\$ 8,194,817</b>	<b>\$ 169,288</b>	<b>\$ 161,656</b>	<b>\$ 8,283,347</b>	<b>\$ 8,356,473</b>
Long-term liabilities outstanding	\$ 5,555,004	\$ 5,779,910	\$ -	\$ -	\$ 5,555,004	\$ 5,779,910
Other liabilities	273	3,438	757	-	1,030	\$ 3,438
<b>Total liabilities</b>	<b>\$ 5,555,277</b>	<b>\$ 5,783,348</b>	<b>\$ 757</b>	<b>\$ -</b>	<b>\$ 5,556,034</b>	<b>\$ 5,783,348</b>
<b>Net Position:</b>						
Net investment in capital assets	\$ 1,374,703	\$ 1,317,790	\$ 27,885	\$ 33,196	\$ 1,402,588	\$ 1,350,986
Restricted for debt service	214,940	214,829	-	-	214,940	214,829
Unrestricted	969,139	878,850	140,646	128,460	1,109,785	1,007,310
<b>Total Net Position</b>	<b>\$ 2,558,782</b>	<b>\$ 2,411,469</b>	<b>\$ 168,531</b>	<b>\$ 161,656</b>	<b>\$ 2,727,313</b>	<b>\$ 2,573,125</b>

Several particular aspects of the School’s financial operations positively influenced the total unrestricted governmental net position:

- The School adopted an annual budget for all funds. The School’s performance was measured using these budgets on a monthly basis, allowing changes in spending as needed to stay within the budget.
- The School applied for and was awarded several federal grants to assist with the expenses of meeting the education needs of special needs children.
- Funding is proportionate to the student population.

**Washington Montessori, Inc. Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 76,484	\$ 192,822	\$ 76,484	\$ 192,822
Operating grants and contributions	62,373	57,709	-	-	62,373	57,709
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
County, State, and Federal funds	3,739,899	3,448,710	-	-	3,739,899	3,448,710
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	107,481	62,390	-	-	107,481	-
<b>Total revenues</b>	<b>3,909,753</b>	<b>3,568,809</b>	<b>76,484</b>	<b>192,822</b>	<b>3,986,237</b>	<b>3,699,241</b>
Expenses:						
Instructional services	3,132,686	2,857,257	-	-	3,132,686	2,857,257
System-wide support services	355,447	341,414	-	-	355,447	341,414
Before and After School	-	-	69,495	179,585	69,495	179,585
Day School	-	-	5,714	62,966	5,714	62,966
Non-programmed charges	-	-	-	-	-	-
Interest on long-term debt	268,707	272,839	-	-	268,707	272,839
<b>Total expenses</b>	<b>3,756,840</b>	<b>3,471,510</b>	<b>75,209</b>	<b>242,551</b>	<b>3,832,049</b>	<b>3,714,061</b>
Increase in net position before transfers	152,913	97,299	1,275	(49,729)	154,188	47,570
Transfers	(5,600)	(38,000)	5,600	38,000	-	-
Increase (decrease) in net position	147,313	59,299	6,875	(11,729)	154,188	47,570
Net position, July 1	2,411,469	2,352,170	161,656	173,385	2,573,125	2,525,555
Net position, June 30	\$ 2,558,782	\$ 2,411,469	\$ 168,531	\$ 161,656	\$ 2,727,313	\$ 2,573,125

**Financial Analysis of the School's Funds**

As noted earlier, Washington Montessori, Inc. uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of Washington Montessori, Inc.’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Washington Montessori, Inc.’s financing requirements. Specifically, unreserved fund balance can be a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of Washington Montessori, Inc. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,028,623, while total fund balance reached \$1,243,563.

At June 30, 2021, the governmental funds of Washington Montessori, Inc. reported a combined fund balance of \$1,243,563 a 1.10% increase from last year.

**Proprietary Funds.** The School’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the School Before and After Care and Day School Funds at the end of the fiscal year amounted to \$169,288. The total increase in net position for the Before and After Care and Day School fund was \$7,632. Primary factor influencing the net increase is the limited resumption of before and after school care.

**Capital Asset and Debt Administration**

**Capital assets.** Washington Montessori, Inc.’s investment in capital assets for its governmental and business–type activities as of June 30, 2021, totals \$6,870,223 (net of accumulated depreciation). These assets include a land, buildings, equipment and furniture, land improvements, playground equipment and electronic equipment.

Washington Montessori’s Capital Assets  
 (Net of Depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and construction	\$ 203,238	\$ 203,238	\$ -	\$ -	\$ 203,238	\$ 203,238
Land improvements	18,913	21,138	-	-	18,913	21,138
Building and improvements	6,625,208	6,800,902	-	-	6,625,208	6,800,902
Furniture and fixtures	7,220	10,640	-	-	7,220	10,640
Playground equipment	457	1,033	-	-	457	1,033
Electronic equipment	15,187	19,983	-	-	15,187	19,983
Transportation equipment	-	-	27,885	33,196	27,885	33,196
<b>Total</b>	<b>\$ 6,870,223</b>	<b>\$ 7,056,934</b>	<b>\$ 27,885</b>	<b>\$ 33,196</b>	<b>\$ 6,898,108</b>	<b>\$ 7,090,130</b>

Additional information on the School’s capital assets can be found in the notes of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2021, Washington Montessori, Inc. had total debt outstanding of \$5,555,004. The debt consists of mortgages on facilities and compensated absences.

