

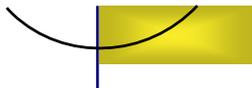
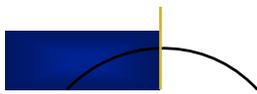
**Wesley International Academy, Inc.
Audited Financial Statements
June 30, 2016**

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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"), as of and for the year ended June 30, 2016, 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, 2016 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, the schedules of proportionate share of net pension liability and schedules of contributions to retirement systems, and budgetary comparison information 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 21, 2016 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 21, 2016

Wesley International Academy, Inc.

Management Discussion and Analysis

As of June 30, 2016

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, 2016 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.

Financial highlights

- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$2,124,751.
- The School's liabilities exceeded its assets at the close of the most recent fiscal year by \$1,529,051 (net position).

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 position presents information on all the School's asset and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

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

Wesley International Academy, Inc.
Management Discussion and Analysis
As of June 30, 2016

Comparison of the condensed statement of net position and the statement of activities are provided below.

	Governmental Activities		
	2016	2015	Variance
ASSETS			
Current and other assets	\$ 2,649,756	\$ 2,018,650	\$ 631,106
Capital assets ^{(net)(note 3)}	256,970	225,457	31,513
Total assets	2,906,726	2,244,107	662,619
DEFERRED OUTFLOW OF RESOURCES			
	2,105,844	1,815,290	290,554
Total assets and deferred outflow of resources	5,012,570	4,059,397	953,173
LIABILITIES			
Current and other liabilities ^(note 4)	419,669	310,347	109,322
Long term liabilities	5,600,303	4,210,048	1,390,255
Total liabilities	6,019,972	4,520,395	1,499,577
DEFERRED INFLOW OF RESOURCES			
	521,649	1,467,712	(946,063)
Total liabilities and deferred inflow of resources	6,541,621	5,988,107	553,514
NET POSITION			
Investment in capital assets ^(net)	256,970	225,457	31,513
Restricted	5,000	-	5,000
Unrestricted (deficit)	(1,791,021)	(2,154,167)	363,146
Total net position (deficit)	\$ (1,529,051)	\$ (1,928,710)	\$ 399,659

Wesley International Academy, Inc.
Management Discussion and Analysis
As of June 30, 2016

	Governmental Activities		
	2016	2015	Variance
REVENUES			
State passed through local school district	\$ 8,566,501	\$ 7,460,443	\$ 1,106,058
Charges for services	183,541	249,962	(66,421)
Operating grants and contributions	305,924	646,726	(340,802)
Other revenues	53,746	90,221	(36,475)
Total revenues	9,109,712	8,447,352	662,360
EXPENSES			
Basic instruction	5,757,986	5,029,998	727,988
Guidance services	18,010	39,320	(21,310)
Psychological services	53,400	51,661	1,739
Media services	13,293	13,297	(4)
Staff development	59,347	85,679	(26,332)
Board of directors	291,156	251,723	39,433
School administration	1,384,913	1,312,329	72,584
Food services	8,706	250,620	(241,914)
Operation of school	966,021	754,920	211,101
Community services	110,655	63,610	47,045
Transportation	46,566	15,602	30,964
Total expenses	8,710,053	7,868,759	841,294
Change in net position	\$ 399,659	\$ 578,593	\$ (178,934)

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like 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 government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating 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 doing so, readers may better understand the long-term impact of the government's near-term

Wesley International Academy, Inc.

Management Discussion and Analysis

As of June 30, 2016

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.

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.

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, liabilities exceeded assets by \$1,529,051 for the year ended June 30, 2016.

A portion of the School's net position 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

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 \$2,124,751.

