

THE HEIGHTS CHARTER SCHOOL, INC.
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023



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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. (the School), a component unit of the School District of Lee County, Florida, as of and for the year ended June 30, 2023, 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 School as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 School 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.

Emphasis of Matter

As discussed in Note 9, effective July 1, 2022, the School adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This guidance requires the School to recognize a subscription liability and an intangible right to use subscription asset for all subscription-based technology arrangements with terms greater than 12 months. Our opinion is not modified with respect to this matter.

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 School'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 School'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 School's ability to continue as a going concern for a reasonable period of time.

Board of Directors
The Heights Charter School, Inc.

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.

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 22, 2023, 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 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 School'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 School's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
August 22, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**THE HEIGHTS CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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, 2023. Please read it in conjunction with the School's financial statements, which begin on page 10.

Financial Highlights

- At June 30, 2023, the School's net position was \$181,181, representing an increase of \$15,813 from June 30, 2022.
- At June 30, 2023, the School's fund balance was \$140,119, representing an increase of \$61,704 from June 30, 2022.

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, 2023**

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 School's 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 24.

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:

	<u>2023</u>	<u>2022</u>
ASSETS		
Current and Other Assets	\$ 212,815	\$ 148,889
Capital Assets, Net	<u>490,320</u>	<u>86,953</u>
Total Assets	<u>703,135</u>	<u>235,842</u>
LIABILITIES		
Current Liabilities	197,314	70,474
Noncurrent Liabilities	<u>324,640</u>	<u>-</u>
Total Liabilities	<u>521,954</u>	<u>70,474</u>
NET POSITION		
Net Investment in Capital Assets	56,836	86,953
Unrestricted	<u>124,345</u>	<u>78,415</u>
Total Net Position	<u>\$ 181,181</u>	<u>\$ 165,368</u>

**THE HEIGHTS CHARTER SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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 liabilities 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 liabilities related to a lease and subscription-based information technology arrangements 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>2023</u>	<u>2022</u>
REVENUES		
General Revenues	\$ 1,700,322	\$ 1,512,397
Program Revenues	444,280	337,139
Total Revenues	<u>2,144,602</u>	<u>1,849,536</u>
FUNCTIONS/PROGRAM EXPENSES		
Instruction	1,314,715	1,012,431
Instructional Support Services	694,860	562,797
Noninstructional Support Services	119,214	171,143
Total Functions/Program Expenses	<u>2,128,789</u>	<u>1,746,371</u>
CHANGE IN NET POSITION	15,813	103,165
Net Position - Beginning of Year	<u>165,368</u>	<u>62,203</u>
NET POSITION - END OF YEAR	<u>\$ 181,181</u>	<u>\$ 165,368</u>

General Fund Expenditures

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

<u>Function/Program</u>	<u>2023</u>		<u>2022</u>	
	<u>Expenditures</u>	<u>Percent</u>	<u>Expenditures</u>	<u>Percent</u>
Governmental Expenditures:				
Instructional Expenditures	\$ 1,183,900	45.2%	\$ 1,012,431	55.7%
Administrative Services	296,306	11.3	228,374	12.6
Plant Operations and Maintenance	79,365	3.0	167,453	9.2
Debt Service	126,621	4.8	-	0.0
Capital Outlay	537,243	20.5	408,020	22.5
Other Programs	396,706	15.1	-	0.0
Total Governmental Expenditures	<u>\$ 2,620,141</u>	<u>100.0%</u>	<u>\$ 1,816,278</u>	<u>100.0%</u>

General Budgeting Highlights

The budget for the general fund for the year ended June 30, 2023, 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, 2023**

General Budgeting Highlights (Continued)

Revenues were over budget by approximately \$224,140 due primarily to federal, state, and local support being higher than anticipated. Expenses were over budget by \$581,409 due primarily to an increase in capital outlay expenditures. The Governmental Accounting Standards Board (GASB) implemented changes for 2023 regarding the reporting of Right to Use Assets for Leases and Subscription Based Information Technology Arrangements (SBITA). The School entered into a 5 year lease with The Heights Land Company, Inc. for the use of the school building. The lease which began July 1, 2022 is a Lease, and resulted in \$507,853 of Capital Outlay Expenditures. In addition, The School entered into an agreement with Curriculum Associates for educational software resulting in the reporting of \$29,390 in Capital Outlay expenditures as a SBITA

Capital Assets and Debt Administration

Capital Assets

At June 30, 2023, the School had \$128,242 invested in furniture and equipment for its governmental activities, net of accumulated depreciation of \$60,124, which results in a net book value of \$68,118. The Lease and the SBITA referenced above are now included in Capital Assets and the associated Accumulated Depreciation / Amortization. The net book value as of June 30, 2023 for the Lease is \$406,282 and the net book value for the SBITA is \$15,920. 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, 2023. Total Liabilities as of June 30, 2023 are \$521,954, which includes \$418,483 in outstanding lease liabilities discounted at 4.85% and \$15,021 in principal for the Curriculum Associates SBITA, The balance reflects Accrued Compensation and current Accounts Payable.