**Washington Montessori’s Outstanding Debt  
 Note Payable and Capital Leases**

**Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Mortgages loans	\$ 5,495,520	\$ 5,715,144	\$ -	\$ -	\$ 5,495,520	\$ 5,715,144
Payroll Protection Program	-	24,000	-	-	-	24,000
Compensated leave	59,484	40,766	-	-	59,484	40,766
<b>Total</b>	<b>\$ 5,555,004</b>	<b>\$ 5,779,910</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,555,004</b>	<b>\$ 5,779,910</b>

Washington Montessori’s total debt decreased by \$227,314 during the past fiscal year.

**Economic Factors**

The following key economic indicators reflect the growth and prosperity of the School:

- The Average Daily Membership (ADM) for the school remained consistent.
- The Board of directors has carefully tracked the Fund Balance and has internally set it aside for future possible improvements.

**Requests for Information**

This report is designed to provide an overview of the School’s finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Washington Montessori, 2330 Old Bath Highway, Washington NC 27889, telephone (252) 946-1977.

**Washington Montessori, Inc.**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,028,896	\$ 141,403	\$ 1,170,299
Restricted cash	214,940	-	214,940
Due from other governments	-	-	-
Accounts receivable - trade	-	-	-
Prepaid expenses	-	-	-
Security deposits	-	-	-
Capital assets:			
Land, improvements, and construction in progress	203,238	-	203,238
Other capital assets, net of depreciation	6,666,985	27,885	6,694,870
Total capital assets	<u>6,870,223</u>	<u>27,885</u>	<u>6,898,108</u>
Total assets	<u>8,114,059</u>	<u>169,288</u>	<u>8,283,347</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	-	-	-
<b>LIABILITIES</b>			
Accounts payable - trade	273	757	1,030
Short-term note payable	-	-	-
Derivative instrument - interest rate swap	-	-	-
Long-term liabilities:			
Compensated absences	59,484	-	59,484
Due within one year	2,066,443	-	2,066,443
Due in more than one year	3,429,077	-	3,429,077
Total liabilities	<u>5,555,277</u>	<u>757</u>	<u>5,556,034</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	1,374,703	27,885	1,402,588
Restricted for debt service	214,940	-	214,940
Unrestricted	969,139	140,646	1,109,785
Total net position	<u>\$ 2,558,782</u>	<u>\$ 168,531</u>	<u>\$ 2,727,313</u>

The notes to the financial statements are an integral part of this statement.

Washington Montessori, Inc.  
Statement of Activities  
June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental Activities:							
Instructional programs	\$ 3,132,686	\$ -	\$ 62,373	\$ -	\$ (3,070,313)	\$ -	\$ (3,070,313)
Athletics, arts and clubs	-	-	-	-	-	-	-
Support services	355,447	-	-	-	(355,447)	-	(355,447)
Community services	-	-	-	-	-	-	-
Interest on debt	268,707	-	-	-	(268,707)	-	(268,707)
Total governmental activities	3,756,840	-	62,373	-	(3,694,467)	-	(3,694,467)
Business-type activities:							
Before and after school fund	69,495	76,359	-	-	-	6,864	6,864
Day school fund	5,714	125	-	-	-	(5,589)	(5,589)
Total business-type activities	75,209	76,484	-	-	-	1,275	1,275
Total primary government	\$ 3,832,049	\$ 76,484	\$ 62,373	\$ -	(3,694,467)	1,275	(3,693,192)
General revenues:							
Unrestricted county appropriations					892,786	-	892,786
Unrestricted State appropriations					2,847,113	-	2,847,113
Unrestricted Federal appropriations					-	-	-
Unrestricted fines and forfeitures					4,805	-	4,805
Donations - general					52	-	52
Proceeds from forgiveness of Paycheck Protection					24,000	-	24,000
Miscellaneous, unrestricted					78,624	-	78,624
Transfers					(5,600)	5,600	-
Total general revenues, special items, and transfers					3,841,780	5,600	3,847,380
Change in net position					147,313	6,875	154,188
Net position-beginning					2,411,469	161,656	2,573,125
Net position-ending					\$ 2,558,782	\$ 168,531	\$ 2,727,313