General Fund Budgetary Highlights

The School's actual revenues exceeded budget revenues by \$214,097 mainly due the School's FTE funding being higher than budgeted. Actual expenditures were above budgeted expenditures by \$276,101 due mainly to the School's instruction 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, 2016, amounts to \$256,970. 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 Position
As of June 30, 2016

ASSETS

Cash and cash equivalents ^(note 2)	\$ 2,355,541
Prepaid expenses ^(note 9)	79,398
Deposits ^(note 8)	23,903
Accounts receivable ^(note 5)	190,914
Capital assets ^{(net) (note 3)}	<u>256,970</u>
Total assets	2,906,726

DEFERRED OUTFLOW OF RESOURCES

Related to defined benefit pension plans ^(note 10)	<u>2,105,844</u>
Total deferred outflow of resources	2,105,844

LIABILITIES

Accounts payable & accrued expenses ^(note 4)	419,669
Net pension liability ^(note 10)	<u>5,600,303</u>
Total liabilities	6,019,972

DEFERRED INFLOW OF RESOURCES

Related to defined benefit pension plans ^(note 10)	<u>521,649</u>
Total deferred inflow of resources	521,649

NET POSITION

Investment in capital assets, net of related debt	256,970
Restricted	5,000
Unrestricted (deficit)	<u>(1,791,021)</u>
Total net position (deficit)	<u><u>\$ (1,529,051)</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, 2016

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	\$ 5,757,986	\$ 110,900	\$ 305,924	\$ -	\$ (5,341,162)
Guidance services	18,010	-	-	-	(18,010)
Psychological services	53,400	-	-	-	(53,400)
Media services	13,293	-	-	-	(13,293)
Staff development	59,347	-	-	-	(59,347)
Board of directors	291,156	-	-	-	(291,156)
School administration	1,384,913	-	-	-	(1,384,913)
Food services	8,706	277	-	-	(8,429)
Operation of school	966,021	-	-	-	(966,021)
Community services	110,655	72,364	-	-	(38,291)
Transportation	46,566	-	-	-	(46,566)
Total governmental activities	\$ 8,710,053	\$ 183,541	\$ 305,924	\$ -	\$ (8,220,588)

General revenues:

State passed through local school district	8,566,501
Other revenue	53,746
Total general revenues	8,620,247
Change in net position	399,659
Net position (deficit) - beginning of year	(1,928,710)
Net position (deficit) - end of the year	\$ (1,529,051)

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

Wesley International Academy, Inc.
 Balance Sheet - Governmental Funds
 As of June 30, 2016

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents ^(note 2)	\$ 2,355,541
Prepaid expenses ^(note 9)	79,398
Deposits ^(note 8)	23,903
Accounts receivable ^(note 5)	190,914
Total assets	<u>2,649,756</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable & accrued expenses ^(note 4)	419,669
Total liabilities	<u>419,669</u>
FUND BALANCES	
Non-spendable	79,398
Restricted	5,000
Committed	20,938
Unassigned	2,124,751
Total fund balances	<u>2,230,087</u>
Total liabilities and fund balances	<u>\$ 2,649,756</u>

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

Wesley International Academy, Inc.
 Reconciliation of Balance Sheet – Governmental Funds to Statement of Net
 Position
 As of June 30, 2016

Total Fund balances - Governmental funds \$ 2,230,087

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

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

Leasehold improvements	220,304
Furniture, fixtures and equipment	264,815
Construction in progress	19,305
Accumulated depreciation	(247,454)
Total capital assets	<u>256,970</u>

Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension liability (5,600,303)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds

Deferred outflows of resources	2,105,844
Deferred inflows of resources	(521,649)
Net flow of resources	<u>1,584,195</u>

Total Net position (deficit) - Governmental activities \$ (1,529,051)

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, 2016

REVENUES	<u>General Fund</u>
State passed through local school district	\$ 8,566,501
Operating grants and contributions	305,924
Charges for services	183,541
Other revenues	53,746
Total revenues	<u>9,109,712</u>
EXPENDITURES	
Basic instruction	5,604,348
Guidance services	18,010
Psychological services	53,400
Media services	13,293
Staff development	59,347
Board of directors	291,156
School administration	1,384,913
Food services	8,706
Operation of school	884,436
Community services	110,655
Transportation	46,566
Capital outlay	113,098
Total expenditures	<u>8,587,928</u>
Net change in fund balances	<u>521,784</u>
Fund balances at beginning of the year	<u>1,708,303</u>
Fund balances at end of the year	<u>\$ 2,230,087</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, 2016

Total net change in fund balances- Government funds \$ 521,784

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	113,098
Depreciation expense	(81,585)
	31,513
Total	31,513

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

Change in pension related accounts	(153,638)
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Total change in net position- Governmental activities	\$ 399,659
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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, 2016

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 twelve 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.