Economic Factors and Next Year's Budget

The state allocation for its Florida Education Finance Program funding for the year ended June 30, 2023, increased approximately 12% due to increased enrollment. 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 provided in 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, 2023**

	Governmental Activities
ASSETS	
Cash	\$ 212,815
Capital Assets, Net	490,320
Total Assets	\$ 703,135
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts Payable	\$ 9,625
Accrued Payroll	63,071
Compensated Absences - Current	15,774
Subscription-Based Information Technology Arrangements Liability - Current	15,021
Lease Liability - Current	93,823
Lease Liability - Noncurrent	324,640
Total Liabilities	521,954
NET POSITION	
Net Investment in Capital Assets	56,836
Unrestricted	124,345
Total Net Position	181,181
Total Liabilities and Net Position	\$ 703,135

See accompanying Notes to Financial Statements.

THE HEIGHTS CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Program Revenues			Capital Grants and Contributions	Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	-	(Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS					
Instruction	\$ 1,314,715	\$ -	\$ 199,198	-	\$ (1,115,517)
Exceptional Education	74,850	-	-	-	(74,850)
Instruction-Related Technology	102,522	-	-	-	(102,522)
School Board	25,448	-	-	-	(25,448)
School Administration	297,445	50,062	-	-	(247,383)
Facilities	17,639	-	-	-	(17,639)
Food Services	194,595	-	195,020	-	425
Operation of Plant	101,575	-	-	-	(101,575)
Total Governmental Activities	\$ 2,128,789	\$ 50,062	\$ 394,218	\$ -	(1,684,509)
GENERAL REVENUES					
School Board of Lee County - Operating					1,683,708
Grants and Entitlements - Unallocated					16,190
Miscellaneous Income					424
Total General Revenues					1,700,322
CHANGE IN NET POSITION					15,813
Net Position - Beginning of Year					165,368
NET POSITION - END OF YEAR					\$ 181,181

See accompanying Notes to Financial Statements.

**THE HEIGHTS CHARTER SCHOOL, INC.
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund
ASSETS	
Cash	\$ 212,815
Total Assets	\$ 212,815
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 9,625
Accrued Payroll	63,071
Total Liabilities	72,696
FUND BALANCE	
Unassigned	140,119
Total Fund Balance	140,119
Total Liabilities and Fund Balance	\$ 212,815

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, 2023**

Total Fund Balance for General Fund	\$	140,119
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported 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		665,485
Accumulated Depreciation and Amortization		<u>(175,165)</u>
Capital Assets, Net		490,320

Long-term liabilities are not due and payable in the current period and, therefore, not reported in the fund,

Compensated Absences		(15,774)
Subscription-Based Information Technology Arrangements Liability		(15,021)
Lease Liability		<u>(418,463)</u>

Net Position of Governmental Activities	\$	<u><u>181,181</u></u>
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**THE HEIGHTS CHARTER SCHOOL, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	General Fund
REVENUES	
Federal through State Sources	\$ 394,218
State Sources	1,683,708
Local Sources	66,252
Miscellaneous Revenues	424
Total Revenues	2,144,602
EXPENDITURES	
Instruction	1,183,900
Exceptional Education	74,850
Instruction-Related Technology	84,174
School Board	25,448
School Administration	296,306
Facilities	17,639
Food Services	194,595
Capital Outlay	537,243
Operation of Plant	79,365
Debt Service:	
Principal	103,759
Interest	22,862
Total Expenditures	2,620,141
OTHER FINANCING SOURCES (USES)	
Subscription-Based Information Technology Arrangements	29,390
Leases	507,853
Total Other Financing Sources	537,243
NET CHANGE IN FUND BALANCE	61,704
Fund Balance - Beginning of Year	78,415
FUND BALANCE - END OF YEAR	\$ 140,119

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, 2023

Net Change in Fund Balance - Total General Fund	\$	61,704
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Amounts reported for governmental activities in the statement of activities are different because:

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.

