

APPENDIX A: 2014-15 CHARTER SCHOOL ANNUAL REPORT

PART 1: SCHOOL INFORMATION AND EXECUTIVE SUMMARY	
Name of Charter School:	Year School Opened:
Highville Charter School	1998
Street Address:	City/Zip Code:
1 Science Park	New Haven, CT 06511
School Director:	School Director Contact Information:
Craig Drezek	cdrezek@highvillecharter.com /203-287-0528
Grades Authorized to Serve in 2014-15:	Charter Term:
PK-10	2014-2020 (renewed a year early)
<p>1. Executive Summary: Provide a cover letter or executive summary highlighting school progress, performance, accomplishments, and major changes during the 2014-15 school year. Include a brief narrative on the school’s unique model and student population.</p>	
<p>The Highville Charter School Administration and Board of Directors are pleased to submit our Charter School Annual Report for the SY 2014-2015, pursuant to Connecticut General Statute § 10-66cc(b). We are pleased to announce that after a long search for the perfect home, we have found and purchased a state-of-the-art building in Science Park in New Haven. The purchase will support our expanding program. After a long summer full of renovations, we are now located at Once Science Park in New Haven. We are excited to be a part of a community many of our families call home.</p> <p>The Highville Charter School learning community seeks to promote and advance the intellectual, physical, social, and moral development of students in becoming responsible, contributing world citizens. Students learn to work and live together constructively respecting, honoring, and appreciating their own uniqueness and that of others. As we strive to implement our vision to provide a challenging, supportive and comprehensive educational program for our students, the foundation of our program is our Mission Statement and Program of Studies.</p> <p>Education is more than a direction or a destination; it is a process which recognizes, enhances, and celebrates individual accomplishments. Highville Charter School, in the breadth of its curricula and the variety of its approaches to facilitate learning, provides an environment which nurtures and stimulates the intellectual development, insight and curiosity of all individuals.</p> <p>We have obtained a new curriculum for our Math and Language Arts programs to support common core and SBAC testing. Student progress is being monitored by iReady and NWEA. We are making staff additions in intervention, behavior management, tier intervention, administration, academic support, curriculum development, and foreign language.</p> <p>Highville’s synergistic atmosphere reflects the blending of tradition with the reality of an interdependent, interconnected world. Our program is propelled by a committed and experienced staff and supported by an involved parent community. As a continuation of the great success Highville has demonstrated over the past years, we are committed to expanding our program offerings to include academic grades eleven (2015-16) and twelve (2016-17) to our already existing grade nine and ten in the Highville Change Academy which was established in 2013.</p> <p>Our high school students are benefiting from a partnership with Post University in Waterbury, CT that allows</p>	

them to have access to online college courses and receive dual college and high school credit.

The Change Academy at Highville Charter School is a global studies academy that focuses upon world language, history, culture, community service and activism. The Change Academy is intended to work in conjunction with Highville Charter School on the mission of creating globally literate citizens. While it is the elementary school's goal to infuse global concepts into core subjects to create an understanding of the interconnectedness of the world and to teach students to identify their place in it, the High School will require that students apply that knowledge by motivating change within their communities. Highville Change Academy will provide the practical experiences needed to create leaders. The enrollment for The Change Academy at Highville Charter School is projected to be at between 150 and 160 students by the end of the year 2019-2020.

PART 2: SCHOOL PERFORMANCE

2. **School Goals:** State the school's mission statement. Provide the school's mission-specific, measurable goals. Analyze school progress toward these goals, providing data as appropriate. Add/Remove rows, as necessary.

Mission Statement:

The Highville Charter School, an enterprising and caring community with strong parent and community involvement, prepares and instills a desire for all learners to confidently use technology, think globally and develop into globally conscious citizens. Students will utilize world languages and the study of various world cultures as the basis for developing into independent thinkers. Through Highville's academic process students will gain exposure to the interdependent systems put in place to make the world function. They will gain the confidence necessary to chart their course through an ever changing society and utilize their global knowledge to make informed decisions. Such a globally-conscious citizen will be values oriented, wellness conscious, career directed, competent in communications and problem solving, skillful in creative and critical thinking, culturally sophisticated, and acutely aware of global interdependence.

Goal Statement:

Align content, instruction, and assessment with the Common Core State Standards and other appropriate standards:

Evidence of Progress toward Goal:

The administrative staff provided teachers with lists of common core standards and correlated material in our present curriculum. Additionally they worked throughout the summer to create pacing calendars and a framework for curriculum aligned to the common core. At the start of school, all teachers received materials to utilize for the year to begin to shift from state standards to common core. To support staff in tracking results and providing the best instructional tools for students, we use the iReady program. This program has been instrumental for individualizing student learning. Tutors, teachers and other support staff have been able to provide instruction more focused to the needs of the students.

Integrate 21st century skills needed for high achievement across all subjects:

The theme for service learning was *Creating World Peace: One person at a Time*. Each grade level was assigned an ongoing project that required a study, research, public presentation and a showcase of how creating world peace: one person at a time can impact children locally, nationally and internationally. This experience offered students exposure to global issues and allowed them to problem solve and offer solutions. All students received laptops and

	technology has been completely integrated into the instructional practices. Our school wide science materials dictate an inquiry based approach to science. Students identify problems and find solutions within our science program.
Diversify our certified teaching staff and utilize vacant student slots beyond blind selection period for recruitment of a more diverse student population	We have experienced some diversity growth in the student population as a result of extended recruitment efforts and staff children enrolling in Highville. We will continue to strategize to further diversify our student and certified staff population in the future.

3. **Student Achievement:** Provide data summarizing school performance and academic achievement. Using the blank space provided, include data evidencing student growth and progress toward closing achievement gaps, including an analysis of normed benchmark assessment data.

