

**Wesley International Academy, Inc.
Audited Financial Statements
June 30, 2015**

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Wesley International Academy, Inc.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Wesley International Academy, Inc.
Atlanta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wesley International Academy, Inc. ("the School"), a component unit of the Atlanta Public School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure 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 respective financial position of the governmental activities, each major fund, and the aggregate

remaining fund information of the School as of June 30, 2015 and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis and budgetary comparison information [on pages 3 through 6] be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 24, 2015 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering School's internal control over financial reporting and compliance.

Bambo Sonaike CPA, LLC

September 24, 2015

Wesley International Academy, Inc.

Management Discussion and Analysis

As of June 30, 2015

As management of Wesley International Academy, Inc. (the "School"), we offer readers of the School's financial statement this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2015 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and analysis (MD&A) is intended to highlight significant transaction, events, and conditions, it should be considered in conjunction with the Basic Financial Statements found on pages 7 through 13.

Financial highlights

- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$1,686,550.
- The School's assets exceeded its liabilities at the close of the most recent fiscal year by \$1,933,760 (net assets).

Overview of the 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 comprise 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 assets presents information on all the School's asset and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 School's net assets changed during the most recent fiscal year. All changes in net assets 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 (e.g., uncollected funding and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Basic instructions, school administration, and food services are examples of the School's governmental activities.

The government-wide financial statements include only the School itself, which is a component unit of the Atlanta Public Schools, Georgia.

Wesley International Academy, Inc.
 Management Discussion and Analysis
 As of June 30, 2015

The government-wide financial statements can be found on pages 7 and 8 of this report. Comparison of the condensed statement of net assets and the statement of activities are provided below.

	Governmental Activities		
	2015	2014	Variance
ASSETS			
Current and other assets	\$ 2,018,650	\$ 1,441,526	\$ 577,124
Capital assets ^{(net)(note 3)}	225,457	66,072	159,385
Total assets	<u>2,244,107</u>	<u>1,507,598</u>	<u>736,509</u>
LIABILITIES			
Current and other liabilities ^(note 4)	<u>310,347</u>	<u>233,337</u>	<u>77,010</u>
Total liabilities	310,347	233,337	77,010
NET ASSETS			
Investment in capital assets, ^(net)	225,457	66,072	159,385
Unrestricted	<u>1,708,303</u>	<u>1,208,189</u>	<u>500,114</u>
Total net assets	<u><u>\$ 1,933,760</u></u>	<u><u>\$ 1,274,261</u></u>	<u><u>\$ 659,499</u></u>

Wesley International Academy, Inc.
Management Discussion and Analysis
As of June 30, 2015

	Governmental Activities		
	2015	2014	Variance
REVENUES			
State passed through local school district	\$ 7,460,443	\$ 6,571,904	\$ 888,539
Charges for services	249,962	232,563	17,399
Operating grants and contributions	646,726	310,327	336,399
Other revenues	90,221	99,436	(9,215)
Total revenues	8,447,352	7,214,230	1,233,122
EXPENSES			
Basic instruction	4,949,092	4,202,782	746,310
Guidance services	39,320	3,853	35,467
Psychological services	51,661	38,000	13,661
Media services	13,297	11,826	1,471
Staff development	85,679	33,790	51,889
Board of directors	251,723	288,133	(36,410)
School administration	1,312,329	1,029,352	282,977
Food services	250,620	221,889	28,731
Operation of school	754,920	655,222	99,698
Community services	63,610	60,576	3,034
Transportation	15,602	15,944	(342)
Total expenses	7,787,853	6,561,367	1,226,486
Change in net assets	\$ 659,499	\$ 652,863	\$ 6,636

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 of objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the operations of the School are presented in governmental funds only.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the governmental-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 a government'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

Wesley International Academy, Inc.

Management Discussion and Analysis

As of June 30, 2015

doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both of the governmental fund financial statements provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains individual government funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, which is considered to be the School's only major fund. The basic governmental fund financial statements can be found on pages 9 through 12 of this report.

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. The notes to the financial statements can be found starting on page 13 of this report.

As noted earlier, net assets may serve over time as a useful indicator of the School's financial position. In the case of the School, assets exceed liabilities by \$1,933,760 for the year ended June 30, 2015.

A portion of the School's net assets reflects its investment in capital assets (e.g., furniture, fixtures and equipment, and leasehold improvements), less any related debt used to acquire those assets that are still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Financial analysis of the Government's Funds

As noted previously, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a School's net resources available for spending at the end of the fiscal year. The general fund is the main operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,686,550.

