

ATLANTA HEIGHTS CHARTER SCHOOL, INC.



Financial Statements as of and for the Year Ended June 30, 2015, Required Supplemental Information and Additional Information for the Year Ended June 30, 2015, Federal Awards Supplemental Information for the Year Ended June 30, 2015 and Independent Auditor's Reports

ATLANTA HEIGHTS CHARTER SCHOOL, INC.

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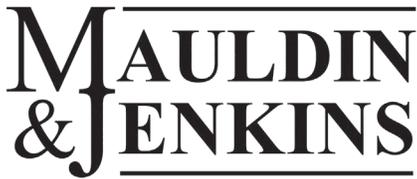
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ATLANTA HEIGHTS CHARTER SCHOOL, INC.

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INDEPENDENT AUDITOR'S REPORT

**To the Members of the Board
of Atlanta Heights Charter School, Inc.
Atlanta, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of **Atlanta Heights Charter School, Inc.** (the "School"), as of and for the fiscal year ended June 30, 2015, 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 opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the School, as of June 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the fiscal year then ended 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 and the General Fund budgetary comparison schedule on pages 4-9 and 22 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The budgetary comparison schedule – school service fund, the statement of revenues – General Fund, and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule – school service fund, statement of revenues – General Fund, and the schedule of expenditures of federal awards (the "supplementary information") is the responsibility of management and was derived from and relate 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 supplementary information is 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 29, 2015 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 29, 2015

ATLANTA HEIGHTS CHARTER SCHOOL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

This section of the annual financial report for Atlanta Heights Charter School, Inc. (the "School") provides an overview of the School's financial activities for the fiscal year ended June 30, 2015. It should be read in conjunction with the financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School financially as a whole. The School-wide financial statements provide information about the activities of the whole School, presenting 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 activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School's operations in more detail than the School-wide financial statements by providing information about the School's significant fund (the "General Fund").

Management's Discussion and Analysis
(Required Supplemental Information)

Basic Financial Statements

School-wide Financial Statements Fund Financial Statements

Notes to Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for the General Fund

(Additional Information)
Statement of Revenues — General Fund

Reporting the School as a Whole — School-wide Financial Statements

One of the most important questions asked about the School is, "As a whole, what is the School's financial condition as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the School's financial statements, report information on the School as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources (if any), deferred inflows of resources (if any), and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

The School's Statement of Net Position – the difference between assets and liabilities, as reported in the Statement of Net Position – is one way to measure the School's financial position. The relationship between revenues and expenses is the School's operating results. The School's goal is to provide services to our students, not to generate profits as private-sector companies do. One must consider nonfinancial factors, such as the quality of the education provided and the safety of the school, to assess the overall health of the School.

The Statement of Net Position and the Statement of Activities report the activities of the School, all of which are classified as governmental. These activities encompass all the School's services, including instruction, support services and food services. State aid (based on student count) and state and federal grants finance most of these activities. The School has entered into a services agreement (the "agreement") with National Heritage Academies, Inc. (NHA), which requires NHA to provide administration, strategic planning, and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the School operates. Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the School from all revenue sources.

Reporting the School's Fund Financial Statements

The School's fund financial statements provide information about the most significant funds – not the School as a whole. There are two parts to the fund financial statements: 1) the governmental funds statements; and 2) the proprietary funds statements.

Governmental Funds — All of the School's services, other than food service activities, are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual accounting. Only those revenues that are "measurable" and "currently available" are reported. Liabilities are recognized when incurred. The governmental fund statements provide a short-term view of the operations of the School and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations presented as part of the statements.

Proprietary Funds – The School's food service activities are reported in the School Food Service Fund. The proprietary funds are reported on the accrual basis. The School Food Service Fund had no net position at the end of the year.