The notes to the financial statements are an integral part of this statement

**Washington Montessori, Inc.**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	Major Funds		Total Non-Major Funds	Total Governmental Funds
	General	State Public School	Federal Grants	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,028,896	\$ -	\$ -	\$ 1,028,896
Restricted cash	214,940	-	-	214,940
Due from other governments	-	-	-	-
Accounts receivable - other	-	-	-	-
Prepaid items	-	-	-	-
Security deposits	-	-	-	-
<b>Total assets</b>	<b>1,243,836</b>	<b>-</b>	<b>-</b>	<b>1,243,836</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable - trade	273	-	-	273
Short term note payable	-	-	-	-
<b>Total liabilities</b>	<b>273</b>	<b>-</b>	<b>-</b>	<b>273</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	-	-	-	-
Fund balances:				
Nonspendable:				
Restricted for debt service	214,940	-	-	214,940
Unassigned	1,028,623	-	-	1,028,623
<b>Total fund balances</b>	<b>1,243,563</b>	<b>-</b>	<b>-</b>	<b>1,243,563</b>
<b>Total liabilities, deferred inflows of resources, and funds balances</b>	<b>\$ 1,243,836</b>	<b>\$ -</b>	<b>\$ -</b>	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,870,223
Deferred outflows of resources related to pensions	-
Liabilities for earned but unavailable revenues in fund statements. Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	-
Long term notes payable	(5,495,520)
Compensated absences	(59,484)
<b>Net position of governmental activities</b>	<b>\$ 2,558,782</b>

The notes to the financial statements are an integral part of this statement.

**Washington Montessori, Inc.**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	Major Funds		Total Non-Major Funds	Total Governmental Funds
	General	State Public School	Federal Grants	
<b>Revenues</b>				
State of North Carolina	\$ -	\$ 2,847,113	\$ -	\$ 2,847,113
Local education agencies	892,786	-	-	892,786
U.S. Government	-	-	62,373	62,373
Fines and forfeitures	4,805	-	-	4,805
Contributions and donations	52	-	-	52
Other	78,624	-	-	78,624
Total revenues	976,267	2,847,113	62,373	3,885,753
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instructional programs	324,022	2,527,184	62,373	2,913,579
Athletics, arts and clubs	-	-	-	-
Support services	13,252	319,929	-	333,181
Community services	-	-	-	-
<b>Capital outlay</b>	35,944	-	-	35,944
<b>Debt service:</b>				
Principal	219,624	-	-	219,624
Interest and other charges	268,707	-	-	268,707
Total expenditures	861,549	2,847,113	62,373	3,771,035
Excess (deficiency) of revenues over expenditures	114,718	-	-	114,718
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to other funds	(5,600)	-	-	(5,600)
Proceeds from debt	-	-	-	-
Total other financing sources (uses)	(5,600)	-	-	(5,600)
Net change in fund balance	109,118	-	-	109,118
Fund balances-beginning	1,134,445	-	-	1,134,445
Fund balances-ending	\$ 1,243,563	\$ -	\$ -	\$ 1,243,563

The notes to the financial statements are an integral part of this statement.

**Washington Montessori, Inc.**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds to the Statements of Activities**  
**For the Year Ended June 30, 2021**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$	109,118
Change in fund balance due to change in reserve for inventory		-
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period		(186,711)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities		-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Forgiveness of Paycheck Protection Program Loan		24,000
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		219,624
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Pension expense		-
Compensated absences		(18,718)
Rounding adjustment		-
		-
Total changes in net position of governmental activities	\$	147,313

The notes to the financial statements are an integral part of this statement.

**Washington Montessori, Inc.**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Before and After School Fund	Day School Fund	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 141,264	\$ 139	\$ 141,403
Due from other governments	-	-	-
Accounts receivable - trade	-	-	-
Inventories	-	-	-
Total current assets	141,264	139	141,403
Noncurrent assets:			
Capital assets:			
Kitchen equipment, net	-	-	-
Transportation equipment, net	27,885	-	27,885
Total noncurrent assets	27,885	-	27,885
Total assets	\$ 169,149	\$ 139	\$ 169,288
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
-			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable - trade	\$ 757	\$ -	\$ 757
Deferred revenue	-	-	-
Total current liabilities	757	-	757
Long-term liabilities:			
Net pension liability	-	-	-
Total long-term liabilities	-	-	-
Total liabilities	757	-	757
<b>DEFERRED INFLOWS OF RESOURCES</b>			
-			
<b>NET ASSETS</b>			
Net investment in capital assets	27,885	-	27,885
Unrestricted	140,507	139	140,646
Total net position	\$ 168,392	\$ 139	\$ 168,531

The notes to the financial statements are an integral part of this statement.

**Washington Montessori, Inc.**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Before and After School Fund	Day School Fund	
<b>OPERATING REVENUES</b>			
Day school care	\$ -	\$ 125	\$ 125
After school care	76,359	-	76,359
Total operating revenues	76,359	125	76,484
<b>OPERATING EXPENSES</b>			
Salary and related costs	27,307	5,214	32,521
Supplies and materials	21,244	500	21,744
Contracted repairs	123	-	123
Field trips	14,960	-	14,960
Other purchases	550	-	550
Depreciation expense	5,311	-	5,311
Total operating expenses	69,495	5,714	75,209
Operating income (loss)	6,864	(5,589)	1,275
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Federal reimbursements	-	-	-
Total nonoperating revenue (expenses)	-	-	-
Income (loss) before contributions and transfers	6,864	(5,589)	1,275
Capital contributions	-	-	-
Transfers (to) from other funds	-	5,600	5,600
Change in net position	6,864	11	6,875
Total net position - beginning	161,528	128	161,656
Total net position - ending	\$ 168,392	\$ 139	\$ 168,531

The notes to the financial statements are an integral part of this statement.

