

**THE HEIGHTS CHARTER SCHOOL, INC.  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2022**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)</b>	<b>4</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>10</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>11</b>
<b>FUND FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>12</b>
<b>RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION</b>	<b>13</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS</b>	<b>14</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES</b>	<b>15</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>16</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>BUDGET TO ACTUAL COMPARISON SCHEDULE – GENERAL FUND</b>	<b>25</b>
<b>COMPLIANCE SECTION</b>	
<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>27</b>
<b>SCHEDULE OF FINDINGS AND RESPONSES</b>	<b>29</b>
<b>MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850 OF THE RULES OF THE AUDITOR GENERAL FOR THE STATE OF FLORIDA</b>	<b>30</b>
<b>APPENDIX A – STATUS OF PRIOR YEAR'S FINDINGS AND CURRENT YEAR FINDING</b>	<b>32</b>



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Heights Charter School, Inc.  
Fort Myers, Florida

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities and the general fund of The Heights Charter School, Inc., a component unit of the School District of Lee County, Florida, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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 general fund of The Heights Charter School, Inc. as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Heights Charter School, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Heights Charter School, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Heights Charter School, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Heights Charter School, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Directors  
The Heights Charter School, Inc.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 August 30, 2022, on our consideration of The Heights Charter School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Heights Charter School, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Heights Charter School, Inc.'s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
August 30, 2022

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**THE HEIGHTS CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

Our discussion and analysis of The Heights Charter School, Inc.'s (the School) financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the School's financial statements, which begin on page 9.

***Financial Highlights***

- At June 30, 2022, the School's net position was \$165,368, representing an increase of \$103,165 from June 30, 2021.
- At June 30, 2022, the School's fund balance was \$78,415, representing an increase of \$33,258 from June 30, 2021.

***Overview of Financial Statements***

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information of all of the School's assets and liabilities, with the residual amount being reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent (FTE) funding. The School does not have any business-type activities. The governmental activities of the School include instruction and support services.

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School has one fund category: governmental funds.

**THE HEIGHTS CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

**Overview of Financial Statements (Continued)**

*Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Schools' near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental fund's balance sheet and statement of revenues, expenditures, and changes in fund balance provide detailed information about the School's significant fund. The school reports activity in one fund, the general fund, which is reported as a major fund.

The School adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

*Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided on pages 16 through 23.

*Government-Wide Financial Analysis*

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position.

Key components of the School's net position as of June 30 are reflected in the following table:

	2022	2021
<b>ASSETS</b>		
Current and Other Assets	\$ 148,889	\$ 113,201
Capital Assets, Net of Depreciation	86,953	17,046
Total Assets	235,842	130,247
<b>LIABILITIES</b>		
Current Liabilities	70,474	68,044
Total Liabilities	70,474	68,044
<b>NET POSITION</b>		
Investment in Capital Assets	86,953	17,046
Unrestricted	78,415	45,157
Total Net Position	\$ 165,368	\$ 62,203

**THE HEIGHTS CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

**Overview of Financial Statements (Continued)**

*Government-Wide Financial Analysis (Continued)*

The School's net position reflects its investment in capital assets (e.g., furniture and equipment and computer equipment), less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. The School has no debt and no restricted net position.

Key elements of the changes in net position for the years ended June 30 are reflected in the following table:

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
General Revenues	\$ 1,512,397	\$ 1,189,121
Program Revenues	337,139	199,940
Total Revenues	<u>1,849,536</u>	<u>1,389,061</u>
<b>FUNCTIONS/PROGRAM EXPENSES</b>		
Instruction	1,012,431	676,794
Instructional Support Services	562,797	514,845
Noninstructional Support Services	171,143	197,316
Total Expenses	<u>1,746,371</u>	<u>1,388,955</u>
<b>CHANGE IN NET POSITION</b>	103,165	106
Net Position - Beginning of Year	<u>62,203</u>	<u>62,097</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 165,368</u>	<u>\$ 62,203</u>

*General Fund Expenditures*

In the table below, we have presented the cost of the largest functions/programs as a percentage of total governmental activities for the years ended June 30:

Function/Program	<u>2022</u>		<u>2021</u>	
	Expenditures	Percent	Expenditures	Percent
Governmental Expenditures:				
Instructional Expenditures	\$ 1,012,431	55.7%	\$ 662,874	48.5%
Administrative Services	228,374	12.6	189,238	13.8
Plant Operations and Maintenance	167,453	9.2	192,237	14.1
Other Programs	408,020	22.5	323,375	23.6
Total Governmental Expenditures	<u>\$ 1,816,278</u>	<u>100.0%</u>	<u>\$ 1,367,724</u>	<u>100.0%</u>

**General Budgeting Highlights**

The budget for the general fund for the year ended June 30, 2022, was developed based on the School's anticipated revenues and expenditures, based on the expected student population and full-time-equivalent funding provided by the Florida Education Finance Program.



**THE HEIGHTS CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

***General Budgeting Highlights (Continued)***

Revenues were over budget by approximately \$240,722 due primarily to federal, state, and local support being higher than anticipated. Expenses were under budget by \$69,691 due primarily to a decrease in capital outlay expenditures.

***Capital Assets and Debt Administration***

***Capital Assets***

At June 30, 2022, the School had \$128,242 invested in furniture and equipment for its governmental activities, net of accumulated depreciation of \$41,289, which results in a net book value of \$86,953. More detailed information about the School's capital assets is presented in Note 3 to the financial statements.

***Debt Administration***

The School has no debt as of June 30, 2022.

***Economic Factors and Next Year's Budget***

The State allocation for its Florida Education Finance Program funding for the year ending June 30, 2023, increased approximately 12%. The School's budgeted revenues and expenditures are based on this increase and the anticipated increase in enrollment.

***Requests for Information***

This financial report is designed to provide a general overview of the School's finances. Questions concerning any of the information provide din this report or requests for additional information should be addressed to:

The Heights Charter School, Inc.  
Attention of Debra Mathinos  
15570 Hagie Drive  
Fort Myers, Florida 33908

## **BASIC FINANCIAL STATEMENTS**

**THE HEIGHTS CHARTER SCHOOL, INC.  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 148,817
Prepaid Items	72
Capital Assets, Net of Accumulated Depreciation	86,953
Total Assets	\$ 235,842
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accounts Payable	\$ 14,548
Accrued Payroll	55,926
Total Liabilities	70,474
<b>NET POSITION</b>	
Investment in Capital Assets	86,953
Unrestricted	78,415
Total Net Position	165,368
Total Liabilities and Net Position	\$ 235,842

*See accompanying Notes to Financial Statements.*

**THE HEIGHTS CHARTER SCHOOL, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

		Program Revenues		(Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
				Governmental Activities
Instruction	\$ 1,012,431	\$ -	\$ 146,846	\$ (865,585)
Exceptional Education	72,585	-	-	(72,585)
Instruction-Related Technology	83,788	-	-	(83,788)
School Board	17,729	-	-	(17,729)
School Administration	229,609	-	-	(229,609)
Facilities	3,690	-	-	(3,690)
Food Services	159,086	-	190,293	31,207
Operation of Plant	167,453	-	-	(167,453)
	<u>\$ 1,746,371</u>	<u>\$ -</u>	<u>\$ 337,139</u>	<u>\$ -</u>
Total Governmental Activities				(1,409,232)
 <b>GENERAL REVENUES</b>				
				1,472,565
School Board of Lee County - Operating				39,204
Grants and Entitlements - Unallocated				628
Miscellaneous Income				1,512,397
				1,512,397
 <b>CHANGE IN NET POSITION</b>				
				103,165
Net Position - Beginning of Year				62,203
 <b>NET POSITION - END OF YEAR</b>				
				\$ 165,368

See accompanying Notes to Financial Statements.

**THE HEIGHTS CHARTER SCHOOL, INC.  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	General Fund
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 148,817
Prepaid Items	72
Total Assets	\$ 148,889
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts Payable	\$ 14,548
Accrued Payroll	55,926
Total Liabilities	70,474
<b>FUND BALANCE</b>	
Nonspendable	72
Unassigned	78,343
Total Fund Balance	78,415
Total Liabilities and Fund Balance	\$ 148,889

See accompanying Notes to Financial Statements.