Performance Metric:	*2011-12:	*2012-13:	*2013-14:	2014-15:
Average daily attendance rate: See June 2015 PSIS Report for data	96.8	96.4	97.6	96.1
Chronic absenteeism rate: See June 2015 PSIS Report for data	4.4	5.7	2.9	6.6
Number of in-school suspensions:	19	0	12	11
Number of out-of-school suspensions:	0	4	17	18
Number of expulsions:	0	3	0	0
Percent of students with 1+ suspension/expulsion:	3.3	2.1	6.9	10.3
Cohort graduation rate (if applicable):	N/A	N/A	N/A	N/A
Holding power rate (if applicable):	N/A	N/A	N/A	N/A
Overall School Performance Index CMT/CAPT(SPI):	77	77.2	N/A	N/A
Overall host District Performance Index (DPI):	75.5	75.5	N/A	N/A

For the 2013-2014 school year we opted to test our students using the CMTs so our first year using the SBAC testing was in 2014-2015. As a result we have no comparison to measure student achievement. We will be able to offer relevant data after the release of the 2015-2016 SBAC scores.

*Source: CSDE analysis based on district submitted and certified data.

4. **Best Practice:** In 250 words or less, summarize an emerging best practice at your school in the areas of academics, instruction, or school climate (e.g. extended instructional time, supports for English learners, positive behavior management, college access). Describe the concrete strategy and its impact on student learning and/or the school climate referencing quantitative data. Provide evidence of collaboration with local school districts in this area, as appropriate.

Highville Charter School is committed to creating and maintaining an educational environment that is physically, emotionally, and intellectually safe. It is the intent of the Highville administration and staff that students achieve maximum development of social and behavior skills and competencies which will enable them to be responsible, contributing members of society. Students, parents, teachers, and administrators have the right to expect mutual courtesy as well as fair and equitable treatment and to be informed of their rights and responsibilities.

Highville Charter School has four school rules. Highville phoenixes must SOAR daily!

- S**-Strive for excellence in all we do,
- O**-Own our choices,
- A**-Attitude is everything,
- R**-Respect for self, adults, and schoolmates

Highville students are expected to SOAR in the classroom, on the playground, in the cafeteria, in the hallways, at assemblies, on the bus, at school sponsored events, and at home. Student behavior is a partnership with the school and parents/guardians. When a student violates the rights of others and/or disrupts the educational process, there will be an appropriate action taken by the teacher, a division coordinator, and/or an administrator.

Highville Charter School students follow the Student Code of Conduct. The focus of the Student Code of Conduct is to guide student behavior, to link interventions to improve student behavior, and for students to learn how to make good behavioral choices. The staff of Highville Charter School is committed to creating opportunities for students to practice and succeed in making responsible and effective choices in order to reach their academic potential and contribute to the school community.

PART 3: STEWARDSHIP, GOVERNANCE, AND MANAGEMENT

5. **Financial Documents:** (1) As required by C.G.S. § 10-66cc(b)(2), submit FY 2014 certified audit statements, including the statement of activities (showing all revenues from public and private sources, expenditures, and net operating gain/loss), balance sheet, and statement of cash flows. (2) Provide the FY 2015 budget comparing submitted budget versus actual figures, with summary explanations of all major variances. (3) Provide a FY 2016 board-approved budget, summarizing all assumptions and major variances from FY 2015.

6. **Financial Condition:** Provide the following financial data for FY 2015.

Total margin (net income / total revenue):	17.17%
Debt to asset ratio (total liabilities / total assets):	.88:1
Debt service coverage ratio (net income + depreciation + interest expense) / (principal + interest payments):	6.66:1
Current asset ratio (current assets / current liabilities):	5.7:1
Days of unrestricted cash ((total expenditures - depreciation) / 365):	3005
Cash flow (change in cash balance):	1,074,024

7. **Governing Board:** Consistent with C.G.S. § 10-66bb(d)(3)(A), provide the following information for all governing board members.

Name:	Occupation:	Board Role/Term:	Mailing/Email:	Background Check:
Dave Thompson	State Auditor	Chairperson	Dave.Thompson@ct.gov	X Yes <input type="checkbox"/> No
Sean Hutchinson	Teacher	Vice-Chair	smuvtechie@gmail.com	X Yes <input type="checkbox"/> No
Alison Given	Teacher	Secretary, Teacher Rep.	agiven@highvillecharter.com	X Yes <input type="checkbox"/> No

Jessica Philpotts	Banker	Treasurer	Jessica.Philpotts@bankofamerica.com	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Linda Baylor	Probation Officer	Member	Lbaylor1023@gmail.com	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Alexis Smith	Attorney	Member	asmith@nhlegal.org	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Nakesha Alleyne	LCSW	Member	nakeshamiller@yahoo.com	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Agata Raszczyk-Lawska	Attorney	Member	Araszczyk-lawska@connlegalservices.org	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Tamara Deer	Senior Accountant	Member	Tamara.deer@gmail.com	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

8. Renewal Terms and Corrective Items: Provide an update on terms and conditions established in the charter school's most recent renewal; summarize actions taken and progress data to substantiate efforts to address such terms and conditions of renewal. Please note the chart below is pre-populated to include terms and conditions identified in the school's last renewal resolution.

Standard/Indicator:	Term or Condition:	Progress Update:
2.2 Financial Management	Revised financial policies/procedures credit card purchases, reconciling monthly credit card statements, bank deposit process and monthly reconciliation of bank statements, new hires and bidding requirements for purchasing.	Please see attached for new policies implemented in these areas.
2.3 Governance and Management	Preparation and publishing of written minutes from Finance and Audit Committee meetings.	The Finance and Audit committee meetings are attended by the Chief Financial Officer who acts as recording secretary to take roll call and prepare minutes of each meetings. Once reviewed and approved at the next meeting, minutes are posted on the school website in the same area as minutes of the meetings of the full Board.
2.4 Organizational Capacity	Bureau of Educator Standards and Certification sent a letter to the district on June 19, 2015 regarding Teacher Certification Compliance Report issues.	The specific certification issues were addressed as follows: Alla Grise was re-assigned to a first grade classroom for which she is properly certified. Paul Blake is currently assisting with instruction and performing duties as building substitute while pursuing his Connecticut certification. Organizationally, separate principals were hired to oversee the PK-8 and high school programs, respectively. Staff has been separated and dedicated to each specific school. We have added new math, science and history teachers at the high school level, as well as a career and college readiness advisor and dedicated interventionist for the high school grades as we continue our expansion plans.