The School as a Whole

Recall that the Statement of Net Position provides the perspective of the School as a whole. The table below provides a summary of the School's net position as of June 30:

	2015		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets	\$ 116,011	\$ 6,569	\$ 122,580
Capital assets, net of accumulated depreciation	<u>38,993</u>	<u>-</u>	<u>38,993</u>
Total assets	155,004	6,569	161,573
Liabilities - current	<u>64,047</u>	<u>6,569</u>	<u>70,616</u>
Net position:			
Invested in capital assets	38,993	-	38,993
Unrestricted	<u>51,964</u>	<u>-</u>	<u>51,964</u>
Total net position	<u>\$ 90,957</u>	<u>\$ -</u>	<u>\$ 90,957</u>
	2014		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets	\$ 611,444	\$ 4,448	\$ 615,892
Capital assets, net of accumulated depreciation	<u>43,801</u>	<u>-</u>	<u>43,801</u>
Total assets	655,245	4,448	659,693
Liabilities - current	<u>568,514</u>	<u>4,448</u>	<u>572,962</u>
Net position:			
Invested in capital assets	43,801	-	43,801
Unrestricted	<u>42,930</u>	<u>-</u>	<u>42,930</u>
Total net position	<u>\$ 86,731</u>	<u>\$ -</u>	<u>\$ 86,731</u>

The unrestricted net position of governmental activities represents the accumulated results of life to date operations. These assets can be used to finance day to day operations without constraints, such as legislative or legal requirements. The results of the current year operations for the School as a whole are reported in the statement of activities, which shows the change in net position.

The results of operations for the School as a whole are reported in the summarized Statement of Activities (below) which shows the changes in net position for the years ended June 30:

	2015		
	Governmental Activities	Business-Type Activities	Total
Revenues:			
State aid	\$ 2,729,951	\$ -	\$ 2,729,951
Operating grants	3,205,248	403,941	3,609,189
Charges for meals	-	5,652	5,652
Private sources - NHA	290,848	-	290,848
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Total revenues	6,226,047	409,593	\$ 6,635,640
Expenses—			
Contracted service fee:			
Instruction	2,857,928	-	2,857,928
Support services	3,336,937	-	3,336,937
Food services	-	431,741	431,741
Depreciation (unallocated)	4,808	-	4,808
	<hr/>	<hr/>	<hr/>
Total expenses	6,199,673	431,741	6,631,414
Transfers	(22,148)	22,148	-
Change in net position	<u>\$ 4,226</u>	<u>\$ -</u>	<u>\$ 4,226</u>

	2014		
	Governmental Activities	Business-Type Activities	Total
Revenues:			
State aid	\$ 2,357,220	\$ -	\$ 2,357,220
Operating grants	2,802,442	386,573	3,189,015
Charges for meals	-	7,936	7,936
Private sources - NHA	723,434	-	723,434
	<hr/>	<hr/>	<hr/>
Total revenues	5,883,096	394,509	\$ 6,277,605
Expenses—			
Contracted service fee:			
Instruction	2,772,225	-	2,772,225
Support services	3,035,881	-	3,035,881
Food services	-	419,517	419,517
Depreciation (unallocated)	3,045	-	3,045
	<hr/>	<hr/>	<hr/>
Total expenses	5,811,151	419,517	6,230,668
Transfers	(25,008)	25,008	-
Change in net position	<u>\$ 46,937</u>	<u>\$ -</u>	<u>\$ 46,937</u>

As reported in the Statement of Activities, the cost of governmental and business-type activities was \$6,631,414. These activities were primarily funded by the School's state aid (based on student count) and governments and organizations that subsidized certain programs with grants.

Revenues — Private sources — NHA represent a contribution by NHA for excess of School expenditures over public revenues available.

The School experienced an increase in net position of \$4,226 for the year ended June 30, 2015. Under the terms of the agreement, NHA provides a spending account to the board of directors for discretionary expenditures. The primary reason for the change in net position is the timing of these discretionary expenditures.

A reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of governmental fund to the statement of activities appears on page 13.

Fund Financial Statements

As we noted earlier, the School uses funds to help it control and manage money for particular purposes or as required by state law. Looking at funds helps the reader to consider whether the School is being accountable for the resources that the State and others provide to it and may provide more insight into the School's overall financial health.

