

TAPESTRY PUBLIC CHARTER SCHOOL

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TAPESTRY PUBLIC CHARTER SCHOOL, INC.

TABLE OF CONTENTS

	Page
I. Financial Section	
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position as of June 30, 2020	11
Statement of Activities for the Year Ended June 30, 2020	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds as of June 30, 2020	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position as of June 30, 2020	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds for the Year Ended June 30, 2020	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities for the Year Ended June 30, 2020	16
Notes to the Basic Financial Statements	17
Supplemental Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual for the Year Ended June 30, 2020	31
Schedule of Contributions to Teachers Retirement System of Georgia for the years ended June 30, 2020, 2019, 2018, 2017	32
Schedule of Proportionate Share of the Net Pension Liability for the years ended June 30, 2020, 2019, 2018, 2017	33
Schedule of State Revenue	34

TAPESTRY PUBLIC CHARTER SCHOOL, INC.

TABLE OF CONTENTS - CONTINUED

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



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Tapestry Public Charter School:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Tapestry Public Charter School (a nonprofit organization) (the School) as of and for the year ended June 30, 2020, 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 and the major fund of Tapestry Public Charter School as of June 30, 2020, and the respective changes in financial position 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 management's discussion and analysis on pages 4-10, budgetary comparison information on page 31, and contributions to Teachers Retirement System of Georgia on page 32 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2020 on our consideration of the School'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 the School's internal control over financial reporting and compliance.

Sharon C. McKelvey, CPA, LLC

Decatur, Georgia
October 28, 2020

TAPESTRY PUBLIC CHARTER SCHOOL MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Tapestry Public Charter School's (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2020, are as follows:

- Total net position decreased \$811,514 from fiscal year 2019. This total decrease was due to governmental activities since the School has no business-type activities.
- Program specific revenues in the form of grants and contributions accounted for \$5,105,107 or 99 % percent of total revenues.
- The School had \$5,995,867 in expenses related to governmental activities; these expenses were fully not offset by operating grants and contributions.
- The General Fund had \$5,184,353 in revenues.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Tapestry Public Charter School as a financial whole, or as an entire operating entity.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School; present both an aggregate view of the School's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. Tapestry Public Charter School only operates a single fund, the General Fund.

TAPESTRY PUBLIC CHARTER SCHOOL
MANAGEMENT’S DISCUSSION AND ANALYSIS – CONTINUED

Reporting the School as a Whole

Statement of Net Position and Statement of Activities

The view of the School as a whole looks at all financial transactions and asks the question, “How did we do financially during fiscal year 2020?” The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include *all assets and all liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School’s *net position* and changes in those assets. This change in net position is important because it tells the reader whether, for the School as a whole, the *financial position* of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the School’s Full Time Equivalent (FTE) for student, facility conditions, required educational program and other factors.

In the Statement of Net Position and the Statement of Activities, the School has one distinct type of activity:

Governmental Activities-All of the School’s programs and services are reported here including instruction and support services.

Reporting the School’s General Fund

Fund Financial Statements

Fund financial reports provide detailed information about the School’s major fund. The School uses one governmental fund, the General Fund, to account for a multitude of financial transactions.

Governmental Funds: All of the School’s activities are reported in governmental funds, which focus on how money flows into and out of the General Fund and the balances left at year-end available for spending in future periods. The General Fund is reported using an accounting method called *modified accrual accounting*, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

TAPESTRY PUBLIC CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

The School as a Whole

The perspective of the Statement of Net Position is of the School as a whole. Table 1 provides a summary of the School's net position for fiscal year 2020.