9. Best Practice: In 250 words or less, summarize an emerging best practice at your school in the areas of stewardship, governance, and management (e.g., financial management, technology, school operations). Describe the concrete strategy and its impact on the school referencing quantitative data. Provide evidence of collaboration with local school districts in this area, as appropriate.

We have added the position of Business Office Administrator which has been filled by a candidate who excels in the areas of technology and reporting. This position will assist with school operations as it pertains to student data management. She has updated and now administers the schoolwide use of Powerschool as a powerful tool for all student related data. Teachers and administrators can access this central database pursuant to assigned security levels, and can create a variety of reports that can be used to assess student achievement and progress, as well as learning gaps. This allows staff to readily identify areas needing improvement in real time, and to work collaboratively to establish strategies and strengthen curriculum in response to demonstrated areas of need at specific grade levels. With the addition of this new role, we are able to provide our staff with in-house cost-free professional development in small groups to develop and strengthen their ability to implement technology into their teaching methods and classrooms. We will provide ongoing training, as features are added. Most recently, we are developing a dashboard to sort data in relevant ways in order to track progress to be shared with key stakeholders. In addition to being an excellent school operational tool, each student's records are accessible on-line by the student's parent or guardian, which opens additional avenues for parental involvement. As of this date, all teachers have implemented the use of this database, and are actively training to expand the implementation of its many applications.

PART 4: STUDENT POPULATION

10. Enrollment and Demographic Data: Provide 2014-15 student demographic and enrollment information.

Grades Served:	PK-10	Student Enrollment:	403
% Free/Reduced-Price Lunch:	70%	% Black:	95%
% Special Education:	4%	% Hispanic:	4%
% Limited English Proficiency:	0%	% Caucasian:	0%

2014-15 Enrollment by Grade Level:

PK	K	1	2	3	4	5	6	7	8	9	10	11	12	Total
41	41	35	38	44	39	35	36	31	32	21	10	0	0	403

11. Enrollment Efforts: Summarize the school's efforts to attract, enroll, and retain a diverse and representative student population, including minority students, low-income students, English learners, and students with disabilities.

Highville Charter School continues to maintain success in our recruitment process. Fliers outlining the school's mission, focus and goals are distributed to our email contacts and community centers and admission announcements are sent to the local newspapers. Highville has actively advertised in diversely populated areas of New Haven County by providing fliers in both English and Spanish. Theses advertisements are provided to local churches and community centers indicating our wide range of services available for students of all backgrounds academic capabilities. Our staff also holds on campus open house events and presentations at various community events for enrollment recruitment and to broaden our exposure in the community.

Highville Charter School aggressively works to retain students once they are enrolled by implementing the following:

- A. Students with a history of low academic performance;
 - a. Differentiated instruction is used to meet individual students learning needs
 - b. Paraprofessionals are also trained to work with students in small groups to develop skills
 - c. Students are tested to see where they struggle and then they work directly with our Math or Literacy Coach (Beginning in 2013-2014 school year we began using iReady, a computer based program to determine students reading and math levels in K-9th grade)
 - d. If needed they are also paired with an Experience Corp Tutor
 - e. If the above strategies are not successful then students are referred to the SAT for additional support.

- B. Students who receive free or reduced priced lunches pursuant to federal laws and regulations;
 - a. To accommodate the high number of students who qualify for free and reduced lunch and, students in need who do not qualify, all students are given free breakfast, free lunch and free snack.
- C. Students with a history of behavioral and social difficulties;
 - a. Those students who struggle with behavior and social difficulties are first seen by our Intervention Services Coordinator who try to come up with strategies to resolve the problem being presented
 - b. If the strategies of the Intervention Services Coordinator are not successful then students are referred to the SAT
 - c. Differentiated instruction is used to meet individual students learning needs
 - d. Paraprofessionals are also trained to work with students in small groups to develop skills
 - e. Students are tested to see where they struggle and then they work directly with our Math or Literacy coach
 - f. If needed they are also paired with an Experience Corp Tutor
 - g. If the above strategies are not successful then students are referred to the SAT
 - h. Identified Special Education Students are also seen by Special Education Teachers provided by local school districts based on their IEP's
- D. Students identified as requiring special education;
 - a. Differentiated instruction is used to meet individual students learning needs
 - b. Paraprofessionals are also trained to work with students in small groups to develop skills
 - c. Students are tested to see where they struggle and then they work directly with our Math or Literacy coach
 - d. If needed they are also paired with an Experience Corp Tutor
 - e. If the above strategies are not successful then students are referred to the SAT
 - f. Identified Special Education Students are also seen by special education teachers provided by local school districts based on student IEP's
- E. Students who are English Language learners.
 - a. Differentiated instruction is used to meet individual students learning needs
 - b. Paraprofessionals are also trained to work with students in small groups to develop skills
 - c. Students are tested to see where they struggle and then they work directly with our Math or Literacy Coach
 - d. If needed they are also paired with an Experience Corp Tutor

12. **Waitlist Data:** Provide waitlist totals below, illustrating demand and community support for the school.

2011-12 Waitlist:	2012-13 Waitlist:	2013-14 Waitlist:	2014-15 Waitlist:
41	102	129	101

13. **Best Practice:** In 250 words or less, summarize an emerging best practice at your school in the areas of student populations (e.g., family and community engagement, recruitment processes, retention strategies). Describe the concrete strategy and its impact on the school referencing quantitative data. Provide evidence of collaboration with local school districts in this area, as appropriate.

Highville seeks to develop partnerships with outside organizations so that we are giving students as many global and enrichment experiences as possible. Our 6th and 7th grade students had the opportunity to have artists in residency through the *Young Audiences of CT* program. We also have a partnership with the New Haven Museum, who develops workshops with our PreK3 through Kindergarten students. We have partnered with several community agencies to offer after school enrichment activities, such as dance, art, and chess. Furthermore, we have a partnership with Quinnipiac University called the Rising Scholars Program that gave our rising 7th and 8th graders the opportunity to participate in a summer enrichment program on Quinnipiac's

Campus in which they were taught by Graduate students in Quinnipiac's teacher training program.