The School's instruction and support services activities are reported in the General Fund. The School's combined fund balance for governmental funds \$51,964 at June 30, 2015.

A reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position appears on page 12.

General Fund Budgetary Highlights

Over the course of the year, the School revises its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

Budgeted revenues for the General Fund were increased by \$120,947 from the original budget. Revenues were changed to reflect an increase in other state sources, private sources, private sources from NHA, and a decrease in \$154,390. This change reflects the change in anticipated funding.

Capital Assets

At June 30, 2015, the School had \$38,993 invested in capital assets, primarily other equipment. Capital assets are substantially provided as a part of the agreement with NHA.

General Economic Factors and Next Year's Budgets

Our officials and administration consider many factors when setting the School's 2014-15 fiscal year budget. One of the most important factors affecting the budget is our student count. The state quality basic education funding is based on student count and the state funding formula. The 2015 budget was adopted in May 2015. Approximately 73% of total General Fund revenue is from state aid. As a result, School funding is heavily dependent on the state's ability to fund local school operations. Based on early enrollment data at the start of the 2016 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2016 budget. Once the final student count and related per pupil funding are validated, state law requires the School to amend the budget if actual School resources are not sufficient to fund original appropriations.

Contacting the School's Financial Management

The financial report is designed to provide users of the report with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report, contact the Chief Financial Officer of National Heritage Academies, Inc., 3850 Broadmoor SE, Ste. 201, Grand Rapids, MI 49512.

ATLANTA HEIGHTS CHARTER SCHOOL, INC.

STATEMENT OF NET POSITION JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS:			
Cash	\$ 71,467	\$ -	\$ 71,467
Due from governmental revenue sources	<u>44,544</u>	<u>6,569</u>	<u>51,113</u>
Total current assets	<u>116,011</u>	<u>6,569</u>	<u>122,580</u>
NON-CURRENT ASSETS:			
Capital assets	48,090	-	48,090
Less accumulated depreciation	<u>(9,097)</u>	<u>-</u>	<u>(9,097)</u>
Total capital assets, net of accumulated depreciation	<u>38,993</u>	<u>-</u>	<u>38,993</u>
TOTAL	<u>\$ 155,004</u>	<u>\$ 6,569</u>	<u>\$ 161,573</u>
LIABILITIES AND NET POSITION			
LIABILITIES:			
Unearned revenue	\$ -	\$ 1,446	\$ 1,446
Contracted service fee payable	<u>64,047</u>	<u>5,123</u>	<u>69,170</u>
Total liabilities	<u>64,047</u>	<u>6,569</u>	<u>70,616</u>
NET POSITION:			
Invested in capital assets	38,993	-	38,993
Unrestricted	<u>51,964</u>	<u>-</u>	<u>51,964</u>
Total net position	<u>90,957</u>	<u>-</u>	<u>90,957</u>
TOTAL	<u>\$ 155,004</u>	<u>\$ 6,569</u>	<u>\$ 161,573</u>

See notes to financial statements.

ATLANTA HEIGHTS CHARTER SCHOOL, INC

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	
FUNCTIONS/PROGRAMS —						
Governmental activities:						
Contracted service fee:						
Instruction	\$ 2,857,928	\$ -	\$ 2,591,826	\$ (266,102)	\$ -	\$ (266,102)
Support services	3,336,937	-	613,422	(2,723,515)	-	(2,723,515)
Depreciation (unallocated)	4,808	-	-	(4,808)	-	(4,808)
Total governmental activities	\$ 6,199,673	\$ -	\$ 3,205,248	\$ (2,994,425)	\$ -	\$ (2,994,425)
Business-type activities - contracted service fee - food service						
	\$ 431,741	\$ 5,652	\$ 403,941	\$ -	\$ (22,148)	\$ (22,148)
	\$ 6,631,414	\$ 5,652	\$ 3,609,189	\$ (2,994,425)	\$ (22,148)	\$ (3,016,573)
GENERAL PURPOSE REVENUES:						
State aid unrestricted				2,729,951	-	2,729,951
Private sources - NHA				290,848	-	290,848
Transfers				(22,148)	22,148	-
Total general purpose revenue				2,998,651	22,148	3,020,799
CHANGE IN NET POSITION						
				4,226	-	4,226
NET POSITION:						
Beginning of year				86,731	-	86,731
End of year				\$ 90,957	\$ -	\$ 90,957

See notes to financial statements.