**THE HEIGHTS CHARTER SCHOOL, INC.  
RECONCILIATION OF THE BALANCE SHEET –  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022**

Total Fund Balance for Governmental Fund	\$	78,415
------------------------------------------	----	--------

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 as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Capital Assets Being Depreciated		128,242
Accumulated Depreciation		<u>(41,289)</u>
Capital Assets, Net		<u>86,953</u>

Net Position of Governmental Activities	\$	<u>165,368</u>
-----------------------------------------	----	----------------

**THE HEIGHTS CHARTER SCHOOL, INC.  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022**

	<u>General Fund</u>
<b>REVENUES</b>	
Federal through State Sources	\$ 337,139
State Sources	1,472,565
Local Sources	39,204
Miscellaneous Revenues	628
Total Revenues	<u>1,849,536</u>
<b>EXPENDITURES</b>	
Instruction	1,012,431
Exceptional Education	72,585
Instruction-Related Technology	77,748
School Board	17,729
School Administration	228,374
Facilities	3,690
Food Services	159,086
Capital Outlay	77,182
Operation of Plant	167,453
Total Expenditures	<u>1,816,278</u>
<b>NET CHANGE IN FUND BALANCE</b>	33,258
Fund Balance - Beginning of Year	<u>45,157</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 78,415</u></u>

See accompanying Notes to Financial Statements.

**THE HEIGHTS CHARTER SCHOOL, INC.  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balance - Total Governmental Fund	\$	33,258
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.</p>		
Expenditures for Capital Assets		77,182
Depreciation Expense		<u>(7,275)</u>
Change in Net Position of Governmental Activities	<u>\$</u>	<u>103,165</u>

See accompanying Notes to Financial Statements.



**THE HEIGHTS CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Heights Charter School, Inc. (the School) is a nonprofit corporation organized in November 2015 pursuant to Chapter 617, Florida Statutes, and Section 1002.33, Florida Statutes. The School is located in Fort Myers, Florida.

**Charter Contract**

The School operates under a charter granted by the Lee County School District (the District). The current charter is effective until June 30, 2026, and may be renewed by mutual written agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's basic financial statements.

**Basis of Presentation**

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America. The more significant of the School's accounting policies are described below.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and a statement of activities.

The government-wide statements are prepared using the *economic resources measurement focus* and the accrual basis of accounting. This differs from the way governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**THE HEIGHTS CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

The accounts of the School are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The 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. Generally, revenues are considered available when they are collected within the current period or within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as capital outlay expenditures in the fund that acquired the asset.

The School funds its programs by a combination of public charter school revenues derived from the state of Florida, Federal grants, local contributions, and other revenues.

The School has one major governmental fund, as follows:

**General Fund**

This fund is used to account for the accumulation and expenditure of resources used for general purpose of the School and does not require the establishment of any other type of fund.

**Income Taxes**

The Internal Revenue Service has determined the School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The School is a nonprofit Florida corporation and therefore is not subject to state income taxes. The Internal Revenue Code provides for taxation of unrelated business taxable income under certain circumstances. The School reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

**Prepaid Items**

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

**Compensated Absences**

Employees have eight total paid days of annual leave. If more days of leave are used than have been accrued during the term of the contract, the employee's next paycheck shall be deducted for each missed day as personal leave without pay. Up to five unused paid days of leave can be carried over to the next year. Unused days are not paid out at termination or at the expiration of the contract. The School has no balance for compensated absences at June 30, 2022.

**THE HEIGHTS CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Capital Assets**

Capital assets are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the time of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

Furniture and Equipment	5 Years
Computer Equipment	3 Years

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

**Unearned Revenue**

Unearned revenue represents resources that have been received, but not yet earned. The School does not have any of this type of item at June 30, 2022.

**Deferred Outflows of Resources**

The statement of net position reports, as applicable, a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The School does not have any of this type of item at June 30, 2022.

**Deferred Inflows of Resources**

The statement of net position reports, as applicable, a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any of this type of item at June 30, 2022.

**THE HEIGHTS CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Fund Balance/Net Position**

Net position represents the difference between assets and liabilities in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

In accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School has policies governing the following fund balance classifications:

**Nonspendable**

This classification consists of amounts that cannot be spent because they are either not in spendable form or are legal or contractually required to be maintained intact.

**Restricted**

This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external providers, or through enabling legislation.