Our high school students have the opportunity to be of service to others and create real change in their community by spending every Friday outside of the building or working in class on solving real problems in the community. They also have access to state of the art technology with each student receiving a laptop, which are needed to access their online courses with Edgenuity and Post University in Waterbury, CT.

The Highville PTO, comprised of hard-working, dedicated parents, works closely with our staff planning and supporting school events and fairs. The PTO hosts several events annually that our student body and families happily attend.

APPENDIX B: STATEMENT OF ASSURANCES

It is imperative that charter schools – as with all other public schools – adopt and uphold the highest ethical and legal standards while delivering excellent academic opportunities for students and their families.

As the authorized representative of Highville Charter School, to the best of my knowledge, I affirm that:

1. All board members and staff have satisfactorily completed background checks, including a state and national criminal records check and a record check of the Department of Children and Families Child Abuse and Neglect Registry.
2. If applicable, all charter school management organization (CMO) staff members have satisfactorily completed background checks, as described in (1).
3. All contractors, if the nature of the contractor's work entails close proximity to students in the judgment of the Governing Board, have satisfactorily completed background checks, as described in (1).
4. Records of any and all background checks are on file at Highville Charter School and available for random audit by the Connecticut State Department of Education (CSDE).
5. Highville Charter School has adopted written anti-nepotism and conflict of interest policies, and that no member or employee of the Governing Board has a personal or financial interest in any asset, real or personal, of the charter school.
6. No board member of Highville Charter School serves on the board of another charter school or CMO.
7. All public funds received by Highville Charter School have been, or are being, expended prudently and in a manner required by law.
8. All Governing Board meetings are open and accessible to the public, and that Highville Charter School has posted, and continues to post, on any Internet website that the Governing Board operates, the schedule, agenda, and minutes of each Governing Board meeting, including any meeting of a subcommittee of the Governing Board.
9. Highville Charter School does not discriminate in any employment practice, education program, or educational activity on the basis of race, color, religious creed, sex, age, national origin, ancestry, marital status, sexual orientation, gender identity or expression, disability, or any other basis prohibited by Connecticut state and/or federal nondiscrimination laws.

By signing this Statement of Assurances on behalf of the Governing Board of Highville Charter School, I acknowledge that I understand the terms contained herein and affirm the validity of each statement to the best of my knowledge. I further understand that Highville Charter School may be subject to random audit by the CSDE to verify these statements.

Signature:



Name of Board Chairperson:

DAVE L. THOMPSON

Date:

10/5/2015

APPENDIX C: 2016-17 PRELIMINARY ENROLLMENT REQUEST

Directions: On an annual basis, charter schools must submit an enrollment request for the following school year. Consistent with C.G.S. § 10-66bb(c), the State Board of Education considers enrollment requests in the context of each school’s charter and record of student achievement.

C.G.S. § 10-66bb(c)(2) places an enrollment cap on the number of students that a state charter school may enroll. However, charter schools with a demonstrated record of achievement may seek a waiver. If the submitted 2016-17 enrollment request requires an enrollment waiver, please specify that below.

1. Complete the table below providing the school’s enrollment and growth history. Submit an enrollment request and growth projections for the upcoming school year.															
School Year:	Actual Enrollment:														
	PK	K	1	2	3	4	5	6	7	8	9	10	11	12	Total
2012-13	41	34	43	35	33	35	37	36	31	16					341
2013-14	43	34	33	43	35	34	36	34	29	34	6				361
2014-15	41	41	35	39	42	40	35	35	32	32	21	10			403
2015-16	60	40	40	37	40	42	40	39	37	38	18	20	12		463
School Year:	2016-17 Enrollment Request:														
	PK	K	1	2	3	4	5	6	7	8	9	10	11	12	Total
2016-17	60	40	40	40	40	40	42	40	40	40	20	20	20	20	502
2. Based on the request entered above, is the school seeking a waiver to the enrollment cap described in C.G.S. § 10-66bb(c)(2)?													<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
3. Provide a rationale for the enrollment request, including a synopsis of all relevant assumptions.															
By adding an additional 40 seats to our enrollment, we will be able to significantly reduce the number of students we will need to waitlist. These additional seats will not cause significant impacts on our staffing and expense budgets.															
4. Summarize the school’s plans to successfully expand and accommodate the needs of the students served (e.g., programming, staffing, facilities, and class size).															
These additional seats will be spread out over the entire school, prekindergarten through twelfth grade. This increase will allow us to provide a quality education to more children while keeping are class sizes below 20 students per section.															

APPENDIX D: CHARTER SCHOOL PERFORMANCE FRAMEWORK

The Connecticut State Department of Education’s (CSDE) charter school performance framework promotes clear and transparent expectations for all charter schools. The four performance standards are central to measuring schools’ efficacy and viability, and align to state law and national best practices among charter school authorizers, as accumulated by the National Association of Charter School Authorizers. Within each standard area, the framework identifies a series of indicators used to evaluate charter schools. The framework drives the CSDE’s charter school accountability systems and processes, including initial approval decisions, annual monitoring, and renewal determinations.

Performance Standards:	
1.	School Performance: Is the school a successful model resulting in strong student outcomes and a positive school climate?
2.	Stewardship, Governance, and Management: Is the school financially and organizationally healthy and viable?
3.	Student Population: Is the school promoting equity by effectively attracting, enrolling, and retaining students, particularly among targeted populations?
4.	Legal Compliance: Is the school acting in compliance with applicable laws and regulations?

Performance Standards:	Performance Indicators:
1. School Performance	1.1. Student Achievement, Growth, and Gap Closure 1.2. Mission-Specific Goals 1.3. School Culture and Climate 1.4. Instruction 1.5. Academic Program 1.6. Supports for Special Populations
2. Stewardship, Governance, and Management	2.1. Fiscal Viability 2.2. Financial Management 2.3. Governance and Management 2.4. Organizational Capacity 2.5. Accountability Measures 2.6. School Facility
3. Student Population	3.1. Recruitment and Enrollment Process 3.2. Waitlist and Enrollment Data 3.3. Demographic Representation 3.4. Transfer/Retention Rates 3.5. Parental and Community Support
4. Legal Compliance	4.1. Signed Statement of Assurances 4.2. Open Public Meetings

Shane, Navratil & Co.