ATLANTA HEIGHTS CHARTER SCHOOL, INC.

BALANCE SHEET — GOVERNMENTAL FUNDS JUNE 30, 2015

	Total Governmental Funds - General Fund
ASSETS	
Cash	\$ 71,467
Due from governmental revenue sources	44,544
TOTAL	<u>\$ 116,011</u>
LIABILITIES, DEREFFED INFLOWS OF RESOURCES AND FUND BALANCE	
LIABILITIES:	
Accounts payable	-
Contracted service fee payable	<u>\$ 59,443</u>
Total liabilities	<u>59,443</u>
DEFERRED INFLOWS OF RESOURCES:	
Unavailable revenue	<u>4,604</u>
Total liabilities and deferred inflows of resources	<u>64,047</u>
FUND BALANCE:	
Committed	35,945
Unassigned	<u>16,019</u>
Total fund balance	<u>51,964</u>
TOTAL	<u>\$ 116,011</u>

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

Total governmental fund balance		<u>\$ 51,964</u>
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Capital assets cost	\$ 48,090	
Accumulated depreciation	<u>(9,097)</u>	<u>38,993</u>
Due from governmental revenue sources not available to pay current period expenditures therefore deferred in the funds		<u>4,604</u>
Contracted service fee payable not due and payable in the current period and not reported in the funds		<u>(4,604)</u>
Net position of governmental activities		<u>\$ 90,957</u>

See notes to financial statements.

ATLANTA HEIGHTS CHARTER SCHOOL, INC.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES — GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

	Total Governmental Funds - General Fund
REVENUES:	
State aid	\$ 5,152,889
Other state sources	145,723
Federal sources	625,885
Private sources	18,096
Private sources - NHA	<u>290,207</u>
Total revenues	<u>6,232,800</u>
EXPENDITURES — Contracted service fee:	
Instruction	2,864,681
Support services	<u>3,336,937</u>
Total expenditures	<u>6,201,618</u>
REVENUES OVER EXPENDITURES	31,182
OTHER FINANCING USES — Operating Transfers out	<u>(22,148)</u>
NET CHANGE IN FUND BALANCE	9,034
FUND BALANCE — Beginning of year	<u>42,930</u>
FUND BALANCE — End of year	<u>\$ 51,964</u>

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to the Statement of Activities**

Net change in fund balance — total governmental funds	\$	9,034
Governmental funds report capital outlays as expenditures, in the statement of activities these costs are allocated over their useful lives as depreciation		
Depreciation	<u>(4,808)</u>	(4,808)
Revenue reported in the statement of activities that does not provide current financial resources and are not reported as revenue in the governmental funds		4,604
Revenue reported in the governmental funds as available and measurable — reported in the statement of activities in prior years		(12,000)
Contracted service fee recognized consistent with the revenue policy		<u>7,396</u>
Change in net position of governmental activities	\$	<u>4,226</u>

See notes to financial statements.

ATLANTA HEIGHTS CHARTER SCHOOL, INC.

STATEMENT OF NET POSITION — PROPRIETARY FUND YEAR ENDED JUNE 30, 2015

	School Food Service Fund
CURRENT ASSETS:	
Due from governmental revenue sources	\$ <u>6,569</u>
Total current assets	6,569
CURRENT LIABILITIES:	
Unearned revenue	1,446
Contracted service fee payable	<u>5,123</u>
NET POSITION — Unrestricted	<u>\$ -</u>

See notes to financial statements.