	<u>2020</u>
Assets	
Current and other assets	\$ 2,624,702
Capital assets	<u>4,288,319</u>
Total assets	<u>6,913,021</u>
Deferred outflows of resources:	
Pension contributions	<u>2,835,217</u>
Total assets and deferred outflows of resources	<u>\$ 9,748,238</u>
Liabilities	
Other liabilities	\$ 347,102
CARES Act Payroll Protection Program Loan	872,250
Long-term liabilities	3,543,985
Proportionate share of collective pension liability	<u>4,962,609</u>
Total liabilities	<u>9,725,946</u>
Deferred inflows of resources	
Related to defined benefit pension plan	119,646
Net position	
Invested in capital assets, net of related liabilities	4,288,319
Unassigned	<u>(4,385,673)</u>
Total net position	<u>(97,354)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 9,748,238</u>

TAPESTRY PUBLIC CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

Table 2 shows the change in net position for fiscal year 2020.

Table 2
Change in Net Position

	Governmental Activities 2020
Revenues	
Program revenues	
Operating grants and contributions	\$ 5,105,107
General revenues:	
Contributions - general	45,256
Other	33,990
Total revenues	<u>5,184,353</u>
Expenses	
Instruction	4,134,438
Supporting services:	
Pupil services	409,158
Improvement of instructional services	73,125
Education media services	23,073
School administration	707,578
General administration	2,939
Support services - business	104,607
Maintenance and operation of plant services	295,822
Food services operation	41,239
Federal grant administration	110,295
Debt service	512
Grant expenditures	93,081
Total expenses	<u>5,995,867</u>
Change in net position	(811,514)
Net position, beginning of year	<u>714,160</u>
Net position, end of year	<u>\$ (97,354)</u>

TAPESTRY PUBLIC CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

Governmental Activities

Instruction comprises 68% percent of governmental program expenses.

The Statement of Activities shows the cost of program services and the grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services, that is, it identifies the cost of these services supported by investment earnings and miscellaneous revenues.

Table 3
Governmental Activities

	2020	
	Total Cost of Services	Net Cost of Services
Instruction	\$ 4,134,438	\$ (614,222)
Supporting services:		
Pupil services	409,158	(60,785)
Improvement of instructional services	73,125	(10,864)
Education media services	23,073	(3,428)
School administration	707,578	(105,119)
Support services - business	104,607	(15,541)
Maintenance and operation of plant services	295,822	(43,948)
Food services operation	41,239	(6,127)
Federal grant administration	110,295	(16,386)
General administration	2,939	(437)
Grant expenditures	93,081	(13,828)
Debt service	512	(76)
Total expenses	<u>\$ 5,995,867</u>	<u>\$ (890,761)</u>

The School's Funds

The School's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$5,184,353 and expenditures of \$5,995,866. The General Fund's fund balance decreased by \$(811,514).

TAPESTRY PUBLIC CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

General Fund Budgeting Highlights

The School's budget is for the General Fund. During the course of the fiscal year 2020, the School did have amendments to its General Fund budget. The budgeting systems are designed to tightly control cost yet provide flexibility.

Actual revenues of \$5,184,353 came in less than the budgeted amount by \$123,300. The actual expenditures of \$5,995,867 were more than the budgeted amount by \$816,908. Expenses exceeded revenues by \$811,514.

Capital assets

At the end of fiscal year 2020, the School had invested in capital assets, all in governmental activities. The School acquired \$42,942 in capital assets during fiscal year 2020. Table 4 shows capital assets (net of depreciation) held at June 30, 2020.

Table 4
Capital Assets (Net of Depreciation)

	Governmental Activities
	2019
Building	\$ 2,651,117
Land	1,500,000
Equipment, furniture and fixtures	137,202
	<u>\$ 4,288,319</u>

Additional information on the School's capital assets can be found in Note 5 of the footnotes to the financial statements.

Long-term Liabilities

The School received a conditional grant/loan to purchase a school building in April 2015. The conditional grant/loan was for up to \$3,734,000 to accommodate additional cost of repairs.

The condition of the grant was if the School was able to renew their charter for the period July 1, 2019 through June 30, 2024, the note holder would forgive the debt. The loan would accrue at no interest through July 31, 2019 as long as no Event of Default occurred. Commencing on August 1, 2019, interest was to accrue at 5% and the School was to make monthly payments based on a 15-year maturity.