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. NAVRATIL, CPA
MICHAEL A. RUBIN, CPA

TWENTY WALNUT STREET
WILLIMANTIC, CONNECTICUT 06226
TEL.: (860) 456-2297
FAX: (860) 456-3954
email: shanen@snet.net

October 29, 2014

The Board of Directors
Highville Charter School Inc.
130 Leeder Drive
Hamden, CT 06517

In planning and performing our audit of the financial statements of the Highville Charter School Inc. ("Highville") as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Highville's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Highville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Highville'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 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. A material weakness is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

We consider the following deficiencies in the Highville's internal control to be control deficiencies:

Finding:

The size of the administrative staff is small so a full segregation of duties was not obtained.

To The Board of Directors
Highville Charter School Inc.

October 29, 2014

Recommendation:

We recommend the organization continue to segregate duties as much as possible and continue to have Board of Directors involvement to ensure expenditures are proper

Management's Response:

Highville agrees with the finding and the duties will be segregated whenever possible.

In addition, we would like to remind you the Form 990 is required to be filed with the Internal Revenue Service. The form should be reviewed by the Board of Directors prior to filing.

We wish to take this opportunity to thank Highville Charter School Inc.'s staff, for the cooperation extended to us during the course of our audit.

This communication is intended solely for the information and use of Board of Directors and Management of Highville Charter School Inc., and is not intended to be and should not be used by anyone other than those specified parties.



SHANE, NAVRATIL & CO.

Certified Public Accountants

Willimantic, Connecticut
October 29, 2014

HIGHVILLE CHARTER SCHOOL, INC.

**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**

**Independent Auditors' Report on Compliance
For Each Major State Program; Report on Internal Control over
Compliance; and Report on the Schedule of Expenditures of
State Financial Assistance Required by the State Single Audit Act**

JUNE 30, 2014

HIGHVILLE CHARTER SCHOOL, INC.

JUNE 30, 2014

TABLE OF CONTENTS

	<u>PAGE</u>
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	1-2
Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act	3-5
Schedule of Expenditures of State Financial Assistance	6
Notes to Schedule of Expenditures of State Financial Assistance	7
Schedule of Findings and Questioned Costs	8-9

Shane, Navratil & Co.

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. NAVRATIL, CPA
MICHAEL A. RUBIN, CPA

TWENTY WALNUT STREET
WILLIMANTIC, CONNECTICUT 06226
TEL.: (860) 456-2297
FAX: (860) 456-3954
email: shanen@snet.net

The Board of Directors
Highville Charter School, Inc.

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States the financial statements of the Highville Charter School, Inc. which comprise the statement of financial position as of June 30, 2014 and the related statements of activities, and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated October 29 , 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Highville Charter School, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Highville Charter School, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Highville Charter School Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 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.

Highville Charter School, Inc.

Internal Control over Financial Reporting (continued)

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


Compliance and Other Matters

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

We noted certain matters that we reported to management of the Highville Charter School, Inc., in a separate letter dated October 29, 2014.

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 result of that testing, and not to provide an opinion on the effectiveness of Highville Charter School, Inc.'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 Highville Charter School, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


SHANE, NAVRATIL & CO.
Certified Public Accountants

Willimantic, Connecticut
October 29, 2014

Shane, Navratil & Co.

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. NAVRATIL, CPA
MICHAEL A. RUBIN, CPA

TWENTY WALNUT STREET
WILLIMANTIC, CONNECTICUT 06226
TEL.: (860) 456-2297
FAX: (860) 456-3954
email: shanen@snet.net

The Board of Directors
Highville Charter School, Inc.

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

Report on Compliance for Each Major State Program

We have audited the Highville Charter School, Inc.'s compliance with the types of compliance requirements described in the *Office of Policy and Management's Compliance Supplement* that could have a direct and material effect on each of the Highville Charter School, Inc.'s major state programs for the year ended June 30, 2014. The Highville Charter School Inc.'s major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Highville Charter School, Inc.'s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Highville Charter School, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Highville Charter School, Inc.'s compliance.

Highville Charter School, Inc.

Opinion on Each Major State Program

In our opinion, the Highville Charter School, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the Highville Charter School, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Highville Charter School, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance with the State Single Audit Act, but for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Highville Charter School, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Highville Charter School, Inc.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the Highville Charter School, Inc., as of and for the year ended June 30, 2014, and have issued our report thereon dated October 29, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.



SHANE, NAVRATIL & CO.

Certified Public Accountants

Willimantic, Connecticut
October 29, 2014

HIGHVILLE CHARTER SCHOOL, INC.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2014

STATE GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	STATE GRANT PROGRAM CORE-CT NUMBER	EXPENDITURES
<u>Department of Education:</u>		
Charter Schools	11000-SDE64000-17041-84179	\$3,780,000
School Breakfast	11000-SDE64000-17046	3,959
Child Nutrition State Matching Grant	11000-SDE64000-16211	<u>2,478</u>
Total Department of Education		<u>\$3,786,437</u>
Total State Financial Assistance		<u>\$3,786,437</u>

HIGHVILLE CHARTER SCHOOL, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2014

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Highville Charter School Inc., under programs of the State of Connecticut for fiscal year ended June 30, 2014. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorization in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund the Charter School program.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Highville Charter School Inc. conform to accounting principles generally accepted in the United States of America as applicable to not-for-profits organizations.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations of the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

See Notes to Schedule.

HIGHVILLE CHARTER SCHOOL, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2014

(1) SUMMARY OF AUDITOR'S RESULTS:

Financial Statements

Type of auditor's report issued: *unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements noted? yes no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs: *unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? yes no

- The following schedule reflects the major programs included in the audit:

<u>State Grantor And Program</u>	<u>State Core - CT Number</u>	<u>Expenditures</u>
Department of Education: Charter Schools	11000-SDE64000-17041-84179	\$ 3,780,000
• Dollar threshold to distinguish between Type A and Type B programs		\$ 200,000

HIGHVILLE CHARTER SCHOOL, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2014

(2) **FINANCIAL STATEMENT FINDINGS:**

No matters were reported.