ATLANTA HEIGHTS CHARTER SCHOOL, INC.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION — PROPRIETARY FUND YEAR ENDED JUNE 30, 2015

	School Food Service Fund
OPERATING REVENUES — Charges for meals	\$ 5,652
OPERATING EXPENSES — Contracted service fee — food services	<u>431,741</u>
OPERATING LOSS	(426,089)
NONOPERATING REVENUES — Federal reimbursements	<u>403,941</u>
LOSS BEFORE TRANSFER	(22,148)
TRANSFERS FROM OTHER FUNDS	<u>22,148</u>
CHANGE IN NET POSITION	-
TOTAL NET POSITION — Beginning of year	<u>-</u>
TOTAL NET POSITION — End of year	<u><u>\$ -</u></u>

See notes to financial statements.

ATLANTA HEIGHTS CHARTER SCHOOL, INC.

STATEMENT OF CASH FLOWS — PROPRIETARY FUND YEAR ENDED JUNE 30, 2015

	School Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 5,820
Cash paid for goods and services	<u>(429,788)</u>
Cash flows used by operating activities	<u>(423,968)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Federal reimbursements	401,820
Transfer-payments for goods and services by the General Fund	<u>22,148</u>
Cash flows from noncapital financing activities	<u>423,968</u>
NET CHANGE IN CASH	-
CASH — Beginning of year	<u>-</u>
CASH — End of year	<u>\$ -</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES — Operating loss	\$ (426,089)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Increase in unearned revenue	168
Increase in contracted service fee payable	<u>1,953</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (423,968)</u>

See notes to financial statements.

ATLANTA HEIGHTS CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

1. NATURE OF OPERATIONS

Atlanta Heights Charter School, Inc. (the “School”) was incorporated on March 9, 2009, and began operations on July 1, 2010. The School is a public charter school, which provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. For the fiscal year ended June 30, 2015, the School operated under a charter with the Georgia State Charter Schools Commission to operate as a State Special School. The charter expires June 30, 2018, and is subject to renewal. Management believes the charter will be renewed in the ordinary course of business. The School provides education, at no cost to the parent, to students in kindergarten through the eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation. The School operates as an organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

The School’s primary source of revenue was provided by the State of Georgia, passed through the Georgia State Charter School Commission. The revenue consists of an amount per student multiplied by weighted average student counts. The state revenue is recognized ratably over the school year and was funded through payments from July 2014 through June 2015.

The board of directors of the School has entered into a services agreement (the “agreement”) with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the School operates. The agreement will continue until termination or expiration of the charter contract, unless at least 90-days written notice of intent to terminate or renegotiate is given by either the School or NHA.

Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the School from all revenue sources. *Revenues — Private sources* — NHA represent a contribution by NHA for the excess of School expenditures over revenue available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

School-wide and Fund Financial Statements — The School-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by

intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The governmental activities are related to the general activities of the School and the business type activities are related to the food service activities of the School.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported instead as general revenue.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

School-wide and Proprietary Fund Statements — The School-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

When an expense is incurred for purposes for which both restricted and unrestricted net position, or fund balance are available, the School's policy is to first apply restricted resources. When an expense is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the School's policy to spend funds in this order: committed, assigned and unassigned.

Fund-Based Statements — The fund financial statements provide information about the School's funds. Separate statements for each fund category – governmental and proprietary - are presented.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Revenue not meeting this definition is classified as a deferred inflow of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The contracted service fee to NHA is recorded consistent with the recognition of revenue.

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. Nonoperating revenue, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Fund Classification — The financial activities of the School are organized on the basis of funds. The operation of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, deferred inflows of resources, liabilities, fund balance,

revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The School reports the following major governmental funds:

General Fund — General Fund is used to account for the general educational program of the School. Its revenues are derived primarily from the State of Georgia.

The School reports the following major proprietary fund:

School Food Service Fund – The School Food Service Fund is used to account for the food service program within the School.