General Fund Budgetary Highlights

The School's actual revenues exceeded budget revenues by \$390,057 mainly due the School's FTE and Federal Program funding being higher than budgeted. Actual expenditures were above budgeted expenditures by \$230,792 due mainly to the School's instruction, services and capital costs being higher than budgeted.

Capital Asset

The School's investment in capital assets for its governmental type activities as of June 30, 2015, amounts to \$225,457. This investment in capital assets includes furniture, fixtures and equipment. Additional information on the School's capital assets can be found in Note 3.

Wesley International Academy, Inc.
Statement of Net Assets
As of June 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents ^(note 2)	\$ 1,763,273
Prepaid expenses	21,753
Deposits ^(note 8)	23,903
Due from School District ^(note 5)	209,721
Capital assets ^{(net) (note 3)}	<u>225,457</u>
Total assets	<u><u>2,244,107</u></u>
LIABILITIES	
Accounts payable & accrued expenses ^(note 4)	<u>310,347</u>
Total liabilities	<u>310,347</u>
NET ASSETS	
Investment in capital assets, net of related debt	225,457
Unrestricted	<u>1,708,303</u>
Total net assets	<u><u>\$ 1,933,760</u></u>

The accompanying notes are an integral part to these financial statements.

Wesley International Academy, Inc.
Statement of Activities
For the period ended June 30, 2015

Governmental Activities	Expenses	Program revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Basic instruction	\$ 4,949,092	\$ 110,504	\$ 420,342	\$ -	\$ (4,418,246)
Guidance services	39,320	-	-	-	(39,320)
Psychological services	51,661	-	-	-	(51,661)
Media services	13,297	-	-	-	(13,297)
Staff development	85,679	-	-	-	(85,679)
Board of directors	251,723	-	-	-	(251,723)
School administration	1,312,329	-	-	-	(1,312,329)
Food services	250,620	48,957	226,384	-	24,721
Operation of school	754,920	-	-	-	(754,920)
Community services	63,610	90,501	-	-	26,891
Transportation	15,602	-	-	-	(15,602)
Total governmental activities	\$ 7,787,853	\$ 249,962	\$ 646,726	\$ -	\$ (6,891,165)

General revenues:

State passed through local school district	7,460,443
Other revenue	90,221
Total general revenues	7,550,664
Change in net assets	659,499
Net assets at beginning of the year	1,274,261
Net assets at end of the year	\$ 1,933,760

The accompanying notes are an integral part to these financial statements.

Wesley International Academy, Inc.
Statement of Financial Position- Governmental Funds
As of June 30, 2015

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents ^(note 2)	\$ 1,763,273
Prepaid expenses	21,753
Deposits ^(note 8)	23,903
Due from School District ^(note 5)	209,721
Total assets	<u>2,018,650</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable & accrued expenses ^(note 4)	310,347
Total liabilities	<u>310,347</u>
FUND BALANCES	
Unassigned	1,686,550
Non-spendable	21,753
Total fund balances	<u>1,708,303</u>
Total liabilities and fund balances	<u>\$ 2,018,650</u>

The accompanying notes are an integral part to these financial statements.

Wesley International Academy, Inc.
Reconciliation of Statement of Financial Position – Governmental Funds to
Statement of Net Assets
As of June 30, 2015

Total Fund balances - Governmental funds \$ 1,708,303

The amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Leasehold improvements	160,583
Furniture, fixtures and equipment	230,743
Accumulated depreciation	<u>(165,869)</u>
Total capital assets	225,457

Total Net assets - Governmental activities	<u><u>\$ 1,933,760</u></u>
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The accompanying notes are an integral part to these financial statements.

Wesley International Academy, Inc.
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
For the period ended June 30, 2015

REVENUES	General Fund
State passed through local school district	\$ 7,460,443
Operating grants and contributions	646,726
Charges for services	249,962
Other revenues	90,221
Total revenues	<u>8,447,352</u>
EXPENDITURES	
Current:	
Basic instruction	4,949,092
Guidance services	39,320
Psychological services	51,661
Media services	13,297
Staff development	85,679
Board of directors	251,723
School administration	1,312,329
Food services	250,620
Operation of school	718,828
Community services	63,610
Transportation	15,602
Capital outlay	195,477
Total expenditures	<u>7,947,238</u>
Net change in fund balances	<u>500,114</u>
Fund balances at beginning of the year	1,208,189
Fund balances at end of the year	<u><u>\$ 1,708,303</u></u>

The accompanying notes are an integral part to these financial statements.

