

**THE HEIGHTS CHARTER SCHOOL, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2024**



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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, 2024, 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, 2024, 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.

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

Management is responsible for the preparation and fair presentation of the 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.

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 9, 2024, 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 9, 2024

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

**THE HEIGHTS CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024**

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, 2024. Please read it in conjunction with the School's financial statements, which begin on page 10.

***Financial Highlights***

- At June 30, 2024, the School's net position was \$116,596, representing an decrease of \$64,585 from June 30, 2023.
- At June 30, 2024, the School's fund balance was \$91,122, representing a decrease of \$48,997 from June 30, 2023.

***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, 2024**

**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:

	2024	2023
<b>ASSETS</b>		
Current and Other Assets	\$ 183,072	\$ 212,815
Capital Assets, Net	373,364	490,320
Total Assets	556,436	703,135
 <b>LIABILITIES</b>		
Current Liabilities	203,494	197,314
Noncurrent Liabilities	236,346	324,640
Total Liabilities	439,840	521,954
 <b>NET POSITION</b>		
Net Investment in Capital Assets	33,467	56,836
Unrestricted	83,129	124,345
Total Net Position	\$ 116,596	\$ 181,181

**THE HEIGHTS CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

**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 two leases 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:

	2024	2023
<b>REVENUES</b>		
General Revenues	\$ 1,984,953	\$ 1,700,322
Program Revenues	387,438	444,280
Total Revenues	2,372,391	2,144,602
 <b>FUNCTIONS/PROGRAM EXPENSES</b>		
Instruction	1,509,289	1,314,715
Instructional Support Services	844,693	694,860
Noninstructional Support Services	82,994	119,214
Total Functions/Program Expenses	2,436,976	2,128,789
 <b>CHANGE IN NET POSITION</b>	(64,585)	15,813
Net Position - Beginning of Year	181,181	165,368
 <b>NET POSITION - END OF YEAR</b>	\$ 116,596	\$ 181,181

*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:

Function/Program	2024		2023	
	Expenditures	Percent	Expenditures	Percent
Governmental Expenditures:				
Instructional Expenditures	\$ 1,400,281	57.5%	\$ 1,183,900	45.2%
Administrative Services	387,857	15.9	296,306	11.3
Plant Operations and Maintenance	65,217	2.7	79,365	3.0
Debt Service	127,201	5.2	126,621	4.8
Capital Outlay	18,198	0.7	537,243	20.5
Other Programs	438,347	18.0	396,706	15.1
Total Governmental Expenditures	\$ 2,437,101	100.0%	\$ 2,620,141	100.0%

**THE HEIGHTS CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

***General Budgeting Highlights***

The budget for the general fund for the year ended June 30, 2024, 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.

Revenues were over budget by approximately \$183,926 due primarily to federal, state, and local support being higher than anticipated. Expenses were over budget by \$246,455 due primarily to an increase in salaries and wages. In the Fall of 2023, the Lee County School District (LCSD) announced salary increases due to the ratification of a new contract. Based on the new LCSD pay scale, The Heights Charter School administration increased wages in order to retain current staff and to remain competitive in the job market. In addition, the Teacher Salary Increase Allocation was \$54,000 less than expected.

***Capital Assets and Debt Administration***

***Capital Assets***

At June 30, 2024, the School had \$676,431 invested in furniture and equipment for its governmental activities, net of accumulated depreciation and amortization of \$303,067, which results in a net book value of \$373,364. 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, 2024 for the Lease is \$319,901 and the net book value for the SBITA is \$1,225. 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, 2024. Total Liabilities as of June 30, 2024 are \$439,840, which includes \$339,897 in outstanding lease liabilities discounted at 4.85%. 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, 2024, increased approximately 17% 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, 2024**

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 174,381
Prepaid Items	8,691
Capital Assets, Net	373,364
Total Assets	\$ 556,436
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accounts Payable	\$ 946
Accrued Payroll	91,004
Compensated Absences - Current	7,993
Lease Liability - Current	103,551
Lease Liability - Noncurrent	236,346
Total Liabilities	439,840
<b>NET POSITION</b>	
Net Investment in Capital Assets	33,467
Unrestricted	83,129
Total Net Position	116,596
Total Liabilities and Net Position	\$ 556,436