**Washington Montessori, Inc.**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Before and After School Fund	Before and After School Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 76,359	\$ 125	\$ 76,484
Cash paid to employees for services	(27,307)	(5,214)	(32,521)
Cash paid for goods and services	(36,120)	(500)	(36,620)
Net cash provided (used) by operating activities	<u>12,932</u>	<u>(5,589)</u>	<u>7,343</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Federal reimbursements	-	-	-
Transfer (to) from other funds	-	5,600	5,600
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>5,600</u>	<u>5,600</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital contributions	-	-	-
Acquisition of capital assets	-	-	-
Net cash (used) by capital and related financing	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	12,932	11	12,943
Balances-beginning of the year	<u>128,332</u>	<u>128</u>	<u>128,460</u>
Balances-end of the year	<u>\$ 141,264</u>	<u>\$ 139</u>	<u>\$ 141,403</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 6,864	\$ (5,589)	\$ 1,275
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	5,311	-	5,311
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	757	-	-
Rounding adjustment	-	-	-
Total adjustments	<u>6,068</u>	<u>-</u>	<u>5,311</u>
Net cash provided by operating activities	<u>\$ 12,932</u>	<u>\$ (5,589)</u>	<u>\$ 6,586</u>

The notes to the financial statements are an integral part of this statement.

**Washington Montessori, Inc., North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

I. Summary of Significant Accounting Policies

The accounting policies of the Washington Montessori, Inc., North Carolina (the School) conform to generally accepted accounting principles (GAAP) as applicable to governments. Charter schools are established by non-profit entities. Because of the authority of the State Board of Education (SBE) to terminate, not renew or seek applicants to assume a charter on grounds sent out in the North Carolina General Statutes at G.S. 115C218.95 with all net assets purchased with the public funds reverting to a local education agency (G.S. 115C218.100), the charter schools in North Carolina follow the governmental reporting model as used by local education agencies. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Washington Montessori, Inc. is a North Carolina non-profit corporation incorporated in February 2000. Pursuant to the provisions of the Charter School Act of 1996 as amended (the "Act"), Washington Montessori, Inc. has been approved to operate the Washington Montessori Public Charter School, a public school serving approximately 407 students. The School operates under an approved charter received from the SBE and applied for under the provisions of General Statute (G.S.) 115C-218.1. G.S. 115C-218.6(b)(1) states that a charter school shall be subject to the audit requirements adopted by the SBE, which includes the audit requirements established by G.S. 115C-447 of the School Budget and Fiscal Control Act (SBFCA) and requires the financial statements to be prepared in accordance with GAAP. The current charter is effective until June 30, 2025 and may be renewed for subsequent periods of ten (10) years unless one of the conditions in G.S. 115C-218.6(b) applies in which case the SBE may renew the charter for a shorter period or not renew the charter.

B. Basis of Presentation

In accordance with GASB Statements No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments (GASB 34), Washington Montessori, Inc. is a special-purpose government that is engaged in governmental activities and is not a component unit of another government. Therefore, the financial statements are prepared in the same manner as general purpose governments.

*Government-wide Statements:* The statement of net position and the statement of activities display information about the School. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the School. Governmental activities generally are financed through inter-governmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the School and for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the School's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial

statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The School reports the following major governmental funds:

*General Fund.* The General Fund is the general operating fund of the School. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

*State Public School Fund.* The State Public School Fund includes appropriations from the Department of Public Instruction for specific operating needs of the public school system and is reported as a special revenue fund.

The School reports the following non-major governmental fund:

*Federal Fund.* The Federal Fund is used to account for the Federal moneys that are passed through the State Department of Public Instruction to the School.

The School reports the following major enterprise fund:

*After School Care Fund.* The After School Care Fund is used to account for the after school activities conducted by the School.

The School reports the following non-major enterprise fund:

*Day School Fund.* The Day School Fund is used to account for the day school activities conducted by the School.

### C. Measurement Focus and Basis of Accounting

*Government-wide and Proprietary Fund Financial Statement.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the School gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the School funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted

and unrestricted net position available to finance the program. It is the School's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

#### D. Budgetary Data

Annual budgets are adopted for all funds on a government-wide basis. All budgets are prepared using the modified accrual basis of accounting.

The governing board has voluntarily established the policy, as a sound business practice, that expenditures may not exceed appropriations, for all of the School's funds, based on the adopted budget and subsequent amendments. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget presented in the supplemental data represents the budget of the School at June 30, 2021. All appropriations lapse at year end.

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity

##### 1. Deposits and Investments

All deposits of the School are made in a local bank; whose accounts are FDIC insured. Also, the School has established time deposit accounts such as money market accounts.

##### 2. Cash and Cash Equivalents

The School pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. Cash restricted to payments of principal and interest on USDA loans is reported separately in the financial statements.

##### 4. Prepaid Items

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items.