Wesley International Academy, Inc.
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances to the Statement of Activities
 For the period ended June 30, 2015

Total net change in fund balances- Government funds \$ 500,114

The amounts reported for governmental activities in the statement of activities are different because:

Capital assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	195,477
Depreciation expense	(36,092)
	<hr/>
Total	159,385
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Total change in net assets- Governmental activities	\$ 659,499
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The accompanying notes are an integral part to these financial statements.

Wesley International Academy, Inc.
Notes to the Financial Statements
June 30, 2015

1. Organization

Wesley International Academy, Inc. (a Georgia Nonprofit Corporation) (the School), provides educational services to students in grades K-8. The governing body of the School is the Board of Directors, which is currently comprised of eight members. Information presented in these financial statements only reflects the financial position and activities of the School.

The general operating authority of the School is contained in O.C.G.A. (Official Code of Georgia Annotated) 20-2-2060, Georgia Statutes. The School operates under a charter of the sponsoring school district, which is the Atlanta Public Schools, Georgia (the "District"). The current charter is effective until June 30, 2018. At the end of the charter's term, the District may choose not to renew the charter under the grounds specified in the underwriting of the charter. In this case, the District must notify the School at least 90 days prior to the charter's expiration. During the term of charter, the District may terminate the charter if good cause is evident. The School is considered a component unit of the Atlanta Public Schools, Georgia.

2. Significant accounting policies

Basis of presentation

The School's basic financial statements are collectively comprised of the government-wide financial statements, fund financial statements, and notes to the basic financial statements of the Wesley International Academy, Inc..

Government-wide Financial Statements

The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These statements report information on all of the non-fiduciary activities of the School. As part of the consolidation process, all interfold activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business type activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the School District related to the administration and support of the School District's programs, such as office and maintenance personnel and accounting) are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Wesley International Academy, Inc.
Notes to the Financial Statements
June 30, 2015

Fund Financial Statements

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. Reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

The fund financial statements provide information about the School's funds. Eliminations have been made to minimize the double counting of internal activities. Separate statements for each category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School reports the following major governmental funds:

- General Fund is the School's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.

Basis of accounting

The basis of accounting determines when transactions are reported on the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The School uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

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. The School considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. The School considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Net Assets

The School's net assets in the Government-wide Financial Statements are classified as follows:

Net investment in capital assets

This represents the School's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet

Wesley International Academy, Inc.
Notes to the Financial Statements
June 30, 2015

expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position

This represents resources for which the School is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net position

Unrestricted net position represents resources derived from grants and contributions not restricted to specific programs, charges for services, and miscellaneous revenues. These resources are used for transactions relating to the educational and general operations of the School, and may be used at the discretion of the Board to meet current expenses for those purposes.

Fund balances

The School's fund balances are classified as follows:

Non-spendable

These are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted

These are amounts with limitations imposed on their use by external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Committed

These are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's highest level of decision-making authority.

Assigned

These are amounts that are constrained by the School's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned

These are amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This is the residual classification for the general fund.

Cash and cash equivalent

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions.

Concentrations of credit risks

Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a written policy regarding custodial credit risk for deposits. At June 30, 2015, the School's deposits had a carrying balance of \$1,763,273.

Wesley International Academy, Inc.
 Notes to the Financial Statements
 June 30, 2015

Capital assets

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase. Capital assets are defined by the School as assets with an initial individual cost of more than \$2,500 and an estimated useful life of more than 1 year. Such assets are recorded at historical cost. On the government-wide financial statements, all purchased capital assets are valued at cost where historical records are available. Donated capital assets are recorded at estimated fair market value on the date donated. Disposals are deleted at depreciated recorded cost.

The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets are not capitalized. Depreciation is computed using the straight-line method. During the fiscal year under review, no events or changes in circumstances affecting a capital asset that may indicate impairment were known to the School.

The estimated useful lives of capital assets reported in the government-wide statements are as follows:

<u>Asset Class</u>	<u>Estimated Useful Life (years)</u>
Furniture, fixtures and equipment	3 - 10
Leasehold improvements	Lease term

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives, with the exception of intangible assets which are amortized.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. In the fund financial statements, governmental funds report the face amount of debt issued as other financing sources and payments of debt principal as other financing uses.