Expenditures for Capital Assets		537,243
Depreciation and Amortization Expense		(133,876)
		403,367

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.

Changes in Compensated Absences		(15,774)
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Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Proceeds from Leases		(507,853)
Proceeds from Subscription-Based Information Technology Arrangements		(29,390)
Principal Payments		103,759
		(433,484)

Change in Net Position of Governmental Activities	\$	15,813
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THE HEIGHTS CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023

**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.

Compensated Absences

Employees are able to accrue annual leave based on their contract. 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 for teachers and ten unused paid days of leave for administrative staff can be carried over to the next year. Unused days are not paid out at termination or at the expiration of the contract.

**THE HEIGHTS CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

**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, 2023.

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, 2023.

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, 2023.

THE HEIGHTS CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

**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, 2023

**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, 2023**

NOTE 2 CASH

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, 2023, the carrying amount of the deposits and cash on hand totaled \$212,815, and the corresponding bank balance was \$217,904.

NOTE 3 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets, Being				
Depreciated and Amortized:				
Furniture and Equipment	\$ 10,352	\$ -	\$ -	\$ 10,352
Computer Equipment	117,890	-	-	117,890
Right to Use Leased Building	-	507,853	-	507,853
Subscription-Based Information Technology Arrangements	-	29,390	-	29,390
Total Capital Assets Being Depreciated and Amortized	128,242	537,243	-	665,485
Less: Accumulated Depreciation and Amortization:				
Furniture and Equipment	(7,800)	(1,139)	-	(8,939)
Computer Equipment	(33,489)	(17,696)	-	(51,185)
Right to Use Leased Building	-	(101,571)	-	(101,571)
Subscription-Based Information Technology Arrangements	-	(13,470)	-	(13,470)
Total Accumulated Depreciation and Amortization	(41,289)	(133,876)	-	(175,165)
Capital Assets, Net	<u>\$ 86,953</u>	<u>\$ 403,367</u>	<u>\$ -</u>	<u>\$ 490,320</u>

Depreciation expense is charged to the following functions:

Instruction-Related Technology	\$	17,696
School Administration		1,139
Instruction		115,041
Total	<u>\$</u>	<u>133,876</u>

THE HEIGHTS CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 LONG-TERM LIABILITIES

Changes in governmental long term liabilities for the year ended June 30, 2023 are summarized as follows:

Governmental Activities	Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023	Due Within One Year
Leases	\$ -	\$ 507,853	\$ 89,390	\$ 418,463	\$ 93,823
Subscription-Based Information Technology Arrangements	-	29,390	14,369	15,021	15,021
Compensated Absences	-	42,881	27,107	15,774	15,774
Governmental Activities Totals	\$ -	\$ 580,124	\$ 130,866	\$ 449,258	\$ 124,618

Leases

Effective July 1, 2022, the School entered into a five-year lease agreement with a related party, The Heights Land Company (the Land Company), for the rental of the School building. The lease expires on June 30, 2027.

Total future minimum lease payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	Principal Payments	Interest Payments	Total
2024	\$ 93,823	\$ 17,777	\$ 111,600
2025	100,735	13,065	113,800
2026	108,092	8,008	116,100
2027	115,813	2,586	118,399
Total	\$ 418,463	\$ 41,436	\$ 459,899

As of June 30, 2023, the outstanding lease liability is \$418,483. The lease incremental borrowing rate is 4.85%.

Subscription-Based Information Technology Arrangements

Effective August 10, 2022, the School entered into a two-year subscription-based information technology arrangement. The subscription-based information technology arrangement expires on August 9, 2024.

Total future minimum payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	Principal Payments	Interest Payments	Total
2024	\$ 15,021	\$ -	\$ 15,021
Total	\$ 15,021	\$ -	\$ 15,021

THE HEIGHTS CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

Subscription-Based Information Technology Arrangements (Continued)

As of June 30, 2023, the outstanding subscription-based information technology arrangement liability is \$15,021. The subscription-based information technology arrangement incremental borrowing rate is 4.85%.

Compensated Absences

The School employees accrue annual leave based on their contract and can carry over up to five days for teachers and ten days for administrative staff into the next year. The School reports a liability for the accrued leave. As of June 30, 2023, the estimated liability for compensated absences totaled \$15,774. Of this amount, \$15,774 is estimated to be paid in the coming fiscal year. Compensated absences are liquidated with resources of the General Fund.