TAPESTRY PUBLIC CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

Long-term Liabilities – continued

The School's charter was renewed through June 30, 2022, not through June 30, 2024. As of June 30, 2019, the note holder suspended the payments, for 12 months, that were to commence on August 1, 2019. As of June 30, 2020, the note holder suspended the payments, for 12 months, that were to commence on August 1, 2020.

Current Issues

The School's current operating Full Time Equivalent (FTE) is based on 260 students. The current enrollment is 260 students. The school opened in 2014 with grades six through eight and have added a grade level each year. As of June 30, 2020, the School was serving grades six through twelve. Despite challenges of being a charter school, the School's management and Board are committed to continue to effectively and prudently manage the available resources to provide quality educational opportunities for all of the School's students.

Contacting the School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Treasurer at Tapestry Public Charter School, 3130 Raymond Drive, Atlanta, Georgia 30340.

TAPESTRY PUBLIC CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Assets:	
Cash	\$ 2,330,603
Restricted cash for program purposes	22,713
Receivables:	
Intergovernmental: State	41,072
Other receivables	219,394
Other asset	10,920
Capital assets (depreciable, net of accumulated depreciation)	4,288,319
Total assets	<u>6,913,021</u>
Deferred outflows of resources:	
Pension contributions	<u>2,835,217</u>
Total deferred outflows of resources	<u>2,835,217</u>
Total assets and deferred outflows of resources	<u>\$ 9,748,238</u>
LIABILITIES AND NET POSITION	
Liabilities:	
Accounts payable and accrued expenses	\$ 347,102
CARES Act Payroll Protection Program loan	872,250
Proportionate share of collective net pension liability	4,962,609
Mortgage payable	3,543,985
Total liabilities	<u>9,725,946</u>
Deferred inflows of resources:	
Pension contributions	<u>119,646</u>
Total deferred inflows of resources	<u>119,646</u>
Net position:	
Invested in capital assets, net of related liabilities	4,288,319
Unassigned	<u>(4,385,673)</u>
Total fund balances	<u>(97,354)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 9,748,238</u>

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

TAPESTRY PUBLIC CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Expenses and Changes in Net Position</u>
<u>Governmental Activities</u>			
Instruction	\$ 4,134,438	\$ 3,472,365	\$ (662,073)
Support services			
Pupil services	409,158	348,373	(60,785)
Improvement of instructional services	73,125	62,261	(10,864)
Education media services	23,073	19,645	(3,428)
School administration	707,578	602,459	(105,119)
Support services - business	104,607	89,066	(15,541)
Maintenance and operation of plant services	295,822	188,441	(107,381)
Food services operation	41,239	35,112	(6,127)
Federal administration	110,295	93,909	(16,386)
General administration	2,939	2,502	(437)
Debt service	512	436	(76)
Grant expenditures	93,081	190,538	97,457
Total governmental activities	\$ 5,995,867	\$ 5,105,107	(890,760)
		General revenues:	
		Contributions - general	45,256
		Other	33,990
		Total general revenues	79,246
		Change in net position	(811,514)
		Net position - beginning	714,160
		Net position - ending	\$ (97,354)

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

TAPESTRY PUBLIC CHARTER SCHOOL
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General Fund</u>
ASSETS	
Assets:	
Cash	\$ 2,330,603
Restricted cash for program purposes	22,713
Receivables:	
Intergovernmental:State	41,072
Other receivables	219,394
Other asset	<u>10,920</u>
Total assets	\$ <u><u>2,624,702</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued expenses	\$ 346,102
CARES Act Payroll Protection Program loan	<u>872,250</u>
Total liabilities	<u>1,218,352</u>
Fund balances:	
Unassigned	<u>1,405,350</u>
Total fund balances	<u>1,405,350</u>
Total liabilities and fund balances	\$ <u><u>2,623,702</u></u>