(3) **STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS:**

No Findings or Questioned Costs are reported relating to State Financial Assistance programs.

(4) **SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS:**

No prior year audit findings.

HIGHVILLE CHARTER SCHOOL, INC.

Financial Statements

JUNE 30, 2014

HIGHVILLE CHARTER SCHOOL, INC.

Audited Financial Statements

JUNE 30, 2014

TABLE OF CONTENTS

	<u>PAGE</u>
Financial Section:	
Independent Auditors' Report	1-2
Statement of Financial Position, June 30, 2014	3
Statement of Activities, For the Year Ended June 30, 2014	4
Statement of Cash Flows, For the Year Ended June 30, 2014	5
Notes to Financial Statements For the Year Ended June 30, 2014	6-10

Shane, Navratil & Co.

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. NAVRATIL, CPA
MICHAEL A. RUBIN, CPA

TWENTY WALNUT STREET
WILLIMANTIC, CONNECTICUT 06226
TEL.: (860) 456-2297
FAX: (860) 456-3954
email: shanen@snet.net

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Highville Charter School, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Highville Charter School, Inc., which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Highville Charter School, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2014, on our consideration of Highville Charter School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Highville Charter School, Inc.'s internal control over financial reporting and compliance.



SHANE, NAVRATIL & CO.
Certified Public Accountants

Willimantic, Connecticut
October 29, 2014

HIGHVILLE CHARTER SCHOOL, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2014

ASSETS

Cash	\$ 314,158
Grants Receivable	40,737
Prepaid Expenses	9,815
Property and Equipment, net	122,748
Intangible Asset - Goodwill	<u>55,875</u>
Total Assets	<u>\$ 543,333</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Current Portion of Long-Term Debt	\$ 17,451
Accounts Payable and Accrued Expenses	<u>139,175</u>

Total Current Liabilities 156,626

Long-Term Debt 62,855

Total Liabilities 219,481

Net Assets

Unrestricted:	
Designated - Property and Equipment	122,748
Undesignated	<u>201,104</u>
Total Unrestricted Net Assets:	<u>323,852</u>

Total Net Assets 323,852

Total Liabilities and Net Assets **\$ 543,333**

See Accompanying Auditor's Report and Notes to Financial Statements

HIGHVILLE CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Changes in Unrestricted Net Assets

Revenues and Support:

Federal & State Grants	\$ 3,924,923
Contributions	100,455
Investment Income	964
Program Service Revenue	<u>302,927</u>
Total Unrestricted Revenues and Support	<u>4,329,269</u>

Operating Expenses:

Program Services	3,847,841
Supporting Services:	
Management and General	<u>394,107</u>
Total Expenses	<u>4,241,948</u>

Net assets released from restrictions	<u>4,130</u>
---------------------------------------	--------------

Increase in Unrestricted Net Assets	<u>91,451</u>
--	---------------

Changes in Temporarily Restricted Net Assets

Net assets released from restrictions	<u>(4,130)</u>
Decrease in Temporarily Restricted Net Assets	<u>(4,130)</u>

Increase in Net Assets	87,321
-------------------------------	--------

Net Assets - Beginning of Year	<u>236,531</u>
---------------------------------------	----------------

Net Assets - End of Year	<u><u>\$ 323,852</u></u>
---------------------------------	--------------------------

See Accompanying Auditor's Report and Notes to Financial Statements

HIGHVILLE CHARTER SCHOOL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

Cash Flows from Operating Activities

Increase in Net Assets	\$ 87,321
Adjustments to reconcile Increase in Net Assets to net cash provided by operating activities:	
Depreciation and Amortization	71,318
Decrease/(Increase) in:	
Grants Receivable	(4,523)
Prepaid Expenses	12,426
Increase/(Decrease) in:	
Accounts Payable and Accrued Expenses	<u>66,269</u>
Net cash provided by operating activities	<u>232,811</u>

Cash Flows from Investing Activities

Purchases of Property and Equipment	<u>(132,721)</u>
Net cash (used) in investing activities	<u>(132,721)</u>

Cash Flows from Financing Activities

Deferred Program Service Revenue	\$ (8,631)
Proceeds from long-term debt	75,000
Principal payments on long-term debt	<u>(17,291)</u>
Net cash provided by financing activities	<u>49,078</u>

Increase in Cash 149,168

Cash - Beginning of Year 164,990

Cash - End of Year \$ 314,158

Supplemental Disclosures:

Taxes paid	\$ -
Interest paid	\$ 5,250

See Accompanying Auditor's Report and Notes to Financial Statements

HIGHVILLE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities – Highville Charter School, Inc. (the Corporation) is a not-for-profit organization incorporated under the laws of the State of Connecticut. The Corporation's charter is granted by the State of Connecticut's Department of Education and is based on the ideas of global education, student achievement as well as family and community involvement. The charter provides for a maximum enrollment of 360 students for the year ended June 30, 2014.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, the net assets of the Corporation and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, whether by actions of the Corporation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted revenues that are met or expire within the same fiscal year are recorded as unrestricted.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Corporation. Generally, the donors of these assets permit the Corporation to use all or part of the income earned on any related investment for general or specific purposes.

The Corporation has no temporarily restricted net assets as of June 30, 2014.

Contributions – Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Intangible Asset – Goodwill - In 2008, the Corporation recorded an Intangible Asset – Goodwill for the excess of liabilities assumed in excess of assets received. The goodwill is annually reviewed for impairment and, if needed, an adjustment is made.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

See Accompanying Independent Auditor's Report.

HIGHVILLE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:(concluded)

Property and Equipment – Property and equipment are carried at cost, if donated, at the approximated fair value at the date of donation. Capital assets over \$1,000 and a useful life of two years or over are capitalized. Property and equipment are depreciated using the straight-line method over the estimated useful life, or the remaining life of the lease if a leasehold improvement. The periods range from two to five years.