*See accompanying Notes to Financial Statements.*

**THE HEIGHTS CHARTER SCHOOL, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024**

FUNCTIONS/PROGRAMS	Program Revenues				(Expenses) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Instruction	\$ 1,509,289	\$ -	\$ 112,273	\$ -	\$ (1,397,016)
Exceptional Education	77,257	-	-	-	(77,257)
Instruction-Related Technology	98,640	-	-	-	(98,640)
School Board	38,458	-	-	-	(38,458)
School Administration	388,650	62,588	-	-	(326,062)
Food Services	241,688	-	212,577	-	(29,111)
Operation of Plant	82,994	-	-	-	(82,994)
Total Governmental Activities	\$ 2,436,976	\$ 62,588	\$ 324,850	\$ -	(2,049,538)
<b>GENERAL REVENUES</b>					
School Board of Lee County - Operating					1,958,199
Grants and Entitlements - Unallocated					11,676
Miscellaneous Income					15,078
Total General Revenues					1,984,953
<b>CHANGE IN NET POSITION</b>					(64,585)
Net Position - Beginning of Year					181,181
<b>NET POSITION - END OF YEAR</b>					\$ 116,596

See accompanying Notes to Financial Statements.

**THE HEIGHTS CHARTER SCHOOL, INC.  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2024**

	General Fund
<b>ASSETS</b>	
Cash	\$ 174,381
Prepaid Items	8,691
Total Assets	\$ 183,072
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts Payable	\$ 946
Accrued Payroll	91,004
Total Liabilities	91,950
<b>FUND BALANCE</b>	
Nonspendable	8,691
Unassigned	82,431
Total Fund Balance	91,122
Total Liabilities and Fund Balance	\$ 183,072

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, 2024**

Total Fund Balance for General Fund	\$	91,122
Amounts reported for governmental activities in the statement of net position are different because:		
<p>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.</p>		
Capital Assets		676,432
Accumulated Depreciation and Amortization		<u>(303,068)</u>
Capital Assets, Net		373,364
<p>Long-term liabilities are not due and payable in the current period and, therefore, not reported in the fund,</p>		
Compensated Absences		(7,993)
Lease Liability		<u>(339,897)</u>
Net Position of Governmental Activities	\$	<u><u>116,596</u></u>

See accompanying Notes to Financial Statements.

**THE HEIGHTS CHARTER SCHOOL, INC.  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2024**

	General Fund
<b>REVENUES</b>	
Federal through State Sources	\$ 324,850
State Sources	1,958,199
Charges for Services	62,588
Local Sources	11,676
Miscellaneous Revenues	15,078
Total Revenues	2,372,391
<b>EXPENDITURES</b>	
Current	
Instruction	1,400,281
Exceptional Education	77,257
Instruction-Related Technology	80,944
School Board	38,458
School Administration	387,857
Food Services	241,688
Operation of Plant	65,217
Capital Outlay	18,198
Debt Service:	
Principal	109,300
Interest	17,901
Total Expenditures	2,437,101
<b>OTHER FINANCING SOURCES (USES)</b>	
Leases	15,713
Total Other Financing Sources	15,713
<b>NET CHANGE IN FUND BALANCE</b>	(48,997)
Fund Balance - Beginning of Year	140,119
<b>FUND BALANCE - END OF YEAR</b>	\$ 91,122

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, 2024**

Net Change in Fund Balance - Total General Fund	\$	(48,997)
<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		18,198
Depreciation and Amortization Expense		(135,154)
		(116,956)
<p>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.</p>		
Changes in Compensated Absences		7,781
<p>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.</p>		
Proceeds from Leases		(15,713)
Principal Payments		109,300
		93,587
Change in Net Position of Governmental Activities	\$	(64,585)

See accompanying Notes to Financial Statements.

**THE HEIGHTS CHARTER SCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**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, 2024**

**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 10 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, 2024**

**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, 2024.

**THE HEIGHTS CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**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, 2024**

**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.

Final expenditures for the School exceeded final budget during the year by \$246,455.

**THE HEIGHTS CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**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, 2024, the carrying amount of the deposits and cash on hand totaled \$174,381, and the corresponding bank balance was \$196,363.