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

TAPESTRY PUBLIC CHARTER SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total fund balances - governmental funds	\$	1,405,350
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Amounts reported for governmental activities in the
statement of net position are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported
in the funds. These assets consist of:

Depreciable, net of accumulated depreciation	\$	4,288,319	
Total capital assets			4,288,319

Deferred outflows of resources related to pensions
are applicable to future periods and, therefore,
are not reports in funds:

Deferred outflows of current year contributions related to pension			2,835,217
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Some liabilities, including net pension obligations are not
due and payable in the current period and accordingly
are not report in the governmental funds:

Proportionate share of collective pension liability	(4,962,609)		
Mortgage payable	(3,543,985)		(8,506,594)

Deferrrd inflows of resources related to pensions are
applicable to future periods and , therefore, are
not reported in funds:

Deferred inflows of current year contributions related to pension			(119,646)
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Net position of governmental activities	\$	(97,354)
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The accompanying notes are an integral part of these financial statements.

TAPESTRY PUBLIC CHARTER SCHOOL
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>
Revenues	
Governmental grants	\$ 116,593
Local funding	4,899,791
Fees for services	33,723
Contributions - general	100,256
Miscellaneous	33,990
Total revenues	<u>5,184,353</u>
Expenses	
Current	
Instruction	3,287,322
Pupil services	340,343
Improvement if instructional services	73,125
Education media services	19,881
School administration	585,011
Support services- business	104,607
Maintenance and operation of plant	138,735
Food service operation	41,239
Federal grant administration	89,034
General administration	2,939
Debt service	512
Restricted grant expenditures	223,783
Capital outlay	42,941
Total expenditures	<u>4,949,472</u>
Excess of expenditures over revenues/net change in fund balances	<u>234,881</u>
Fund balances, beginning of year	<u>1,170,469</u>
Fund balances, end of year	<u>\$ 1,405,350</u>

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

TAPESTRY PUBLIC CHARTER SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Total net change in fund balances - governmental funds	\$	234,881
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Amounts reported for governmental activities in the
statement of activities are different because:

Capital outlays are reported as expenditures in
governmental funds. However, in the
statement of activities, the cost of capital
assets allocated over their estimated useful
lives as period, depreciation expense. In the
current these amounts are:

Capital outlay	\$	42,942	
Depreciation expense		<u>(130,701)</u>	
Total capital assets			<u>(87,759)</u>

Governmental funds reports school pension
contributions as expenditures. However,
in the statement of activities, the cost of
pension benefits earned net of employee
contributions is recorded as pension expense:

School pension contributions		(958,636)
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Changes in net position of governmental activities	\$	<u><u>(811,514)</u></u>
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The accompanying notes are an integral part of these financial statements.

TAPESTRY PUBLIC CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

1. Description of School and Reporting Entity

Reporting Entity

Tapestry Public Charter School incorporated in DeKalb County, Georgia, was formed in 2012 to operate a public charter school in Georgia. The mission of the School is to offer an inclusive, individualized learning environment that is academically engaging, both for neurotypical students and those on the autism spectrum, and to create a positive school culture that empowers all students to take possession of their innate talents and become creative builders of their own future.

Tapestry Public Charter School's charter was renewed in 2019 by the Georgia Board of Education through June 30, 2022.

2. Summary of Significant Accounting Policies

Basis of Presentation

The School's basic financial statements are collectively comprised of the government-wide financial statements, fund financial statements and notes to the basic financial statements of the School.

Government-Wide Statements:

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall School. Governmental activities generally are financed through intergovernmental revenue, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues 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 expenses (expenses of the School related to the administration and support of the School's programs, such as office and maintenance personnel and accounting) are not allocated to programs.

TAPESTRY PUBLIC CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

2. Summary of Significant Accounting Policies – Continued

Basis of Presentation – Continued

- Program revenues include (a) 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.

In the Statement of Net Position, equity is reported as net position and consists of amounts invested in capital assets, amounts restricted by outside parties for specific purposes and unrestricted amounts.