Federal Income Taxes – The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from State of Connecticut income taxes. Additionally, the Corporation has been determined not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Corporation regularly reviews and evaluates its tax positions taken in previously filed information returns and as reflected in its financial statements, with regard to issues affecting its tax exempt status, unrelated business income, and related matters. It believes that in the event of an examination by taxing authorities, its positions would prevail based upon the technical merits of such positions. Therefore, the Corporation has concluded that no tax benefits or liabilities are required to be recognized.

Allocation of Expenses – Directly identifiable expenses are charged to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any specific function, but provide for the overall support and direction of the Corporation.

Advertising Costs – The Corporation expenses advertising costs as incurred.

NOTE 2 – CASH:

The Corporation maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. The Corporation has not experienced any losses in such accounts, and management believes that the Corporation's deposits are not subject to significant credit risk.

At June 30, 2014, the carrying amount of the Corporation's cash balance was \$314,158 and the bank balance was \$325,109. The balance up to \$250,000 was insured by federal depository insurance. The corporation believes the bank is a sound institution and does not represent a credit risk.

NOTE 3 – CONCENTRATION OF SUPPORT GRANTS:

The operations of the Corporation are funded primarily through grants from the State of Connecticut and the Federal Government. The grants for the current year amounted to \$3,924,923. This amounts to 93% of total support and revenue.

NOTE 4 – STATE ALLOWABLE CARRYOVER:

The Corporation is allowed to carryover its' surplus of up to 5% of the State Charter School Grant reported to the State of Connecticut Department of Education Form ED001C for capital expenditures. As of June 30, 2014, the Corporation has no State funded net assets available for capital improvements. In addition the State of Connecticut allows the Corporation a carryover of 10% of its' state funding that can be used in the subsequent year for the educational purposes of the Corporation, however as of June 30, 2014 there were no carryovers.

See Accompanying Independent Auditor's Report.

HIGHVILLE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 - PROPERTY AND EQUIPMENT:

The carrying values of property and equipment at June 30, 2014 are as follows:

Leasehold Improvements	\$ 444,339
Furniture and Equipment	147,787
Motor Vehicle	<u>23,829</u>
	615,955
Less Accumulated Depreciation	<u>493,207</u>
Net Property and Equipment	\$ <u>122,748</u>

Depreciation expense for the year ended June 30, 2014 was \$71,318.

NOTE 6 - INTANGIBLE ASSET - DEBT ASSUMPTION PAYABLE:

The Corporation assumed debt in exchange for the assets and operations of the Highville Mustard Seed Development Corporation, Inc. in accordance with a court order dated January 10, 2008. Under the order, the Corporation assumed a total debt of \$322,227 to be paid without interest over a period of five years. The debt has been paid in full.

Of the total debt assumption, \$195,538 related to notes payable to NewAlliance Bank and \$126,689 related to amounts payable to various vendors. The notes payable to NewAlliance Bank related to capital improvements which have been capitalized. The Corporation paid in full the remaining balance of \$48,884 with New Alliance Bank during the fiscal year ending June 30, 2012. The amount was noninterest bearing. The remaining debt assumption amount of \$124,379 was capitalized as an Intangible Asset - Goodwill and \$68,504 of the Goodwill was written off in a previous year. The remaining Goodwill is being measured each year for impairment.

NOTE 7 - CONTINGENCIES:

The Corporation provides 15 sick or personal days each year which the employee can accumulate to a maximum of 150 days. The benefit is not vested and therefore no liability is reflected on the financial statements.

In addition, the Corporation has elected to self pay its unemployment obligations rather than pay into the state unemployment system. The Corporation paid \$71,113 in claims in 2014. The amount of potential liability has been estimated at \$30,000 and a liability has been recorded.

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

The Corporation records liabilities for goods or services as incurred. The city of New Haven pays for certain utilities of the facility and then is to invoice the Corporation. The Corporation has estimated the amount due to be \$63,372 as of June 30, 2014. Below is a summary of the Accounts Payable and Accrued Expenses as of June 30, 2014:

Accounts Payable	\$ 33,144
Accrued Utilities Payable	63,372
Accrued Unemployment Payable	30,000
Other Accruals	<u>12,659</u>
	\$ <u>139,175</u>

See Accompanying Independent Auditor's Report.

HIGHVILLE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 - LONG TERM DEBT:

The Corporation has notes payable as follows at June 30, 2014:

First Niagara Bank	\$ 61,593
Ally Financial	<u>18,713</u>
Total	80,306
Less Current Portion	<u>(17,451)</u>
Long Term Debt (Net of Current)	<u>\$ 62,855</u>

The Corporation has a loan payable with Ally Financial in the original amount of \$22,829. The loan agreement requires monthly payments of \$468, including principal and interest at 8.29%, through May, 2018, and is secured by vehicle.

The Corporation has a Note Payable to First Niagara Bank. The amount outstanding is \$61,593 and bears interest at 4.88%. Monthly payments are \$1,329 including principal and interest. The Note is secured against all assets of the Corporation.

Maturities of long-term debt are as follows as of June 30, 2013:

<u>Years ending June 30,:</u>	<u>Ally</u>	<u>First Niagara</u>	<u>Total</u>
2015	\$ 4,218	\$13,233	\$17,451
2016	4,582	13,893	18,475
2017	4,976	14,586	19,562
2018	4,937	15,314	20,251
2019	<u>0</u>	<u>4,567</u>	<u>4,567</u>
	<u>\$18,713</u>	<u>\$61,593</u>	<u>\$80,306</u>

NOTE 10 - LEASE:

The Corporation leases its facilities of approximately 46,000 square feet under an operating lease. The initial term lease commenced in August 2007 and was in effect until June 30, 2009. The base rent for the year was \$300,000 plus a share of common costs. The lease was renewed and expired June 30, 2012, then continued on a month-to-month basis. During the year ended June 30, 2013, the lease agreement was renewed through June 30, 2015 at \$30,000 per month plus an estimated \$3,500 per month to common expenses. Future minimum lease payments are \$402,000 for the year ending June 30, 2015. Rent expense for the year ended June 30, 2014 was \$418,806. The lease requires reimbursement to the lessor for the Corporation's share of any property taxes. Property taxes paid for the year ended June 30, 2014 were \$33,333.