2. Significant accounting policies

The accompanying financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the School's accounting policies are described below.

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 Statement of Net Position and the Statement of Activities display information about the financial activities of the overall School, except for fiduciary activities. 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 Net Position presents the School's non-fiduciary assets and liabilities, with the difference reported as net position.

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 related to the administration and support of the School'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, 2016

Fund Financial Statements

The fund financial statements provide information about the School's funds. Eliminations have been made to minimize the double counting of internal activities. Separate financial statements are presented for governmental funds. 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, with the exception of the School's proportionate share of the Net Pension Liability. These collective amounts have been allocated by the pension plan based on actual contributions made to the plan during the measurement period to actuarially determine the proportionate share to each participating employer. 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. 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.

The School funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, both restricted and unrestricted resources are available to finance the program. It is the School's policy to first apply grant resources to such programs, followed by cost-reimbursement grants, then general revenues.

New accounting pronouncements

In fiscal year 2016, the School adopted Governmental Accounting Standards Board (GASB) Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of

Wesley International Academy, Inc.
Notes to the Financial Statements
June 30, 2016

GASB Statements No. 67 and 68. This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans and Statement No. 68 for pension plans and pensions that are within their respective scopes. The adoption of this statement does not have a significant impact on the School's financial statements.

Net position

The School's net position in the Government-wide Financial Statements is 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 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.

Wesley International Academy, Inc.
Notes to the Financial Statements
June 30, 2016

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, 2016, the School's bank statements had a carrying balance of \$2,374,575.

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. 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

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 position. 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.

Wesley International Academy, Inc.
Notes to the Financial Statements
June 30, 2016

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. For the period ended June 30, 2016 revenue received and recognized from this source was \$8,566,501.

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 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.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position and/or the balance sheet will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. Under the full accrual method of accounting, the School has reported the contributions to the cost sharing benefit pension plans subsequent to the measurement date and prior to the fiscal year end as deferred outflows of resources. The School has also reported the actuarial changes in the School's proportionate share of the governmental non-employer cost sharing benefit pension plan, as discussed in Note 10 - Retirement Plans.

In addition to liabilities, the statement of net position and/or the balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. Under the full accrual method of accounting, the School has reported the actuarial changes in the School's proportionate share of the governmental non-employer cost sharing benefit pension plan, as discussed in Note 10 – Retirement Plans. This item is reported only in the Statement of Net Position.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of Georgia (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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, 2016 was as follows:

Wesley International Academy, Inc.
Notes to the Financial Statements
June 30, 2016

	Balance at July 1, 2015	Additions	Dispositions	Balance at June 30, 2016
Non-depreciable assets:				
Construction in progress	\$ -	\$ 19,305	\$ -	\$ 19,305
Total non-depreciable assets	-	19,305	-	19,305
Capital assets depreciated:				
Furniture, fixtures and equipment	230,743	34,072	-	264,815
Leasehold improvements	160,583	59,721	-	220,304
Total assets depreciated	391,326	93,793	-	485,119
Less accumulated depreciation:				
Furniture, fixtures and equipment	(150,632)	(16,156)	-	(166,788)
Leasehold improvements	(15,237)	(65,429)	-	(80,666)
Total accumulated depreciation	(165,869)	(81,585)	-	(247,454)
Total governmental activities				
Capital assets, net	<u>\$ 225,457</u>			<u>\$ 256,970</u>

Depreciation expense in the amount of \$81,585 was recorded in the statements of activities.