Fund Financial Statements:

The fund financial statements provide information about the School's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School reports only one major governmental fund:

- General Fund is the School's primary operating fund. It accounts for all financial resources of the School.

Basis of Accounting/Measurement Focus

The basis of accounting determines when transactions are reported on the financial statements. The Government-wide governmental activities are reported using the economic resources measurement focus and 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. On an accrual basis, revenues are recognized in the fiscal year in which they are earned. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The School uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

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 they are collected within thirty days after year-end.

TAPESTRY PUBLIC CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

2. Summary of Significant Accounting Policies – Continued

Basis of Accounting/Measurement Focus – Continued

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The School funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the School's policy to first apply grant resources to such programs, followed by cost-reimbursement grants, then general revenues.

Cash: Composition of Deposits

Cash consists of cash on hand and demand deposits.

Receivables

Receivables consist of amounts due from the various entities disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the basic financial statements do not include any amounts which would necessitate the need for an allowance for uncollectible receivables.

The State of Georgia reimburses the local school systems for teachers' salaries and operating costs through the Quality Basic Education Formula Earnings program (QBE).

Capital Assets

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the School-wide financial statements, all purchased capital assets are valued at cost. Donated capital assets are recorded at estimated fair market value on the date donated. Disposals are deleted at depreciated recorded cost. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized.

Depreciation is computed using the straight-line method. The School does not capitalize book collections or works of art. Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives.

TAPESTRY PUBLIC CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

2. Summary of Significant Accounting Policies – Continued

Capital Assets – Continued

Capitalization thresholds and estimated useful lives of capital assets reported in the School-wide statements are as follows:

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Leasehold improvements	\$5,000	5-7 years
Furniture and fixtures	\$5,000	5-7 years
Equipment and software	\$5,000	3-5 years

Deferred Inflow 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 only one item that meets the criterion for this category – pension contributions. 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 both deferred inflows and deferred outflows of resources related to pensions. See Note 7 for a detail of these items.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Retirement System of Georgia (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

TAPESTRY PUBLIC CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

2. Summary of Significant Accounting Policies – Continued

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance - The School recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the School and is fiscally advantageous for both the School and the taxpayer. The policy adopted establishes guidance concerning the desired level of year end fund balance to be maintained by the School and the management of fund balance levels and is applicable only to the General Fund of the School.

Fund balance is a measurement of available financial resources defined as the difference between total assets and total liabilities in each fund.

The Governmental Accounting Standards Board (GASB) Statement 54 distinguishes fund balance classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

Non spendable– Fund balance reported as “non spendable” represents fund balance associated with inventory, prepaid items, long-term amounts of loans and notes receivable, property held for resale (however, if the use of the proceeds from the collection of receivables or sale of the property is restricted, committed, or assigned, then the receivables or property should be reported in those categories), and corpus of a permanent fund (legally/contractually required to be maintained).

Restricted – Fund balance reported as “restricted” represents amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources (such as bond resolutions and covenants and grant agreements).

Committed – Fund balance reported as “committed” includes amounts that can be used only for the specific purposes determined by a formal action of the Board. The Board as the highest level of decision-making authority will have the sole authority to commit fund balance. Constraints can be removed or changed only by the Board. Actions to constrain resources should occur prior to the end of the School’s fiscal year, though the exact amount may be determined subsequently.

TAPESTRY PUBLIC CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

2. Summary of Significant Accounting Policies – Continued

Fund Equity – Continued

Assigned – Fund balance reported as “assigned” represents amounts intended to be used for specific purposes, but not meeting the criteria to be reported as committed or restricted fund balance. The intent is expressed either by the Board or a high-level body (budget or finance committee) or individual authorized by the Board. If these funds should have a deficit fund balance, those deficits are required to be reported as unassigned fund balance. The Board will have the authority under this policy to assign funds for a particular purpose.

Unassigned – Fund balance reported as “unassigned” represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications. The Board will strive to maintain an unassigned fund balance in the General Fund of between 5% -15% based upon annual budgeted expenditures. The balance may be drawn down in the event of an unexpected decrease in state funding.