##### 3. Capital Assets

The School's donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the School to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. In addition, other items which are purchased and used in large quantities such as student desks and office furniture are capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. All depreciable assets are depreciated using the straight-line method of depreciation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated over the following estimated useful lives:

	<u>Years</u>
Building	39
Furniture and office equipment	10
Food service equipment	10
Electronic Equipment	3-5

#### 4. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The School has no items that meet the criterion for this category for the current fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The School has one item that meet the criterion for this category - unearned revenue. The School has no items that meet the criterion for this category.

#### 5. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statements of net position.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

#### 6. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual leave balances. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. The School accounts for its leave on a first-in, first-out basis, such that the oldest available leave is used first. The current portion of the liability is recorded as such in the government-wide financial statements.

#### 7. Net Position/Fund Balances

##### Net Position

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

##### Fund Balance

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

**Non-spendable Fund Balance** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories- portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepaid Items- portion of fund balance that is not an available resource because it represents the year-end balance of prepaid rent on the school facility which is not a spendable resource.

**Restricted Fund Balance** –This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

**Committed Fund Balance** – portion of fund balance that can only be used for specific purpose imposed by majority vote of the School’s governing body (highest level of decision-making authority). Any changes or removal of the specific purpose requires majority action by the governing bodies that approved the original action.

**Assigned Fund Balance** – Portion of fund balance the Washington Montessori, Inc. intends to use for specific purposes.

Assigned for Clubs and Activities Fund – revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fundraising activities for which they are collected.

**Unassigned Fund Balance** – the portion of fund balance that has not been assigned to another fund or restricted, committed, or assigned to specific purposes within the general fund.

Washington Montessori, Inc. has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, board of education funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the School.

8. The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$1,315,219 consists of several elements as follows:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column).	\$ 9,004,548
Less accumulated depreciation	(2,134,325)
Pension related deferred outflows of resources	
Differences between contributions and proportional share of contributions and changes in proportion	-
Contributions made to the pension plan in current fiscal year	-
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Long-term notes payable	(5,495,520)
Capital leases payable	-
Bonds payable	-
Compensated absences	(59,484)
Net pension liability	-
Deferred inflows of resources related to pensions	
Differences between expected and actual experience	-
Differences between projected and actual earnings on plan investments	-
Total adjustment	<u>\$ 1,315,219</u>

F. Revenues, Expenditures, and Expenses

1. Funding

The Washington Montessori, Inc. is funded by the State Board of Education, receiving (i) an amount equal to the average per pupil allocation for the average daily membership (ADM) from the local school administrative unit allotments in which the school is located (i.e. Wilson County Board of Education) for each child attending the School except for the allocation for children with special needs and (ii) an additional amount for each child attending the School who is a child with special needs [G.S. 115C-238.29H(a)]. Additionally, the appropriate local school administrative unit(s) transfers to the School, for each student who resides in the local administrative unit and attends the charter school, an amount equal to the per pupil local current expense appropriation to the respective unit for the fiscal year. [G.S. 115C.238.29H(b)]. For the fiscal year ended June 30, 2021, the Washington Montessori School, Inc. received funding from the Boards of Education for Beaufort County (\$648,360), Craven County (\$6,190), Martin County (\$59,889), Pitt County (\$171,856), and Washington County (\$11,297).

Furthermore, Washington Montessori, Inc. has received donations of cash and/or equipment from individuals and private organizations. The cash has been used for general fund activities.

2. Reconciliation between government-wide and fund statements

The governmental fund statement of revenues, expenditures, and changes in fund balance is followed by a reconciliation between the change in fund balance – governmental activities and the change in net position – governmental funds as reported on the government-wide statement of activities. The net difference of \$38,195 between the two amounts consists of the following elements:

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets on the statement of activities.	\$ 35,944
Depreciation expense that is recorded on the statement of activities but not in the fund statements.	(222,655)
Forgiveness of Paycheck Protection Program Loan	24,000
New debt issued during the year is recorded as a source of funds on the fund statements but has no effect on the statement of activities, only the statement of net assets.	-
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements.	219,624
Rounding adjustment	-
Compensated absences	<u>(18,718)</u>
Total	<u>\$ 38,195</u>

G. Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures.

II. Stewardship, Compliance, and Accountability

A. Material Violations of Finance-Related Legal and Contractual Provisions

Noncompliance with North Carolina General Statutes

None.

Contractual Violations

None.

B. Deficit Fund Balance or Net position of Individual Funds

None.

III. Detail Notes on All Funds

A. Assets

1. Deposits

At June 30, 2021, the School had deposits with banks and savings and loans with a carrying amount of \$1,385,239. The bank balances with the financial institutions totaled \$1,435,142, of which \$718,744 is insured by the FDIC at June 30, 2021. The remaining \$716,398 is a credit risk. The School does not have a deposit policy for custodial credit risk. The School is reporting \$214,940 of total cash as restricted. This amount is restricted for future USDA loan payments.

2. Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 203,238	\$ -	\$ -	\$ 203,238
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>203,238</u>	<u>-</u>	<u>-</u>	<u>203,238</u>
Capital assets being depreciated:				
Land improvements	108,000	-	-	108,000
Building and improvements	8,429,586	35,944	-	8,465,530
Furniture and fixtures	108,892	-	-	108,892
Playground equipment	5,756	-	-	5,756
Electronic equipment	113,132	-	-	113,132
Total capital assets being depreciated	<u>8,765,366</u>	<u>35,944</u>	<u>-</u>	<u>8,801,310</u>
Less accumulated depreciation for:				
Land improvements	86,862	2,225	-	89,087
Building and improvements	1,628,684	211,638	-	1,840,322
Furniture and fixtures	98,252	3,420	-	101,672
Playground equipment	4,723	576	-	5,299
Electronic equipment	93,149	4,796	-	97,945
Total accumulated depreciation	<u>1,911,670</u>	<u>\$ 222,655</u>	<u>\$ -</u>	<u>2,134,325</u>
Total capital assets being depreciated	<u>6,853,696</u>			<u>6,666,985</u>
Governmental activity capital assets, net	<u>\$ 7,056,934</u>			<u>\$ 6,870,223</u>

Depreciation expense was charged to governmental functions as follows:

Instructional programs	\$ 200,389
Supporting services	<u>22,266</u>
	<u>\$ 222,655</u>

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Business-type activities:				
Before & After School Fund:				
Capital assets being depreciated:				
Transportation equipment	\$ 53,114	\$ -	\$ -	\$ 53,114
Total capital assets being depreciated	<u>53,114</u>	<u>-</u>	<u>-</u>	<u>53,114</u>
Less accumulated depreciation for:				
Transportation equipment	19,918	5,311	-	25,229
Total accumulated depreciation	<u>19,918</u>	<u>\$ 5,311</u>	<u>\$ -</u>	<u>25,229</u>
Total capital assets being depreciated, net	<u>33,196</u>			<u>27,885</u>
Business-type activity capital assets, net	<u>\$ 33,196</u>			<u>\$ 27,885</u>

## B. Liabilities

### 1. Retirement Plan

Washington Montessori, Inc. maintains a 403(b) pension plan that provides for School contributions as well as elective deferrals. During 2021, the School contributed a total of \$84,056 to the plan and employees contributed \$96,773. The School also sponsors a SEP-IRS to which only employees may make contributions.

### 2. Long-Term Obligations

#### a.) Note Payable

Note Payable to the U.S. Department of Agriculture, bearing interest at 4.25%, payable in annual installments of \$89,400, including interest on March 28<sup>th</sup>, secured by deed of trust. At June 30, 2021, the balance of the note was \$976,749.

Note Payable to the U.S. Department of Agriculture, bearing interest at 4.75%, payable in monthly installments of \$3,397, including interest, secured by deed of trust. At June 30, 2021, the balance of the note was \$41,403.

Note Payable to the U.S. Department of Agriculture, bearing interest at 4.00%, payable in annual installments of \$82,047 on February 17<sup>th</sup>, including interest, secured by deed of trust. At June 30, 2021, the balance of the note was \$1,075,060.

Note Payable to Select Bank, bearing interest at 4.75%, payable in interest only payments, secured by deed of trust. At June 30, 2021, the balance was \$1,826,227. The note was refinanced from a construction loan to a fixed mortgage, bearing interest rate of 4.75% with monthly payments of \$14,409. The School plans to refinance this note when it becomes due in the next fiscal year.

Note Payable to Select Bank, bearing interest at 4.75%, payable in interest only payments, secured by deed of trust. At June 30, 2021, the balance was \$1,576,081. The note was refinanced from a construction loan to a fixed mortgage, bearing interest rate of 4.75% with monthly payments of \$8,601.

Annual debt service requirements to maturity for long-term debt obligations are as follows:

Future Maturities are as follows:	Principal	Interest	Total
Debt service fiscal 2020	\$ 2,066,443	\$ 244,725	\$ 2,311,168
Debt service fiscal 2021	126,034	153,770	279,804
Debt service fiscal 2022	126,131	148,528	274,659
Debt service fiscal 2023	131,579	143,080	274,659
Debt service fiscal 2024	1,441,423	138,396	1,579,819
Debt service fiscal 2025-2029	578,280	278,955	857,235
Debt service fiscal 2030-2034	732,383	145,314	877,697
Debt service fiscal 2035-2039	293,247	26,639	319,886
	<u>\$ 5,495,520</u>	<u>\$ 1,279,407</u>	<u>\$ 6,774,927</u>

The School is in compliance with each USDA loan covenants in that the property is used for school facilities; no illegal activities or activities that may impair the property are conducted on school grounds; the property is open for inspection by the USDA and other governmental agencies; the property is insured at replacement cost; all taxes, liens, judgements, assessments and encumbrances on the property have been paid in a timely manner; all payments of principal and interest have been made in a timely manner; the School is in compliance with the Civil Rights Act; and the property and any improvements are maintained in good condition.

b) On May 11, 2021, the School received loan proceeds in the amount of \$24,000 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

This amount was forgiven in full by the financial institution on December 9, 2020.

c). Changes in General Long-Term Obligations

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion
Governmental activities:					
Direct Notes payable	\$ 5,715,144	\$ -	\$ 219,624	\$ 5,495,520	\$ 2,066,443
Payroll Protection Program	24,000	-	24,000	-	-
Compensated absences	40,766	18,718	-	59,484	-
Total	<u>\$ 5,779,910</u>	<u>\$ 18,718</u>	<u>\$ 243,624</u>	<u>\$ 5,555,004</u>	<u>\$ 2,066,443</u>

C. Fund Balance

Washington Montessori, Inc. has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, State funds, local non-School funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the School.