**Committed**

This classification includes amounts that are constrained for specific purposes imposed by the School's board.

**Assigned**

This classification consists of amounts that the board intends to be used for specific purposes, but are neither restricted nor committed.

**Unassigned**

This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Although the School does not have a formal spending prioritization policy, it is assumed that in instances when expenditures are incurred for purposes for which amounts in either restricted or unrestricted fund balance classifications could be used, restricted fund balance would be spent first. Remaining unrestricted fund balance would be spent as follows: committed amounts would be reduced first, followed by assigned amounts, and then unassigned.

**THE HEIGHTS CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Revenue Sources**

Revenue for current operations is received primarily from the School District of Lee County, Florida, pursuant to the funding provisions included in the Charter. In accordance with the funding provisions of the Charter and Section 1002.33(18)(b), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the School District. The School Board receives a 5% administrative fee from the School, which is withheld from the respective FEFP payments. The administrative expense is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenue, expenditures, and changes in fund balance – governmental funds.

Under provisions of Section 1011.62, Florida Statutes, the Sponsor reports the number of students enrollments and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect revised calculations of actual student enrollment. The FDOE may also adjust subsequent fiscal period allocations based on an audit of the School's compliance in determining and reporting FTE and related data. Generally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The School may receive federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have eligibility requirements whereby the issuance of grant funds is withheld until such eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures are incurred.

**Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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.

**Budget**

An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of the Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the basic financial statements.

**THE HEIGHTS CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 CASH AND CASH EQUIVALENTS**

**Deposits**

The School's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 208, "Florida Security for Public Deposits Act," requires all qualified depositories to deposit with the Treasurer or another banking institution collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

At June 30, 2022, the carrying amount of the deposits and cash on hand totaled \$148,817, and the corresponding bank balance was \$153,076.

**NOTE 3 CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2022 is as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>
Capital Assets, Being				
Depreciated:				
Furniture and Equipment	\$ 10,352	\$ -	\$ -	\$ 10,352
Computer Equipment	40,708	77,182	-	117,890
Total Capital Assets				
Being Depreciated	51,060	77,182	-	128,242
Less: Accumulated				
Depreciation:				
Furniture and Equipment	(6,565)	(1,235)	-	(7,800)
Computer Equipment	(27,449)	(6,040)	-	(33,489)
Total Accumulated				
Depreciation	(34,014)	(7,275)	-	(41,289)
Capital Assets, Net	<u>\$ 17,046</u>	<u>\$ 69,907</u>	<u>\$ -</u>	<u>\$ 86,953</u>

Depreciation expense is charged to the following functions:

Instruction-Related Technology	\$ 6,040
School Administration	1,235
Total	<u>\$ 7,275</u>

**THE HEIGHTS CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 4 EMPLOYEE BENEFIT PLAN**

The School has a defined contribution pension plan, Harlem Heights Community Charter School, Inc. 401(k) Plan (the Plan), covering all eligible employees. Under the Plan, the School makes a matching contribution equal to 100% of the salary deferral that does not exceed 3% plus 50% of the salary deferral between 3% and 5%. The Plan utilizes a five-year vesting schedule at 20% per year for employer contributions to the Plan, with vesting at 100% after the five years. If a Plan participant separates from the Plan before being fully vested, the employee's unvested portion remains in the Plan as a forfeiture and may be used by the Plan for administration expenses of the Plan or to reduce employer contributions.

For the year ended June 30, 2022, the School's contribution, including administrative costs, to the Plan was \$16,169.

**NOTE 5 RISK MANAGEMENT**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters. The School has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

**NOTE 6 RELATED PARTY**

Effective February 15, 2016, the School entered into a five-year lease agreement with The Heights Land Company (the Land Company) for the rental of the School building. The rent expense paid to the Land Company for fiscal year 2022 was \$108,000. On February 25, 2022, the School signed a new lease agreement for an additional 5 years that begins on July 1, 2022.

The Heights Center and the School have a mutual verbal agreement where the Heights Center bills the School a percentage of certain employees' salaries, and the School charges Heights Center for a portion of a certain School employee's salary. The total amount the School paid the Heights Center under this agreement for the year ended June 30, 2022, was \$80,804. The total amount the Heights Center paid the School under this agreement for the year ended June 30, 2022, was \$31,375.