If expenditures incurred exceed the amounts that have been restricted, committed, and assigned to a specific purpose and results in a negative residual amount for that specific purpose, amounts assigned to other purposes in that governmental fund are reduced to eliminate the deficit.

The School applies restricted resources first when an expenditure/expense is incurred for purposes for which both restricted and unrestricted equity is available.

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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TAPESTRY PUBLIC CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

2. Summary of Significant Accounting Policies – Continued

Funding and Economic Dependency

The School receives funding from the State Board of Education and DeKalb County School District (DCSD). This funding is based on the State of Georgia reimbursements to DCSD for teachers' salaries and operating costs through the Quality Basic Education (QBE) Formula Earnings program, in addition to allocation of revenues raised from local property taxes and other sources. The School also receives donations from private individuals and organizations. The School's total support and revenue from the State Board of Education and DeKalb County School District amounted to 95% of the School's total revenue for the year ended June 30, 2020.

Income Taxes

In 2013, the School received notification of its exempt status under Internal Revenue Code Section 501(c)(3). Accordingly, no provision or benefit for federal and state income taxes has been recorded in the accompanying financial statements. The School believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions that are material to the financial statements. With few exceptions, the School is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for the previous three years.

3. Stewardship, Compliance and Accountability

The School adopts an annual budget for its General Fund. The budget is prepared in accordance with provisions of the Quality Basic Education Act, OCGA Section 20-2-167 and in accordance with U.S. generally accepted accounting principles. After the School has tentatively adopted the budget, amendments or revisions are presented to the Board as needed. Although the tentatively adopted budget is not advertised in a newspaper, it is publicly available.

TAPESTRY PUBLIC CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

4. Deposits

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the School will not be able to recover deposits that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

The School maintains several bank accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances were in excess of the FDIC insured level by \$2,103,316 as of June 30, 2020. The School's bank participates in the State of Georgia secure deposit program. The program ensures that bank balances above the FDIC insured limit of \$250,000 are protected under the Georgia State Pledging Pool. Under this program, participating banks pool collateral against its entire portfolio of public deposits instead of pledging to each depositor. A policy of depositing all such funds in banks of significant financial strength is maintained. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

5. Capital Assets

The following is a summary of the changes in capital assets during the fiscal year:

	Balances <u>July 1, 2019</u>	<u>Increases</u>	Balances <u>June 30, 2020</u>
Governmental Activities:			
Capital assets being depreciated:			
Building	\$ 2,883,012	\$ -	\$ 2,883,012
Equipment, furniture and fixtures	<u>255,631</u>	<u>42,941</u>	<u>298,572</u>
Total capital assets being depreciated	<u>3,138,643</u>	<u>42,941</u>	<u>3,181,584</u>
Less accumulated depreciation for:			
Building	181,169	74,501	255,670
Equipment, furniture and fixtures	<u>74,972</u>	<u>56,200</u>	<u>131,172</u>
Total accumulated depreciation	<u>256,141</u>	\$ <u>130,701</u>	<u>386,842</u>
Total capital assets being depreciated, net	<u>2,882,502</u>	<u>(87,760)</u>	<u>2,794,742</u>
Capital assets not being depreciated - Land	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>
Governmental activity capital assets, net	\$ <u><u>4,382,502</u></u>	<u>(87,760)</u>	\$ <u><u>4,294,742</u></u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 56,200
Maintenance and operation of plant services	<u>74,501</u>
	\$ <u><u>130,701</u></u>

TAPESTRY PUBLIC CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

6. Grant Receivables

The School receives a portion of its funding from U.S. Department of Education grants which are awarded and managed through the Georgia State Board of Education. As these grants are reimbursement grants, the School's ability to collect amounts due is affected by the State's acceptance of reimbursable expenses

7. Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; job related illness or injuries to employees; and acts of God.