Capital Assets – Capital assets, which include other equipment, consist of assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year, and are reported in the applicable governmental column in the School-wide financial statements.

Other equipment is depreciated using the straight-line method over useful lives of 3–10 years.

Estimates — The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, deferred inflows of resources, and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and expenditures during the reporting period. Actual results could differ from those estimates.

Cash — Cash as of June 30, 2015, represents bank deposits which are covered by federal depository insurance. Accordingly, there are no investments which are required to be categorized according to risk. The School District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Unavailable and Unearned Revenue — Unavailable revenue is reported in connection with receivables for revenue that is not considered available and measurable to liquidate liabilities of the current period. Unearned revenue is reported in connection with funds that have been received for services which have not been performed and is therefore not yet earned. As of June 30, 2015, a deferred inflow for unavailable revenue was recognized for \$4,604.

Contracted Service Fee Payable — Contracted service fee payable as of June 30, 2015, represents a timing difference between funds received from governmental sources and amounts payable to NHA in accordance with the services agreement.

Fund Balance — Fund balances may be classified as nonspendable, restricted, committed, assigned, or unassigned. The terms nonspendable and restricted are used either to indicate that certain assets do not represent spendable resources available for general educational programs or to earmark a portion of fund balance as legally segregated for a specific future use. The term committed represents amounts that can only be used for the specific purpose determined by a formal resolution of the Board. The term assigned is used to classify the fund

balance intended to be used by the Board, but does not meet the criteria to be restricted or committed. The term unassigned is used for amounts that have not been restricted, committed, or otherwise assigned for future uses. At June 30, 2015, the School had \$35,945 in committed fund balance and \$16,019 in unassigned fund balance. The committed fund balance has been committed by resolutions of the Board for student, parent, and staff appreciation, staff retreat, athletics, and Board training and development.

Budgetary Information — Annual budgets are adopted on a basis utilizing generally accepted accounting principles and consistent with state law for the General Fund.

The budget document presents information by fund and function. The budgets can be amended by the Board of Directors as considered necessary. The budget was amended to increase budgeted revenues and expenditures for the General Fund by \$120,947 and \$154,390 respectively.

The following functions had expenditures in excess of the budget:

Instruction:	
Added needs	\$ 38,413
Support services:	
Pupil services	1,141
Executive administration	31,571
Pupil transportation services	7,097
Transfer out	6,095

3. DUE FROM GOVERNMENTAL REVENUE SOURCES

Receivables as of June 30, 2015 for the School included \$39,940 in federal grants receivable and \$11,173 in local receivables. The School considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

4. RISK MANAGEMENT

The School is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2015 and claims did not exceed coverage less retained risk deductible amounts in the past three fiscal years.

5. CAPITAL ASSETS

Capital asset activity of the School's governmental activities was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities — Other equipment	\$ 48,090	\$ -	\$ -	\$ 48,090
Total capital assets at historical cost	48,090	-	-	48,090
Less accumulated depreciation — Other equipment	4,289	4,808	-	9,097
Total accumulated depreciation	4,289	4,808	-	9,097
Total governmental activities capital assets, net	<u>\$ 43,801</u>	<u>\$ (4,808)</u>	<u>\$ -</u>	<u>\$ 38,993</u>

6. CONTINGENCIES

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 monies 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.

7. OPERATING LEASE

The School has entered into a sublease agreement with NHA for a facility to house the School. The lease term is from July 1, 2010 through June 30, 2015. Annual rent under the sublease agreement is 15% of the School's revenue for the fiscal year. Rental payments for the year ended June 30, 2015 totaled \$951,719.