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation.

<b>Total fund balance</b>	<b>\$1,243,563</b>
<b>Less:</b>	
<b>Inventories</b>	-
<b>Restricted for debt service</b>	214,940
<b>Appropriated Fund Balance in 2016 budget</b>	-
<b>Remaining Fund Balance</b>	<b>\$1,028,623</b>

D. Related Party Transactions

The School employs as part of its educational staff an employee and the employee's spouse. These individuals are compensated at market rates.

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The School has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

V. Subsequent Events – Date of Management's Review

The School has evaluated subsequent events from the date of the balance sheet through the date the report is available to be issued which is the date of the independent auditors' report. The School has not evaluated subsequent events after that date.

## **NON-MAJOR FUNDS**

- Federal Grants Fund - This fund is used to account for the federal grant activity of the school.
- Day School Fund - This fund is used to account for the day school that the students attend at the school.

**Washington Montessori, Inc.  
Non-major Governmental Fund  
Balance Sheet  
June 30, 2021**

**Statement 1**

	Special Revenue Funds
<b>Assets</b>	
Cash and cash equivalents	\$ -
Due from other governments	-
Total assets	\$ -
 <b>Liabilities and Fund Balances</b>	
Liabilities	
Accrued salaries and wages payable	\$ -
Deferred revenue	-
Total liabilities	-
 Fund balances-unreserved	 -
Total liabilities and fund equity	\$ -

Statement 2

Washington Montessori, Inc.  
 Non-major Governmental Fund  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2021

	Special Revenue Funds
	Totals 2018
Revenues:	
U.S. Government	
Idea VI-B Handicapped	\$ 61,882
Improving Teacher Quality	-
Children with Special Needs	-
Idea VI-B Targeted Assistance	491
Total	<u>62,373</u>
Donations	-
Other	-
Total	<u>-</u>
Total Revenues	<u>62,373</u>
Expenditures:	
Current	
Instructional programs:	
Regular programs	-
Special programs	62,373
Alternative programs	-
School-based support services	-
Total	<u>62,373</u>
Support services:	
Special population	-
Total	<u>-</u>
Non-programmed charges:	
Other	-
Total	<u>-</u>
Total expenditures	<u>62,373</u>
Revenues over expenditures	<u>-</u>
Fund balances:	
Beginning of year, July 1	-
End of year, June 30	<u>\$ -</u>

**Washington Montessori, Inc.**  
**Statement of Net Position**  
**Non-major Proprietary Fund**  
**June 30, 2021**

	<b>Enterprise Fund</b>	
	<b>Non-major Fund</b>	
	<b>Day School</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$	139
Due from other governments		-
Receivables (net)		-
Inventories		-
Total current assets		139
Noncurrent assets:		
Capital assets:		
Furniture and office equipment, net		-
Computer equipment, net		-
Total noncurrent assets		-
Total assets	\$	139
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable - trade	\$	-
Due to other funds		-
Total current liabilities		-
Long-term liabilities:		
Due within one year		-
Due in more than one year		-
Total long-term liabilities		-
Total liabilities		-
<b>NET POSITION</b>		
Net investment in capital assets		-
Unrestricted		139
Total net position	\$	139

**Washington Montessori, Inc.**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**June 30, 2021**

	<b>Enterprise Fund</b>
	<b>Non-major Fund</b>
	<b>Before &amp; After School</b>
<b>OPERATING REVENUES</b>	
Day school care	\$ 125
Total operating revenues	125
<b>OPERATING EXPENSES</b>	
Salaries & related costs	5,214
Supplies & equipment	500
Contracted services	-
Food purchases	-
Total operating expenses	5,714
Operating income (loss)	(5,589)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Federal reimbursements	-
Total nonoperating revenue (expenses)	-
Income (loss) before contributions and transfers	(5,589)
Capital contributions	-
Transfers (to) from other funds	5,600
Change in net position	11
Total net position - beginning	128
Total net position - ending	\$ 139

**Washington Montessori, Inc.**  
**All Fund Types**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**Government-wide Budget**  
**Year Ended June 30, 2021**