The School has obtained commercial insurance for risk of loss associated with torts, assets, errors or omissions, job related illness or injuries to employees and acts of God. The School has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the School's insurance coverage in the past year.

8. Significant Contingent Liabilities

Amounts received or receivable principally from the Federal government are subject to audit and review by grantor agencies. This could result in requests for reimbursement to the grantor agency for any costs which are disallowed under grant terms. The School believes that such disallowances, if any, will be immaterial to its overall financial position.

9. Retirement Benefits

General Information about the Teachers Retirement System

Plan description: All teachers of the School as defined in §47-3-60 of the Official Code of Georgia Annotated (O.C.G.A.) are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at www.trsga.com/publications.

TAPESTRY PUBLIC CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

9. Retirement Benefits – Continued

General Information about the Teachers Retirement System – Continued

Benefits provided: TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60.

Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2020. The School's contractually required contribution rate for the year ended June 30, 2020 was 21.14% of annual school payroll. School contributions to TRS were \$ for the year ended June 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the School reported a net pension liability of \$3,543,985 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 was determined using standard roll-forward techniques. The School's proportion of net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2019. As of June 30, 2019, the School's proportion was 0.0123079% which was an increase of 0.001062% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School recognized no pension expense. School contributions subsequent to the measurement date of \$668,448 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

TAPESTRY PUBLIC CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

9. Retirement Benefits – Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publicly available at www.trsga.com/publications.

At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to pension from TRS:

	Defererd Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 279,718	\$ 1,471
Changes of assumptions	476,227	-
Net difference between projected and actual earnings on pension plan investments	-	118,175
Changes in proportion and differences between School contributions and proportionate share of contributions	1,400,777	-
School contributions subsequent to the measurement date	678,495	-
	-	-
Total	\$ 2,835,217	\$ 119,646

TAPESTRY PUBLIC CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

9. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

School contributions subsequent to the measurement date of \$ 668,448 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	874,521
2022	512,512
2023	378,454
2024	271,589
2025	-
Thereafter	-

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate: The following represents the School's proportionate share of the Net Pension Liability calculated using the discount rate of 7.25, as well as what the School's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.250%) than the current rate:

	1% Decrease (6.25%)	Current discount rate (7.25%)	1% Increase (8.25%)
School's proportionate share of the net pension liability	\$8,055,767	\$4,962,609	\$2,418,934

TAPESTRY PUBLIC CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

10. Related Party Transactions

During the year ended June 30, 2020, no member of the faculty was a member of the immediate family of a member of the Board of Directors.

11. Lawsuit

Prior to June 30, 2020, seven DeKalb County Charter Schools, of which Tapestry Public Charter School is one, received notification from the DeKalb County Board of Education (DCBE) and Georgia Department of Education (GDOE) that their funding for the 2020-2021 school year would be approximately 30% less than their funding for the 2019-2020 school year. On August 17, 2020, the seven DeKalb County Charter Schools filed a lawsuit against DCBE and GDOE for breach of contract.

12. CARES Act Payroll Protection Program Loan

The School received for a Payroll Protection Loan in May 2020 under the CARES Act in the amount of \$872,250. There is a six-month deferment period. The interest rate after the deferment period is 1%. The School can apply for forgiveness of this loan by spending the funds on qualified expenditures. As of June 30, 2020, the School has not applied for forgiveness; therefore, the loan is properly considered to be a loan and not as income.

13. Subsequent Events

The Organization has evaluated subsequent events through October 28, 2020, the date the financial statements were available to be issued.

14. Mortgage Payable

The School received a conditional grant/loan to purchase a school building in April 2015. The conditional grant/loan was for up to \$3,734,000 to accommodate additional cost of repairs.

The condition of the grant was if the School was able to renew their charter for the period July 1, 2019 through June 30, 2024, the note holder would forgive the debt. The loan would accrue at no interest through July 31, 2019 as long as no Event of Default occurred. Commencing on August 1, 2019, interest was to accrue at 5% and the School was to make monthly payments based on a 15-year maturity.