Revenue sources and recognition

Revenues for current operations are received primarily from the State of Georgia through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 20-2-2060, Georgia Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 20-2-2060, Georgia Statutes, the District reports the number of FTE students and related data to the Georgia Department of Education (GDOE) for funding. Funding for the School is adjusted during the year to reflect revised calculations by the GDOE under the Georgia Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various

Wesley International Academy, Inc.
Notes to the Financial Statements
June 30, 2015

granting agencies. These federal awards may have eligibility requirements whereby the issuance of grant funds is withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

3. Capital assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance at July 1, 2014	Additions	Dispositions	Balance at June 30, 2015
Capital assets depreciated:				
Furniture, fixtures and equipment	\$ 195,849	\$ 34,894	\$ -	\$ 230,743
Leasehold improvements	-	160,583	-	160,583
Total assets depreciated	195,849	195,477	-	391,326
Less accumulated depreciation:				
Furniture, fixtures and equipment	(129,777)	(20,855)	-	(150,632)
Leasehold improvements	-	(15,237)	-	(15,237)
Total accumulated depreciation	(129,777)	(36,092)	-	(165,869)
Total governmental activities Capital assets, net	<u>\$ 66,072</u>			<u>\$ 225,457</u>

Depreciation expense in the amount of \$36,092 was recorded in the statements of activities.

4. Accounts payable and accrued expenses

As of June 30, 2015 accounts payable and accrued expenses consisted of the following:

Accrued salaries & benefits	\$ 124,166
Accounts payable	186,181
Total accounts payable and accrued expenses	<u>\$ 310,347</u>

Wesley International Academy, Inc.
Notes to the Financial Statements
June 30, 2015

5. Due from School District

As of June 30, 2015 the amount due from the school district consisted of the following:

Dissemination Grant	\$ 128,583
Title 1	81,138
	<hr/>
Total Due from School District	<u>\$ 209,721</u>

6. Concentrations

Revenue sources

As stated in **Note 2**, the School receives revenues for current operations primarily from the State of Georgia through the District. The following is a schedule of revenue sources and amounts:

<u>Sources</u>	
State sources passed through the Atlanta Public Schools District , Georgia:	
Quality basic education (QBE)	\$ 7,460,443
	<hr/>
	7,460,443
Federal sources passed through the Atlanta Public Schools District , Georgia:	
National School Lunch Program	226,384
Title 1 funding	244,861
Dissemination Grant	149,545
	<hr/>
	620,790
Other revenue:	
Before/after care	90,501
Food service	48,957
Fundraising, donations and other revenue	90,221
Field trip fees & summer camp	110,504
Other grants	25,936
	<hr/>
Total revenues	<u>\$ 8,447,352</u>

7. Commitments and contingencies

Federal and state grants

The School participates in federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015 may

Wesley International Academy, Inc.
Notes to the Financial Statements
June 30, 2015

be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore no provision has been recorded in the accompanying financial statements for such contingencies.

Facilities

Beginning July 1, 2014 and ending on June 30, 2018, the school entered into a lease agreement for the School's facility with Atlanta Independent Public School System. The terms of the lease agreement do not require any base rent payment from the School, however the School is responsible for all maintenance and repair capital improvements, operating expenses, utilities, insurance and all other costs associated with its use and occupancy during the lease year.

8. Deposits

As of June 30, 2015 deposits consisted of the following:

Utility deposit	\$	11,570
Security deposit for modulars lease		12,333
Total deposits	\$	<u>23,903</u>

9. Retirement plan

Substantially all teachers, administrators, and non-instructional personnel of the School are members of Teachers Retirement System of Georgia ("TRS") a cost-sharing multiple-employer defined benefit public employee retirement system. TRS was created in 1943 by an act of the Georgia General Assembly and is administrated by a ten member board of Trustees. TRS is funded by a combination of employee, employer, and State of Georgia contributions. Benefits are established by State statute and provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

Plan members are required to contribute 6 percent of their annual covered payroll and the School is required to contribute 13.15 percent of the covered payroll. The contribution requirements of plan members and the school are established and may be amended by the TRS board of trustees.

10. Risk management

The School is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; general liabilities; and natural disaster for which the school carries commercial insurance.

11. Subsequent events

The School evaluated subsequent events through the date the financial statements were available to be issued. The School is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.