HIGHVILLE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

In addition, the Corporation leases several copiers. The lease on the copiers expires September of 2016.

<u>Future minimum lease payments:</u>	<u>Copiers</u>	<u>Facility</u>	<u>Total</u>
Year ending June 30, 2015	\$15,840	402,000	417,840
Year ending June 30, 2016	15,840	-0-	15,840
Year ending June 30, 2017	11,880	-0-	11,880
Year ending June 30, 2018	-0-	-0-	-0-
Year ending June 30, 2019	-0-	-0-	-0-
Total	<u>\$ 43,560</u>	<u>402,000</u>	<u>445,560</u>

NOTE 11 - SUBSEQUENT EVENTS:

On July 1, 2014 the Organization entered into an agreement to purchase a building in New Haven, CT. that it intends to be used as its operating location in the future after renovations are completed. The State of Connecticut has approved a grant to help fund some of the purchase price.

Subsequent events were evaluated through October 29, 2014, which is the date the financial statements were available to be issued.

HIGHVILLE CHARTER SCHOOL 2015-2016 BUDGET FORECAST

PLEASE NOTE: THIS IS THE BOARD APPROVED BUDGET PRIOR TO THE RECEIPT OF AN ADDITIONAL 20 SEATS IN AUGUST. A REVISED BUDGET BASED ON 460 STUDENTS WILL BE PRESENTED AT THE OCTOBER FINANCE COMMITTEE AND FULL BOARD MEETING.

Budget Based on Enrollment of: **440 Students**
 State Funding: **\$11,000 per Student**

Account
REVENUE

2015-2016

Fund Raising Collections	5,000
Title I and II Grant Allocation - State of CT	164,847
State Tuition Per Pupil Allocation	4,840,000
Buck General Operating Grant	150,000
Staff Food Income	6,475
Federal Government Food Reimbursement	213,500
TOTAL REVENUE	5,379,822

EXPENSES

Salaries/Substitutes/Stipends

1111	Teacher Salaries	1,368,261
1112	Executive Administration	386,415
1113	HCS Administration Salaries	359,114
1114	HCA Administration Salaries	197,900
1121	Paraprofessional Salaries	294,832
1122	Administration Support/Nurse	195,184
1132.0	Stipended Program Positions - Educational	10,000
	Athletic and Coaching Stipends	22,000
	Athletic Event Expenses	19,685
1150	Substitute Teaching Salaries	18,000
1155	Employee Retention	57,500
	subtotal	2,928,891

FICA/Medicare/Unemployment/WC

2111	FICA/Medicare	111,115
2121	Unemployment	45,000
2131	Health Insurance (includes dental)	382,939
2131.1	Health Insurance Opt Out Waivers	98,633
2141	Workers Compensation	18,000
	subtotal	655,687

Plant Operations/Service Contracts

1125	Custodial Salaries	103,807
1126	Mechanical Contracts	30,000
4104	Rubbish Removal	10,000
4402	Utilities	110,000
4901	Fire/Security System	4,120
5901	Purchase Contracts/Vendors	23,500
6905	Custodial Supplies	23,000
7340	Capital Improvements	-
		-

HIGHVILLE CHARTER SCHOOL 2015-2016 BUDGET FORECAST

<u>Account</u>	<i>subtotal</i>	304,427
		<u>2015-2016</u>
	<u>Rent/Mortgage/Building Deposit/Taxes</u>	
4401	Rent/Mortgage	548,200
4402	CAM - Ins., Snow, Landscape	34,000
9100	Contingency (incl moving)	100,000
	<i>subtotal</i>	682,200
	<u>Programs/Enrichment/Extracurricular/Events</u>	
1123	After School Program Stipends	4,000
1151	Summer School	moving
1152	Summer Curriculum Revision Work	5,000
1153	Enrichment Programs	16,500
1154	Rising Scholars Program @ Quinnipiac Univ.	15,000
5802	Field Trips	14,000
6902	Special Event Supplies	15,000
6904	Young Diplomats Program	10,000
8000	Extracurricular Activities	7,500
8101	Family Hardship Scholarship Program	10,000
	<i>subtotal</i>	97,000
	<u>Academic/Operational/Financial Expenses</u>	
3222	Professional Development Services/Consultants	8,000
3223	Board Retreat	1,500
3302	Payroll Service	9,000
3306	Audit	13,390
3307	Legal	17,500
4121	Internet Connection	7,200
4133	Technology Maintenance and Service	17,500
4134	Software Licenses/Programs	90,000
4403	Copiers Lease/Maintenance Contract	22,000
4404	Equipment Rental	1,050
5202	Insurance-Property/Liability	19,000
5212	Insurance-Leader and Executive Coverage	5,750
5301	Telephones	4,200
5302	Postage and Meter	5,460
5401	Advertising	1,500
5402	New England Charter School Network Dues	6,600
5501	Printing	1,750
5801	Travel & Meals - Staff & Orientation	15,000
5902	Purchase Service Contract-Test Scoring	1,000
6111	Instructional Supplies	15,000
6112	Student Test Supplies	3,500
6411	Textbooks	10,000
6901	Office Supplies	18,000
6903	Nursing Supplies	4,200
6910.2	Van Expenses	5,000

HIGHVILLE CHARTER SCHOOL 2015-2016 BUDGET FORECAST

<u>Account</u>	<u>2015-2016</u>
7301 Equipment Instructional Technology	5,000
7302 Equipment-Administration and Technology	12,000
subtotal	320,100
<u>Cafeteria Program Expenses</u>	
1126 Cafeteria Salaries	79,906
5904 Food/Milk Supplies	170,487
5905 Equipment Repairs	5,000
subtotal	255,393
EXPENSE BUDGET TOTAL	5,243,698

TOTAL REVENUE	\$ 5,379,822
TOTAL EXPENSES	\$ 5,243,698
SURPLUS/(DEFICIT)	\$ 136,124