**NOTE 7 CONTINGENCIES**

The School is subject to financial and compliance audits by the granting agency to determine compliance with grant funding requirements. In the event the expenditure would be disallowed, repayment could be required. Government grants require the fulfillment of certain conditions as set forth by applicable laws, rules, and regulations and in the grant agreements. Failure to fulfill the conditions could result in the return of funds to the grantor.

**THE HEIGHTS CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8 ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS**

The School implemented GASB Statement No. 87, *Leases*. The statement addresses accounting and financial reporting for leases. This statement requires the School to recognize certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement a lessee is required to recognize a lease liability and an intangible right to use the leased asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the School's leasing activities. The School did not have any leases that met the new accounting pronouncements at June 30, 2022.



**REQUIRED SUPPLEMENTARY INFORMATION**

**THE HEIGHTS CHARTER SCHOOL, INC.  
BUDGET TO ACTUAL COMPARISON SCHEDULE – GENERAL FUND  
YEAR ENDED JUNE 30, 2022**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
<b>REVENUES</b>			
Federal through State Sources	\$ 454,825	\$ 337,139	\$ (117,686)
State Sources	1,220,662	1,472,565	251,903
Local Sources	50,513	39,204	(11,309)
Miscellaneous Revenues	500	628	128
Total Revenues	<u>1,726,500</u>	<u>1,849,536</u>	<u>240,722</u>
<b>EXPENDITURES</b>			
Instruction	1,014,780	1,012,431	(2,349)
Exceptional Education	69,764	72,585	2,821
Instruction-Related Technology	83,265	77,748	(5,517)
School Board	12,460	17,729	5,269
School Administration	200,275	228,374	28,099
Facilities	-	3,690	3,690
Food Services	166,334	159,086	(7,248)
Capital Outlay	166,335	77,182	(89,153)
Operation of Plant	172,756	167,453	(5,303)
Total Expenditures	<u>1,885,969</u>	<u>1,816,278</u>	<u>(69,691)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (159,469)</u>	33,258	<u>\$ 310,413</u>
Fund Balance - Beginning of Year		<u>45,157</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 78,415</u>	

## COMPLIANCE SECTION



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

Board of Directors  
The Heights Charter School, Inc.  
Fort Myers, Florida

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 and the general fund of The Heights Charter School, Inc., as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise The Heights Charter School, Inc.'s basic financial statements, and have issued our report thereon dated August 30, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Heights Charter School, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Heights Charter School, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Heights Charter School, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2022-001, that we consider to be a material weakness.

Board of Directors  
The Heights Charter School, Inc.

### **Report on Compliance and Other Matters**

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

### **The Heights Charter School, Inc.'s Response to Finding**

*Government Auditing Standards* require the auditor to perform limited procedures on The Heights Charter School, Inc.'s response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Heights Charter School, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
August 30, 2022

**THE HEIGHTS CHARTER SCHOOL, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2022**

**2022-001 – Internal Controls**

*04. policies, not in place for 2022 - 2021, 2020, 2019*

**Criteria:** The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework states that control activities are a component of internal control. Control activities are policies and procedures established to ensure that management directives are carried out, and consist of two elements, a policy that establishes what should be done and the procedure that implements the policy. COSO Framework states that control activities must be in place for there to be adequate internal control procedures over financial reporting. Internal control procedures affect the School's ability to ensure financial transactions are authorized and accurate. School management is responsible for establishing and maintaining internal controls for the proper recording of all the School's transactions.

**Condition:** We noted that the School has inadequate segregation of duties and/or a lack of a formalized internal control environment and policies and procedures in areas related to the review and approval of journal entries, review and approval of bank reconciliations and bank statements, the accounting of capital assets and related transactions, and the review and approval of payroll.

**Cause:** The School has not established internal controls and policies and procedures to address these areas.

**Effect:** Inadequate segregation of duties and policies related to reviews and approvals increases the risk that assets could be misappropriated and the financial statements could be misstated.

**Recommendation:** We recommend that the School establish policies and procedures to ensure that all transactions are reviewed by a person separate from the initiator of the transactions. Due to the limited size of the organization, there will be inherent limitations, and in those instances, we recommend the board of directors provide a supervisory role and review transactions regularly throughout the year.