4. Accounts payable and accrued expenses

As of June 30, 2016, accounts payable and accrued expenses consisted of the following:

Accrued salaries & benefits	\$ 202,850
Accounts payable	216,819
Total accounts payable and accrued expenses	<u>\$ 419,669</u>

5. Accounts receivable

As of June 30, 2016, the accounts receivable consisted of the following:

Title 1 program	\$ 180,026
Wesley International Academy Parent Teachers Student Association	10,249
Other	639
Total accounts receivable	<u>\$ 190,914</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:

Wesley International Academy, Inc.
Notes to the Financial Statements
June 30, 2016

<u>Sources</u>	
State sources passed through the Atlanta Public Schools District , Georgia:	
Quality basic education (QBE)	\$ 8,566,501
	<u>8,566,501</u>
Federal sources passed through the Atlanta Public Schools District , Georgia:	
Title 1 program	257,970
	<u>257,970</u>
Other revenue:	
Before/after care	72,364
Food service	277
Fundraising, donations and other revenue	53,746
Field trip fees & summer camp	110,900
Other grants	47,954
Total revenues	<u><u>\$ 9,109,712</u></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, 2016 may 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, 2016, deposits consisted of the following:

Wesley International Academy, Inc.
Notes to the Financial Statements
June 30, 2016

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

9. Prepaid expenses

As of June 30, 2016, prepaid expenses consisted of the following:

Insurance	\$ 1,550
Playground equipment	8,500
Educational materials and books	30,942
Legal services	5,050
Licenses and annual fees	18,856
Janitorial expenses	14,500
	<hr/>
Total prepaid expenses	\$ 79,398
	<hr/> <hr/>

10. Retirement plan

The School participates in the Teachers Retirement System of Georgia (TRS) retirement plan administered by the State of Georgia. TRS issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective administrative offices.

Plan description

All teachers of the School as defined in §47 -3-60 of the Official Code of Georgia Annotated (O.C.G.A.) and certain other support personnel as defined by §47 -3-63 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. The Teachers' Retirement System of Georgia issues a publicly available separate financial audit report that can be obtained at www.trsga.com/publications.

Benefits provided

TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Wesley International Academy, Inc.
Notes to the Financial Statements
June 30, 2016

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2016. The School's contractually required contribution rate for the year ended June 30, 2016 was 14.27% of annual School payroll. Employer contributions for the current fiscal year and the preceding fiscal year are as follows:

Year	Percent Contributed	Required Contributed
2016	100%	\$ 617,216
2015	100%	510,608
2014	100%	417,484

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the School reported a liability of \$5,600,303 for its proportionate share of the net pension liability for TRS. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2014. An expected total pension liability as of June 30, 2015 was determined using standard roll-forward techniques. The School's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2015.

At June 30, 2015, the School's TRS proportion was 0.0367%, which was an increase of 0.0034% from its proportion measured as of June 30, 2014. For the year ended June 30, 2016, the School recognized pension expense of \$776,084 for TRS. At June 30, 2016, the Charter School reported deferred outflows of resource and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 49,258
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	472,391
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,488,628	-
School contributions subsequent to the measurement date	617,216	-
	<u>\$ 2,105,844</u>	<u>\$ 521,649</u>

Wesley International Academy, Inc.
Notes to the Financial Statements
June 30, 2016

The School contributions subsequent to the measurement date of June 30, 2015 for TRS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	(Outflow) / Inflow of resources
2017	\$ 180,053
2018	180,053
2019	180,053
2020	406,478
2021	20,342
Thereafter	-

Actuarial assumptions

The total pension liability as of June 30, 2015 was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers' Retirement System:

Inflation	3.00%
Salary increases	3.75 – 7.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females set back two years for males and set back three years for females. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2004 - June 30, 2009.

The long-term expected rate of return on TRS pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following:

Wesley International Academy, Inc.
Notes to the Financial Statements
June 30, 2016

Asset Class	Target Allocation	Long-term expected real rate of return*
Fixed income	30.00%	3.00%
Domestic large stocks	39.70%	6.50%
Domestic mid stocks	3.70%	10.00%
Domestic small stocks	1.60%	13.00%
International developed market stocks	18.90%	6.50%
International emerging market stocks	6.10%	11.00%
	100%	

* Rates shown are net of the 3.00% assumed rate of inflation.