8. TEACHERS RETIREMENT SYSTEM OF GEORGIA

The NHA employees at the School participate in the Teachers Retirement System of Georgia, pursuant to the School's charter agreement as a State Special School. For the period ended June 30, 2015, NHA paid both the employee and employer contributions. The employee contribution was 6% of annual salary, and the employer contribution was 13.5% of annual salary for the year ended June 30, 2015. Total employee and employer contributions paid by NHA were \$125,584 and \$275,299, respectively. As the employees are that of NHA and not employees of the Atlanta Heights Charter Academy, the School does not have the ultimate responsibility to fund the TRS Plan, but rather NHA would carry the responsibility, as such Atlanta Heights Charter Academy does not have a net pension liability to record for the fiscal year ended June 30, 2015.

* * * * *

REQUIRED SUPPLEMENTAL INFORMATION

ATLANTA HEIGHTS CHARTER SCHOOL. INC.

REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
REVENUES:				
State Aid	\$ 4,621,860	\$ 5,016,816	\$ 5,152,889	\$ 136,073
Other State Sources	207,258	201,922	145,723	(56,199)
Federal Sources	523,472	581,464	625,885	44,421
Private Sources	-	-	18,096	18,096
Private Sources - NHA	990,610	663,945	290,207	(373,738)
Total Revenues	<u>6,343,200</u>	<u>6,464,147</u>	<u>6,232,800</u>	<u>(231,347)</u>
EXPENDITURES - Contracted Service Fee:				
Instruction:				
Basic Instruction	2,269,444	2,261,093	2,196,750	(64,343)
Added Needs	362,632	385,708	424,121	38,413
Special Education	255,726	251,484	243,810	(7,674)
Support Services:				
Pupil Services	212,163	174,046	175,187	1,141
Instructional Staff Services	697,866	751,013	611,315	(139,698)
Board of Education	108,955	151,828	65,419	(86,409)
Executive Administration	150,311	148,662	180,233	31,571
Grant Procurement	19,937	21,748	20,690	(1,058)
Office of the Principal	356,865	361,537	333,442	(28,095)
Other School Administration	171,960	175,757	164,775	(10,982)
Business Support Services	66,518	67,412	63,603	(3,809)
Central Services	224,173	237,474	215,072	(22,402)
Pupil Transportation Services	-	-	7,097	7,097
Operations and Maintenance	1,440,084	1,503,262	1,500,104	(3,158)
Total Expenditures	<u>6,336,634</u>	<u>6,491,024</u>	<u>6,201,618</u>	<u>(289,406)</u>
REVENUES OVER (UNDER) EXPENDITURES	6,566	(26,877)	31,182	58,059
OTHER FINANCING USES - Operating				
Transfers out	<u>(6,566)</u>	<u>(16,053)</u>	<u>(22,148)</u>	<u>(6,095)</u>
NET CHANGE IN FUND BALANCE	-	(42,930)	9,034	51,964
FUND BALANCE - Beginning of year	\$ <u>42,930</u>	\$ <u>42,930</u>	\$ <u>42,930</u>	\$ <u>-</u>
FUND BALANCE - End of year	\$ <u>42,930</u>	\$ <u>-</u>	\$ <u>51,964</u>	\$ <u>51,964</u>

ADDITIONAL INFORMATION

ATLANTA HEIGHTS CHARTER SCHOOL, INC.

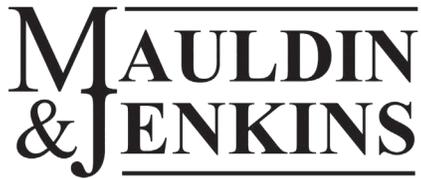
**SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
SCHOOL SERVICE FUND
YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
REVENUES:				
Federal Sources	\$ 453,722	\$ 403,207	\$ 403,941	\$ 734
Private Sources	<u>15,834</u>	<u>13,629</u>	<u>5,652</u>	<u>(7,977)</u>
Total Revenues	469,556	416,836	409,593	(7,243)
EXPENDITURES - Contracted Service Fee				
Food Servies	<u>476,122</u>	<u>432,889</u>	<u>431,741</u>	<u>(1,148)</u>
REVENUES UNDER EXPENDITURES	(6,566)	(16,053)	(22,148)	(6,095)
OTHER FINANCING SOURCES - Operating Transfers in	<u>6,566</u>	<u>16,053</u>	<u>22,148</u>	<u>6,095</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ATLANTA HEIGHTS CHARTER SCHOOL, INC.