**Management Response:** The Business Manager will propose item to the School Board that at each board meeting there will be an agenda items that reads, "approve bank reconciliation(s) and any or all manually generated journal entries". The Business Manager will provide the Board Treasurer and the Director of the Charter School with the bank reconciliations and a copy of any journal entries from QuickBooks for presentation and approval at the Board Meeting.



## MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850 OF THE RULES OF THE AUDITOR GENERAL FOR THE STATE OF FLORIDA

Board of Directors  
The Heights Charter School, Inc.  
Fort Myers, Florida

### Report on the Financial Statements

We have audited the financial statements of The Heights Charter School, Inc. (the School) as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated August 30, 2022.

### Auditors' Responsibility

We conducted our audit 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 Chapter 10.850, Rules of the Auditor General.

### Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated August 30, 2022, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.854(1)(e)1, Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. See Appendix A for the current year status of findings and recommendations made in the preceding annual financial audit report.

### Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are The Heights Charter School, Inc. and 4304.

### Financial Condition

Sections 10.854(1)(e)2 and 10.855(11), Rules of the Auditor General, require that we report the results of our determination as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Board of Directors  
The Heights Charter School, Inc.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.854(1)(e)3, Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

**Transparency**

Sections 10.854(1)(e)7 and 10.855(13) require that we report the results of our determination as to whether the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

**Additional Matters**

Section 10.854(1)(4)4, Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, as applicable, the board of directors of The Heights Charter School, Inc. and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
August 30, 2022



**THE HEIGHTS CHARTER SCHOOL, INC.**  
**APPENDIX A – STATUS OF PRIOR YEAR’S FINDINGS AND CURRENT YEAR FINDING**  
**YEAR ENDED JUNE 30, 2022**

Prior Year Findings		Current Year Status		
Finding Reference #	Comment	Cleared	Partially Cleared	Not Cleared
2021-001	Internal Controls			X See 2022-001
2021-002	Audit Adjustment	X		



Board of Directors  
The Heights Charter School, Inc.  
Fort Myers, Florida

We have audited the financial statements of the governmental activities and the general fund of The Heights Charter School, Inc. as of and for the year ended June 30, 2022, and have issued our report thereon dated August 30, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our Statement of Work – Audit Services dated July 23, 2022. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings or issues**

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by The Heights Charter School, Inc. are described in Note 1 to the financial statements.

As described in Note 8, the entity changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 87, *Leases*, in 2022. There were no changes to the amounts reported in the financial statements.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### *Accounting estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

##### *Financial statement disclosures*

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

***Corrected misstatements***

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

***Disagreements with management***

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the management representation letter dated August 30, 2022.

***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Significant issues discussed with management prior to engagement***

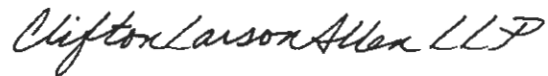
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

**Supplementary information in relation to the financial statements as a whole**

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

\* \* \*

This communication is intended solely for the information and use of the board of directors and management of The Heights Charter School, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
August 30, 2022

**SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT**  
**The Heights Charter School, Inc.**  
**Governmental Activities**  
**Year Ended June 30, 2022**

<b>UNCORRECTED MISSTATEMENTS OF AMOUNTS</b>	<b>Effect of misstatements on:</b>			
<b>Description</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Net Position</b>	<b>Net Change in Net Position</b>
Compensated absences liability not recorded in the financial statements	\$ -	\$ 4,053	\$ -	\$ 4,053
Net current year misstatements (Iron Curtain Method)	-	4,053	-	4,053
Net prior year misstatements	-	-	-	-
Combined current and prior year misstatements (Rollover Method)	<u>\$ -</u>	<u>\$ 4,053</u>	<u>\$ -</u>	<u>\$ 4,053</u>
Financial statement totals	<u>\$ 235,842</u>	<u>\$ 70,474</u>	<u>\$ 165,368</u>	<u>\$ 103,165</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)		6%		4%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)		6%		4%

**INADEQUATE DISCLOSURES OR UNCORRECTED MISSTATEMENTS OF DISCLOSURES**

<b>Description</b>	<b>Amount (If Applicable)</b>
The School did not record compensated absences liability for FY 2022.	\$ 4,053