The School's charter was renewed through June 30, 2022, not through June 30, 2024. As of June 30, 2019, the note holder suspended the payments, for 12 months, that were to commence on August 1, 2019. As of June 30, 2020, the note holder suspended the payments, for 12 months, that were to commence on August 1, 2020.

TAPESTRY PUBLIC CHARTER SCHOOL



SUPPLEMENTAL INFORMATION

TAPESTRY PUBLIC CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance
Revenues			
Federal grants	\$ -	- \$	-
State and local funding	4,921,004	5,016,384	95,380
Contributions - general	340,200	100,256	(239,944)
Other	46,448	67,713	21,265
Total revenues	<u>5,307,652</u>	<u>5,184,353</u>	<u>(123,299)</u>
Expenditures			
Current			
Instruction	3,550,198	4,134,438	(584,240)
Pupil services	322,525	409,158	(86,633)
Improvement of instructional services	78,961	73,125	5,836
Educational media services	21,006	23,073	(2,067)
Federal grant administration	88,551	110,295	(21,744)
School administration	625,416	707,578	(82,162)
General administration	3,388	2,939	449
Support services - business	84,059	104,607	(20,548)
Maintenance and operation of plant	311,239	295,822	15,417
Food service operation	47,618	41,239	6,379
Support services - central	1,500	-	1,500
Debt service	-	512	(512)
Grant expenditures	-	93,080	
Capital outlay	44,500	-	44,500
Total expenditures	<u>5,178,961</u>	<u>5,995,866</u>	<u>(723,825)</u>
Net change in fund balances	\$ <u>128,691</u>	\$ <u>(811,513)</u>	\$ <u>(847,124)</u>

1. Notes to the Statements of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual

The accompanying statements of revenue, expenditures, and changes in fund balances budget and actual is presented on a modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

TAPESTRY PUBLIC CHARTER SCHOOL
SCHEDULE OF CONTRIBUTIONS TO
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE YEAR ENDED JUNE 30, 2020, 2019, 2018, 2017

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 668,448	\$ 588,671	\$ 411,493	\$ 296,430
Contributions in relation to the contractually required contribution	<u>668,448</u>	<u>588,671</u>	<u>411,493</u>	<u>296,430</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	3,162,004	2,816,610	2,447,906	2,077,295
Contribution as a percentage of covered-employee payroll	21.14%	20.90%	16.81%	14.27%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

1. Notes to the Schedule of Contributions to Teachers Retirement System of Georgia

Changes of Assumptions

In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

On November 18, 2015, the TRS Board adopted recommended changes to the economic and demographic assumptions utilized by the School, Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to RP-2000 White Collar Mortality Tables with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

TAPESTRY PUBLIC CHARTER SCHOOL
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020, 2019, 2018, 2017

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School's proportion of the pension liability	0.023079%	0.020276%	0.017455%	0.017455%
School's proportionate share of the net pension liability	4,962,609	3,763,660	3,244,066	2,093,646
School's covered-employee payroll during the measurement period	3,162,004	2,816,610	2,447,906	2,077,295
School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	156.95%	133.62%	132.52%	100.79%
Plan fiduciary net position as a percentage of the total pension liability	78.56%	80.27%	79.33%	76.06%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available

TAPESTRY PUBLIC CHARTER SCHOOL
SCHEDULE OF STATE REVENUE
FOR THE YEAR ENDED JUNE 30, 2020

Education, Georgia Department of Quality

Basic Education:

QBE 003

\$ 4,899,791



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*

To the Board of Trustees
Tapestry Public Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tapestry Public Charter School as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Tapestry Public Charter School's basic financial statements, and have issued our report thereon dated October 28, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tapestry Public Charter School'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 the Tapestry Public Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tapestry Public Charter School's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tapestry Public Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Sharon C. McKelvey, CPA, LLC". The signature is written in a cursive, flowing style.

Sharon C. McKelvey, CPA, LLC
October 28, 2020