**NOTE 3 CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital Assets, Being				
Depreciated and Amortized:				
Furniture and Equipment	\$ 10,352	\$ 2,485	\$ 7,252	\$ 5,585
Computer Equipment	117,890	-	-	117,890
Right to Use Leased Building	507,853	-	-	507,853
Right to Use Leased Equipment	-	15,713	-	15,713
Subscription-Based Information Technology Arrangements	29,390	-	-	29,390
Total Capital Assets Being Depreciated and Amortized	665,485	18,198	7,252	676,431
Less: Accumulated Depreciation and Amortization:				
Furniture and Equipment	(8,939)	(669)	(7,252)	(2,356)
Computer Equipment	(51,185)	(17,696)	-	(68,881)
Right to Use Leased Building	(101,571)	(101,571)	-	(203,142)
Right to Use Leased Equipment	-	(523)	-	(523)
Subscription-Based Information Technology Arrangements	(13,470)	(14,695)	-	(28,165)
Total Accumulated Depreciation and Amortization	(175,165)	(135,154)	(7,252)	(303,067)
Capital Assets, Net	<u>\$ 490,320</u>	<u>\$ (116,956)</u>	<u>\$ -</u>	<u>\$ 373,364</u>

**THE HEIGHTS CHARTER SCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

Depreciation expense is charged to the following functions:

Instruction-Related Technology	\$ 17,696
School Administration	669
Instruction	116,789
Total	<u>\$ 135,154</u>

**NOTE 4 LONG-TERM LIABILITIES**

Changes in governmental long term liabilities for the year ended June 30, 2024 are summarized as follows:

Governmental Activities	Balance at July 1, 2023	Additions	Reductions	Balance at June 30, 2024	Due Within One Year
Leases	\$ 418,463	\$ 15,713	\$ 94,279	\$ 339,897	\$ 103,551
Subscription-Based Information Technology Arrangements	15,021	-	15,021	-	-
Compensated Absences	15,774	71,252	79,033	7,993	7,993
Governmental Activities Totals	<u>\$ 449,258</u>	<u>\$ 86,965</u>	<u>\$ 188,333</u>	<u>\$ 347,890</u>	<u>\$ 111,544</u>

**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.

On April 29, 2024, the School entered into a five-year lease agreement for the rental of Copier equipment. The lease expires on May 14, 2029.

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

<u>Year Ending June 30.</u>	Principal Payments	Interest Payments	Total
2025	\$ 103,551	\$ 13,729	\$ 117,280
2026	111,047	8,533	119,580
2027	118,916	2,964	121,880
2028	3,256	224	3,480
2029	3,127	63	3,190
Total	<u>\$ 339,897</u>	<u>\$ 25,513</u>	<u>\$ 365,410</u>

As of June 30, 2024, the outstanding lease liability is \$339,897. The lease incremental borrowing rate is 4.85%.

**THE HEIGHTS CHARTER SCHOOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 4 LONG-TERM LIABILITIES (CONTINUED)**

**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 expired on August 9, 2024, and was not renewed in the current year. As of June 30, 2024, there is no outstanding subscription-based information technology arrangement liability.

**Compensated Absences**

The School employees accrue annual leave based on their contract and can carry over up to five days for teachers and 10 days for administrative staff into the next year. The School reports a liability for the accrued leave. As of June 30, 2024, the estimated liability for compensated absences totaled \$7,993. Of this amount, \$7,993 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, 2024, the School's contribution, including administrative costs, to the Plan was \$21,615.

**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, 2024**

**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, 2024, was \$84,098. The total amount the Heights Center paid the School under this agreement for the year ended June 30, 2024, was \$62,588.

**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.

**REQUIRED SUPPLEMENTARY INFORMATION**

**THE HEIGHTS CHARTER SCHOOL, INC.  
BUDGET TO ACTUAL COMPARISON SCHEDULE – GENERAL FUND  
YEAR ENDED JUNE 30, 2024**

	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
<b>REVENUES</b>			
Federal through State Sources	\$ 433,837	\$ 324,850	\$ (108,987)
State Sources	1,784,765	1,958,199	173,434
Charges for Services	-	62,588	62,588
Local Sources	78,100	11,676	(66,424)
Miscellaneous Revenues	750	15,078	14,328
Total Revenues	<u>2,297,452</u>	<u>2,372,391</u>	<u>183,926</u>
<b>EXPENDITURES</b>			
Current			
Instruction	1,204,972	1,400,281	195,309
Exceptional Education	72,873	77,257	4,384
Instruction-Related Technology	111,582	80,944	(30,638)
School Board	31,000	38,458	7,458
School Administration	360,668	387,857	27,189
Facilities	16,721	-	(16,721)
Food Services	191,830	241,688	49,858
Operation of Plant	201,000	65,217	(135,783)
Capital Outlay	-	18,198	18,198
Debt Service:			
Principal	-	109,300	109,300
Interest	-	17,901	17,901
Total Expenditures	<u>2,190,646</u>	<u>2,437,101</u>	<u>246,455</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Leases	-	15,713	15,713
	<u>-</u>	<u>15,713</u>	<u>15,713</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 106,806</u>	<u>(48,997)</u>	<u>\$ (62,529)</u>
Fund Balance - Beginning of Year		<u>140,119</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 91,122</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, 2024, 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 9, 2024.