Wesley International Academy, Inc.
 Schedule of Revenues, Expenditures, and Changes in Fund Balances –
 Budget and Actual – General Fund
 For the period ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
State passed through local school district	\$ 7,311,689	\$ 7,460,443	\$ 148,754
Supplemental revenue	745,606	986,909	241,303
Total revenue	<u>8,057,295</u>	<u>8,447,352</u>	<u>390,057</u>
EXPENDITURES			
Salaries and benefits	5,632,604	5,621,574	(11,030)
Instruction	409,773	542,257	132,484
Services	563,251	637,659	74,408
Governance and management	318,888	249,723	(69,165)
Facility	638,007	543,432	(94,575)
General and administrative	98,923	122,751	23,828
Fundraising	5,000	1,133	(3,867)
Extra curricular activities	50,000	33,232	(16,768)
Capital expenditures	-	195,477	195,477
Total expenditures	<u>7,716,446</u>	<u>7,947,238</u>	<u>230,792</u>
Net change in fund balances	340,849	500,114	159,265
Fund balances at beginning of the year	<u>1,208,189</u>	<u>1,208,189</u>	<u>-</u>
Fund balances at end of the year	<u>\$ 1,549,038</u>	<u>\$ 1,708,303</u>	<u>\$ 159,265</u>

Wesley International Academy, Inc.
Note to the Schedule of Revenues, Expenditures, and Changes in Fund
Balances – Budget and Actual – General Fund
For the period ended June 30, 2015

1. Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the board of directors (the “Board”). The budgets presented for the fiscal year ended June 30, 2015 have been amended according to Board procedures. Budgets are adopted in full accrual basis accounting. The legal level of budgetary control is the fund level.

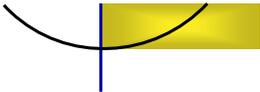
Wesley International Academy, Inc.
 Statement of Expenditures of Federal Awards
 For the period ended June 30, 2015

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Education:			
Pass-through from Atlanta Public Schools:			
Title I Grants	84.010	N/a	\$ 244,861
Charter Schools - Dissemination Grant	84.282	N/a	149,545
Total U.S. Department of Education			394,406
U.S. Department of Agriculture			
Pass-through from Georgia Department of Education:			
National School Lunch Program	10.555	N/a	226,384
Total U.S. Department of Agriculture			226,384
Total Federal Awards			\$ 620,789

Wesley International Academy, Inc.
Note to the Statement of Expenditures of Federal Awards
For the period ended June 30, 2015

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Wesley International Academy, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amount presented in, or used in the preparation of, the basic financial statements.



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

To the Board of Directors
Wesley International Academy, Inc.
Atlanta, Georgia

Report on Compliance for Each Major Federal Program

We have audited Wesley International Academy, Inc.'s (the School) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2015. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

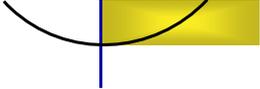
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Bamba Sonaike CPA, LLC

September 24, 2015



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

To the Board of Directors
Wesley International Academy, Inc.
Atlanta, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wesley International Academy, Inc. ("the School"), a component unit of the Atlanta Public Schools, Georgia as of and for the year ended June 30, 2015, and related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 24, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal controls 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.

Bambo Sonaike CPA, LLC

September 24, 2015

Wesley International Academy, Inc.
 Schedule of Findings and Questioned Costs
 For the year ended June 30, 2015

Section I - Summary of Auditors Results

Financial Statements

An unqualified auditors report was issued.

Internal Control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal Control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

An unqualified compliance report was issued.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

Yes No

Identification of Major Programs:

Federal CFDA Number

Name

84.010

Title I Grant

84.282

Charter Schools- Dissemination Grant

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as a low risk auditee?

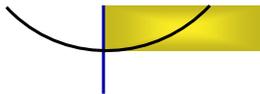
Yes No

Section II- Financial Statement Findings

There were no reportable conditions identified to be material weaknesses.

Section III- Federal Award Findings & Questioned Costs

There were no reportable conditions identified to be material weaknesses.



MANAGEMENT LETTER

To the Board of Directors
Wesley International Academy, Inc.
Atlanta, Georgia

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wesley International Academy, Inc. ("the School") as of and for the year ended June 30, 2015, which collectively comprise the School's basic financial statements.

We issued our report on internal control over financial reporting and on compliance and other matters dated September 24, 2015. Disclosures in that report, if any, should be considered in conjunction with this management letter.

There are audited findings that are required to be reported by Government Auditing Standards. However, during our audit, we became aware of several matters that are opportunities for strengthening internal control and operating efficiency. We will review the status of our comments during our next audit engagement. We have already discussed many of these comments and suggestions with personnel at your organization. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Our comments are summarized as follows:

Current Year Comments and Recommendations

There were no comments or recommendations for the current year

Prior Year Comments and Recommendations

There were no comments or recommendations for the prior year

This management letter is intended for the information of the School's management, and is not intended to be and should not be used by anyone other than these specified parties.

Bambo Sonaike CPA, LLC

September 24, 2015