NOTE 5 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, 2023, the School's contribution, including administrative costs, to the Plan was \$17,539.

NOTE 6 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.

THE HEIGHTS CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 RELATED PARTY

Employee Salaries

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, 2023, was \$81,717. The total amount the Heights Center paid the School under this agreement for the year ended June 30, 2023, was \$50,185.

NOTE 8 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.

NOTE 9 ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

The School implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). The statement addresses accounting and financial reporting for subscription-based information technology arrangements. This statement requires the School to recognize certain subscription assets and liabilities and recognize as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement the School is required to recognize a subscription liability and an intangible right to use subscription asset, thereby enhancing the relevance and consistency of information about the School's subscription-based information technology arrangements.

The School adopted the requirements of the guidance effective July 1, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

**THE HEIGHTS CHARTER SCHOOL, INC.
BUDGET TO ACTUAL COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
REVENUES			
Federal through State Sources	\$ 520,357	\$ 394,218	\$ (126,139)
State Sources	1,463,028	1,683,708	220,680
Local Sources	62,466	66,252	3,786
Miscellaneous Revenues	750	424	(326)
Total Revenues	<u>2,046,601</u>	<u>2,144,602</u>	<u>224,140</u>
EXPENDITURES			
Instruction	1,196,642	1,183,900	(12,742)
Exceptional Education	71,041	74,850	3,809
Instruction-Related Technology	96,062	84,174	(11,888)
School Board	13,500	25,448	11,948
School Administration	293,199	296,306	3,107
Facilities	-	17,639	17,639
Food Services	194,688	194,595	(93)
Capital Outlay	-	537,243	537,243
Operation of Plant	173,600	79,365	(94,235)
Debt Service:	-	-	-
Principal	-	103,759	103,759
Interest	-	22,862	22,862
Total Expenditures	<u>2,038,732</u>	<u>2,620,141</u>	<u>581,409</u>
OTHER FINANCING SOURCES (USES)			
Subscription-Based Information Technology Arrangements	-	29,390	29,390
Leases	-	507,853	507,853
	<u>-</u>	<u>537,243</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 7,869</u>	61,704	<u>\$ (327,879)</u>
Fund Balance - Beginning of Year		<u>78,415</u>	
FUND BALANCE - END OF YEAR		<u>\$ 140,119</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., (the School) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 22, 2023.

Report on 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) 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 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 or significant deficiencies may exist that were not identified.

Board of Directors
The Heights Charter School, Inc.

Report on 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 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*.

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 22, 2023



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, 2023, and have issued our report thereon dated August 22, 2023.

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 22, 2023, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial 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 22, 2023



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, 2023, and have issued our report thereon dated August 22, 2023. 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 June 6, 2023. 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 9, the entity changed accounting policies related to Subscription-Based Information Technology Arrangements (SBITA) by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 96, *Subscription-Based Information Technology Arrangements*, in 2023.

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.

Significant unusual transactions

We identified no significant unusual transactions.

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

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

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.

Circumstances that affect the form and content of the auditors' report

As previously communicated to you, the report was modified to include an emphasis-of-matter paragraph related to the School's adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Management representations

We have requested certain representations from management that are included in the management representation letter dated August 22, 2023.

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.

Required supplementary information

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 22, 2023

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
The Heights Charter School, Inc.
Governmental Activities
Year Ended June 30, 2023

UNCORRECTED MISSTATEMENTS OF AMOUNTS

Effect of misstatements on:

Description	Assets	Liabilities	Net Position	Net Change in Net Position
Compensated absences activity related to 2022 reported in the 2023 financial statements	\$ -	\$ -	\$ -	\$ (4,053)
Subtotals	-	-	-	(4,053)
Net current year misstatements (Iron Curtain Method)	-	-	-	(4,053)
Net prior year misstatements	-	-	(4,053)	4,053
Combined current and prior year misstatements (Rollover Method)	\$ -	\$ -	\$ (4,053)	\$ -
Financial statement totals	<u>\$ 703,135</u>	<u>\$ 521,954</u>	<u>\$ 181,181</u>	<u>\$ 15,813</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)				-26%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)			-2%	

INADEQUATE DISCLOSURES OR UNCORRECTED MISSTATEMENTS OF DISCLOSURES

Description	Amount (If Applicable)
None	