***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 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 9, 2024



## 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, 2024, and have issued our report thereon dated August 9, 2024.

### 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 9, 2024, 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. There were no 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 us to apply appropriate procedures and communicate 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 communicate 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), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site 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 us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste, 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 9, 2024



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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, 2024, and have issued our report thereon dated August 9, 2024. 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 April 9, 2024. 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.

No new accounting policies were adopted and the application of existing policies was not changed during 2024.

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. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

***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.

***Management representations***

We have requested certain representations from management that are included in the management representation letter dated August 9, 2024.

***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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
August 9, 2024



# HARLEM HEIGHTS

## Community Charter School

15570 Hagie Drive Fort Myers, FL 33908  
239-887-3607

August 9, 2024

CliftonLarsonAllen LLP  
12800 University Drive, Suite 210  
Fort Myers, FL 33907

This representation letter is provided in connection with your audit of the financial statements of The Heights Charter School, Inc., which comprise the respective financial position of the governmental activities, and the general fund as of June 30, 2024, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to misstatements that are material. Misstatements, including omissions, 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.

We confirm, to the best of our knowledge and belief, as of August 9, 2024, the following representations made to you during your audit.

### Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement agreement dated April 9, 2024, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We acknowledge and have fulfilled our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

*The Harlem Heights Community Charter School, Inc. is a 501(C)3 corporation, Federal Tax ID# 81-0760151. The School admits students of any race, color, national origin, and all ethnic origins to all the rights, privileges, programs, and activities generally accorded to or made available to students at the school. It does not discriminate on the basis of race, color, national origin, and ethnic origin in administration of its educational policies, scholarship and loan programs, and athletic and other school-administered programs.*

4. Methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, including those measured at fair value, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.
6. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
8. We have not identified or been notified of any uncorrected financial statement misstatements.
9. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
10. Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.
11. We have analyzed all lease contracts and have considered and recorded material embedded leases contained within other contracts in accordance with U.S. GAAP.
12. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

#### **Information Provided**

1. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records (including information obtained from within and outside of the general and subsidiary ledgers), documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements.

*The Harlem Heights Community Charter School, Inc. is a 501(C)3 corporation, Federal Tax ID# 81-0760151. The School admits students of any race, color, national origin, and all ethnic origins to all the rights, privileges, programs, and activities generally accorded to or made available to students at the school. It does not discriminate on the basis of race, color, national origin, and ethnic origin in administration of its educational policies, scholarship and loan programs, and athletic and other school-administered programs.*

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others when the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.
6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or waste or abuse whose effects should be considered when preparing financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
9. We have disclosed to you the identity of all the entity's related parties and all the related party relationships and transactions of which we are aware, including any side agreements.
10. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.
11. We have a process to track the status of audit findings and recommendations.
12. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
13. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to The Heights Charter School, Inc., including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
14. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

*The Harlem Heights Community Charter School, Inc. is a 501(C)3 corporation, Federal Tax ID# 81-0760151. The School admits students of any race, color, national origin, and all ethnic origins to all the rights, privileges, programs, and activities generally accorded to or made available to students at the school. It does not discriminate on the basis of race, color, national origin, and ethnic origin in administration of its educational policies, scholarship and loan programs, and athletic and other school-administered programs.*

15. The entity has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.
16. We are responsible for determining whether we have received, expended, or otherwise been the beneficiary of any federal awards during the period of this audit. No federal award, received directly from federal agencies or indirectly as a subrecipient, was expended in an amount that cumulatively totals from all sources \$750,000 or more. For this representation, "award" means financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, user grants, or contracts used to buy goods or services from vendors.
17. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
18. The financial statements properly classify all funds and activities.
19. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
20. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
21. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
22. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
23. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
24. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
25. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
26. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
27. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

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28. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
29. As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements and related notes. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.
30. We understand that as part of your audit, you prepared the adjusting journal entries necessary to convert our cash basis records to the accrual basis of accounting and acknowledge that we have reviewed and approved those entries and accepted responsibility for them. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.
31. We have evaluated the adequacy and results of the depreciation services performed and accept responsibility for the results. We acknowledge our responsibility for our depreciation schedules and have determined the methods and rates of depreciation and the salvage values used in the calculations. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your depreciation services; have made all significant management judgments and decisions; and have assumed all management responsibilities. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.

Signature: Debra A. Matheny Title: Director, Heights Charter School

Signature: Nate Maushette Title: Business Manager

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