ADDITIONAL INFORMATION STATEMENT OF REVENUES — GENERAL FUND YEAR ENDED JUNE 30, 2015

State aid	\$ 5,152,889
Other state sources — special education	145,723
Federal sources — grants	625,885
Private sources	
Other	18,096
Private sources — NHA	<u>290,207</u>
Total	<u>308,303</u>
TOTAL	<u>\$ 6,232,800</u>



**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 Members of the Board
of Atlanta Heights Charter School, Inc.
Atlanta, Georgia**

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, business-type activities and each major fund of Atlanta Heights Charter School, Inc. (the "School"), as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 29, 2015.

Internal Control Over Financial Reporting

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

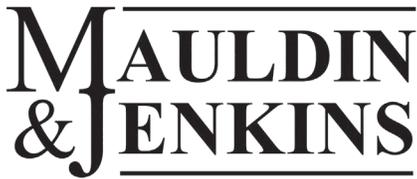
Purpose of this Report

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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 29, 2015

SUPPLEMENTAL INFORMATION



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

**To the Members of the Board
of Atlanta Heights Charter School, Inc.
Atlanta, Georgia**

Report on Compliance for Each Major Federal Program

We have audited Atlanta Heights Charter School, Inc.'s (the "School") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the fiscal year ended June 30, 2015. The School's major federal programs are 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 federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 federal program occurred. An audit includes examining, on a test basis, evidence about the School'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 federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School 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 federal programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the School 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 School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 federal 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal 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 material weaknesses or significant deficiencies. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 29, 2015

ATLANTA HEIGHTS CHARTER SCHOOL, INC.

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Federal Expenditures
United States Department of Education (Passed through the Georgia Department of Education)		
Title I Grants to Local Educational Agencies	84.010	\$ 424,697
Title IIA Improving Teacher Quality	84.367	72,730
IDEA Flowthrough	84.027	106,812
Race to the Top	84.395	<u>14,250</u>
 Total U.S. Department of Education		 <u>618,489</u>
 United States Department of Agriculture (Passed through the Georgia Department of Education and Nutrition Program)		
Child Nutrition Cluster:		
National School Breakfast Program	10.553	123,493
National School Lunch Program	10.555	<u>280,448</u>
 Total U.S. Department of Agriculture		 <u>403,941</u>
 TOTAL		 <u>\$ 1,022,430</u>

See notes to the supplemental schedule of expenditures of federal awards.

ATLANTA HEIGHTS CHARTER SCHOOL, INC.

NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2015

A. BASIS OF PRESENTATION

The accompanying Supplemental Schedule of Expenditures of Federal Awards is presented in accordance with the U.S. Office of Management and Budget (“OMB”) Circular A-133 and is prepared using the accrual basis of accounting and economic resource measurement focus.

B. RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

The current year expenditures reported on the Supplemental Schedule of Expenditures of Federal Awards is reconciled to the basic financial statements as follows:

Revenue from federal sources — reported in the financial statements (includes all funds)	\$ 1,029,826
Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds	<u>(7,396)</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 1,022,430</u>

ATLANTA HEIGHTS CHARTER SCHOOL, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____yes X no

Significant deficiency(ies) identified? _____yes X none reported

Noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____yes X no

Significant deficiency(ies) identified? _____yes X none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular? _____yes X no

Identification of major programs:

CFDA Number

10.553 & 10.555

Name of Federal Program or Cluster

Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:\$300,000

Auditee qualified as low-risk auditee? X yes _____no

ATLANTA HEIGHTS CHARTER SCHOOL, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section II – Financial Statement Findings

None noted

Section III – Federal Award Findings and Questioned Costs

None noted

ATLANTA HEIGHTS CHARTER SCHOOL, INC.

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

None reported pertaining to federal awards.