Discount rate

The discount rate used to measure the total TRS pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate

The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.5%)	Current discount rate (7.5%)	1% Increase (8.5%)
School's proportion of the net pension liability	\$ 9,623,698	\$ 5,600,303	\$ 2,284,069

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS and ERS financial report which is publically available at www.trsga.com/publications and www.ers.ga.gov/formspubs/formspubs.

Changes of assumptions: In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality

Wesley International Academy, Inc.
Notes to the Financial Statements
June 30, 2016

were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Method and assumptions used in calculations of actuarially determined contributions:

The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2016 reported in that schedule:

Valuation date	30-Jun-13
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	Five-year smoothed market
Inflation rate	3.00%
Salary increases	3.75 – 7.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

11. 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.

12. 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 Proportionate Share of the Net Pension Liability- Teachers'
Retirement System of Georgia
June 30, 2016

	<u>2016</u>
School's proportion of the net pension liability	0.036786%
School's proportionate share of the net pension liability	\$ 5,600,303
School's covered-employee payroll	\$ 4,325,275
School's proportionate share of the net pension liability as a percentage of its covered employee payroll	129.48%
Plan fiduciary net position as a percentage of the total pension liability	81.44%

Wesley International Academy, Inc.
Schedule of Contributions - Teachers' Retirement System of Georgia
June 30, 2016

	<u>2016</u>
Contractually required contribution	\$ 617,216
Contributions in relation to the contractually required contribution	<u>617,216</u>
Contribution deficiency (excess)	-
School's covered-employee payroll	\$ 4,325,275
Contributions as a percentage of covered-employee payroll	14.27%

Wesley International Academy, Inc.
 Schedule of Revenues, Expenditures, and Changes in Fund Balances –
 Budget and Actual – General Fund
 For the period ended June 30, 2016

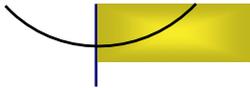
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
State passed through local school district	\$ 8,375,126	\$ 8,566,501	\$ 191,375
Supplemental revenue	520,489	543,211	22,722
Total revenue	<u>8,895,615</u>	<u>9,109,712</u>	<u>214,097</u>
EXPENDITURES			
Salaries and benefits	6,302,842	6,285,565	(17,277)
Instruction	417,710	633,309	215,599
Services	495,968	518,376	22,408
Governance and management	313,718	280,521	(33,197)
Facility	616,117	632,706	16,589
General and administrative	102,472	92,287	(10,185)
Fundraising	3,000	-	(3,000)
Extra curricular activities	60,000	32,066	(27,934)
Capital expenditures	-	113,098	113,098
Total expenditures	<u>8,311,827</u>	<u>8,587,928</u>	<u>276,101</u>
Net change in fund balances	<u>583,788</u>	<u>521,784</u>	<u>(62,004)</u>
Fund balances at beginning of the year	<u>1,708,303</u>	<u>1,708,303</u>	<u>-</u>
Fund balances at end of the year	<u>\$ 2,292,091</u>	<u>\$ 2,230,087</u>	<u>\$ (62,004)</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, 2016

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, 2016 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.



**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"), as of and for the year ended June 30, 2016, and related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 21, 2016.

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

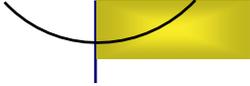
material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters 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 21, 2016



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, 2016, 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 21, 2016. 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

16-001 Supporting documentation

Criteria -The School was unable to provide supporting documentation for 3 of the 25 sample selections we tested during the audit. The School recently relocated their administrative offices and explained the documents could have been lost during the relocation process.

Recommendation -We recommend that the School evaluate the current filing system and establish a plan to prevent the loss of supporting documents.

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 21, 2016

-End of Report-