	2021		
	Final Budget	Actual	Favorable (Unfavorable) Variance
<b>Revenues:</b>			
State of North Carolina	\$ 2,847,378	\$ 2,847,113	\$ (265)
Boards of Education	904,608	892,786	(11,822)
Fines and forfeitures	-	4,805	4,805
U.S.Government	66,782	62,373	(4,409)
Day school	125	125	-
Before and after school	65,865	76,359	10,494
Contributions and donations	-	52	52
Others	196,533	78,624	(117,909)
Total revenues	<u>4,081,291</u>	<u>3,962,237</u>	<u>(119,054)</u>
<b>Expenditures</b>			
Salaries & bonuses	2,141,819	2,154,105	(12,286)
Benefits	496,893	517,033	(20,140)
Books & supplies	76,403	115,387	(38,984)
Technology	59,500	68,625	(9,125)
Non capitalized equipment	40,251	33,375	6,876
Contracted student services	141,393	86,571	54,822
Staff development	30,200	25,799	4,401
Administrative services	135,066	89,195	45,871
Rents & debt service	507,885	488,331	19,554
Facilities	163,363	163,971	(608)
Utilities	91,350	103,176	(11,826)
Nutrition & food	5,250	419	4,831
Transportation & travel	2,500	257	2,243
Summer and other programs	30,340	-	30,340
Total expenditures	<u>3,922,213</u>	<u>3,846,244</u>	<u>75,969</u>
<b>Other financing sources (uses):</b>			
Federal reimbursements	-	-	-
Proceeds from notes payable	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ 159,078</u>	<u>\$ 115,993</u>	<u>\$ (43,085)</u>

COMPLIANCE SECTION

WASHINGTON MONTESSORI, INC.

WASHINGTON, NORTH CAROLINA

JUNE 30, 2021

# Rebekah Barr, CPA PC

*Certified Public Accountant*

5422 Boswellville Road

Wilson, North Carolina 27893

Office: 252-230-6294 • Fax: 252-237-2426

Email: [contact@rbarrepa.com](mailto:contact@rbarrepa.com)

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

Board of Directors  
Washington Montessori, Inc.  
Washington, North Carolina

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 accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Washington Montessori, Inc. as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises Washington Montessori, Inc.'s basic financial statements and have issued our report thereon dated September 23, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Washington Montessori, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Washington Montessori, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Washington Montessori, Inc.'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 School'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 the internal control over financial reporting 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 Washington Montessori, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this report

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



Rebekah Barr, CPA PC  
Certified Public Accountant  
Wilson, North Carolina

September 23, 2021

# Rebekah Barr, CPA PC

*Certified Public Accountant*

5422 Boswellville Road

Wilson, North Carolina 27893

Office: 252-230-6294 • Fax: 252-237-2426

Email: [contact@rbarrcpa.com](mailto:contact@rbarrcpa.com)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB UNIFORM GUIDANCE; AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Board of Directors  
Washington Montessori, Inc.  
Washington, North Carolina

## **Report on Compliance for Each Major State Program**

We have audited Washington Montessori, Inc.'s compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on its major State program for the year ended June 30, 2021. Washington Montessori, Inc.'s major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major State program.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Washington Montessori, Inc.'s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in and applicable sections of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Washington Montessori, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Washington Montessori, Inc.'s compliance.

### ***Opinion on Each Major State Program***

In our opinion, the Washington Montessori, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of the Washington Montessori, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Washington Montessori, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

  
\_\_\_\_\_  
Rebekah Barr, CPA PC  
Certified Public Accountant  
Wilson, North Carolina

September 23, 2021



WASHINGTON MONTESSORI, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

SECTION II. -- FINANCIAL STATEMENT FINDINGS

None reported

SECTION III. -- STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

WASHINGTON MONTESSORI, INC.  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2021

SECTION II. -- FINANCIAL STATEMENT FINDINGS

None reported

SECTION III. -- STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

WASHINGTON MONTESSORI, INC.  
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021

There were no prior year audit findings.

WASHINGTON MONTESSORI, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE/ PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
FEDERAL GRANTS:			
CASH ASSISTANCE			
<u>US Department of Education</u>			
Passed Through the North Carolina Department of Public Instruction:			
Improving Teacher Quality	84.367A	PRC 103	\$ -
Special Education Cluster:			
Idea VI-B Handicapped	84.027-CL	PRC 060	61,882
Idea VI-B Targeted Assistance	84.027-CL	PRC 118	491
Total Special Education Cluster			<u>62,373</u>
TOTAL FEDERAL CASH ASSISTANCE			<u>62,373</u>
NC STATE GRANTS:			
CASH ASSISTANCE			
<u>NC Department of Public Instruction</u>			
Summer Reading Program		PRC 016	1,291
State Public School Funds		PRC 036	2,784,876
CRF - Summer Learning		PRC 121	16,500
CRF - Remote Instruction		PRC 123	781
CRF - Student Computers and Devices		PRC 124	19,716
CRF - Personnel Computers and Devices		PRC 126	8,660
CRF - Services for Exceptional Children		PRC 132	5,276
CRF - Cybersecurity		PRC 135	2,000
CRF - Personal Protective Equipment		PRC 137	<u>8,013</u>
TOTAL NC STATE CASH ASSISTANCE			<u>2,847,113</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 2,909,486</u>

Notes to the Schedule of Expenditures of Federal and State Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Washington Montessori Public Charter School under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Washington Montessori Public Charter School, it is not intended to and does not present the financial position, changes in net position, or cash flows of Washington Montessori Public Charter School.

Note 2: Indirect Costs

The School has not elected to charge a 10 percent de minimis indirect cost rate to its grants and has not elected to obtain a federal indirect cost rate.

Note 3: Summary of Significant Accounting Policies

Expenditures reported in the schedule of expenditures of federal and state awards are reported on the accrual basis of accounting.