

HELLENIC CLASSICAL CHARTER SCHOOL

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORTS**

JUNE 30, 2016 AND 2015

HELLENIC CLASSICAL CHARTER SCHOOL

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with Government Auditing Standards**



Independent Auditor's Report on Financial Statements and Supplementary Information

**Board of Trustees
Hellenic Classical Charter School**

Report on the Financial Statements

We have audited the accompanying financial statements of Hellenic Classical Charter School, which comprise the balance sheet as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hellenic Classical Charter School as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

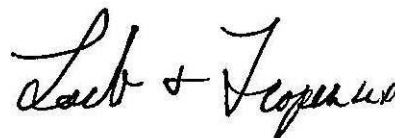
Other Matter

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information included in Schedule 1 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 26, 2016 on our consideration of Hellenic Classical Charter 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 Hellenic Classical Charter School's internal control over financial reporting and compliance.



September 26, 2016

HELLENIC CLASSICAL CHARTER SCHOOL

BALANCE SHEET

JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 107,820	\$ 106,127
Cash - construction		6
Accounts receivable (net of allowance for doubtful accounts of \$5,846 for 2016 and \$5,000 for 2015)	16,774	20,561
Contributions receivable (Note 3)	30,000	30,000
Government grants and contracts receivable	384,643	458,647
Prepaid expenses and other assets	<u>9,166</u>	<u>23,350</u>
Total current assets	548,403	638,691
Cash - reserve for dissolution	71,134	101,445
Cash - escrow		355,838
Cash - sinking fund	666,267	320,306
Contributions receivable (Note 3)	57,404	86,450
Deferred financing cost (net of accumulated amortization of \$114,523 in 2016 and \$52,055 in 2015)	197,814	260,282
Fixed assets - net (Note 4)	<u>12,328,519</u>	<u>12,584,030</u>
Total assets	<u>\$ 13,869,541</u>	<u>\$ 14,347,042</u>

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HELLENIC CLASSICAL CHARTER SCHOOL

BALANCE SHEET

JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 400,929	\$ 523,898
Accounts payable - construction	600,000	680,938
Accrued salaries and related liabilities	1,018,397	972,110
Accrued interest payable		30,538
Loan payable (Note 9)	197,022	193,602
Line of credit (Note 10)	150,000	190,000
	<u>2,366,348</u>	<u>2,591,086</u>
Deferred rent (Note 5)	392,257	279,174
Loan payable (Note 9)	7,759,228	7,949,930
	<u>10,517,833</u>	<u>10,820,190</u>
Net assets (Exhibit B)		
Unrestricted	3,268,176	3,410,402
Temporarily restricted (Note 12)	83,532	116,450
	<u>3,351,708</u>	<u>3,526,852</u>
Total liabilities and net assets	<u>\$ 13,869,541</u>	<u>\$ 14,347,042</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

HELLENIC CLASSICAL CHARTER SCHOOL

EXHIBIT B

STATEMENT OF ACTIVITIES

YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Operating revenues						
State and local per pupil operating revenues	\$ 7,020,248		\$ 7,020,248	\$ 6,665,951		\$ 6,665,951
Government grants and contracts	428,782		428,782	730,070		730,070
Contributions	114,393	\$ 45,000	159,393	71,018	\$ 136,450	207,468
In-kind contributions (Note 7)	71,360		71,360	70,261		70,261
Other revenues	40,033		40,033	7,515		7,515
Net assets released from restrictions (Note 12)	77,918	(77,918)		220,000	(220,000)	
Total operating revenues	7,752,734	(32,918)	7,719,816	7,764,815	(83,550)	7,681,265
Operating expenses						
Program services						
Education	5,900,390		5,900,390	6,214,927		6,214,927
Special education	549,418		549,418	501,816		501,816
Total program services	6,449,808		6,449,808	6,716,743		6,716,743
Supporting services						
Management and general	1,424,036		1,424,036	951,803		951,803
Fund raising	21,116		21,116	21,478		21,478
Total supporting services	1,445,152		1,445,152	973,281		973,281
Total operating expenses (Schedule 1)	7,894,960		7,894,960	7,690,024		7,690,024
Change in net assets (Exhibit C)	(142,226)	(32,918)	(175,144)	74,791	(83,550)	(8,759)
Net assets - beginning of year	3,410,402	116,450	3,526,852	3,335,611	200,000	3,535,611
Net assets - end of year (Exhibit A)	\$ 3,268,176	\$ 83,532	\$ 3,351,708	\$ 3,410,402	\$ 116,450	\$ 3,526,852

See independent auditor's report.

The accompanying notes are an integral part of these statements.

HELLENIC CLASSICAL CHARTER SCHOOL

STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ (175,144)	\$ (8,759)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	694,289	628,760
Amortization of financing costs	62,468	52,055
Decrease (increase) in assets		
Accounts receivable	3,787	8,434
Government grants and contracts receivable	74,004	(372,155)
Contribution receivable	29,046	(116,450)
Prepaid expenses and other assets	14,184	18,745
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(122,969)	281,233
Accrued salaries and related liabilities	46,287	425,854
Accrued interest payable	(30,538)	30,538
Deferred rent	113,083	113,083
Net cash provided by operating activities	<u>708,497</u>	<u>1,061,338</u>
Cash flows from investing activities		
Decrease (increase) in reserve for dissolution	30,311	(84,861)
Fixed asset acquisitions	(519,716)	(2,862,506)
Decrease (increase) in construction cash	6	200,000
Decrease (increase) in mortgage escrow	355,838	(355,838)
Decrease (increase) in sinking fund	(345,961)	(320,306)
Net cash used by investing activities	<u>(479,522)</u>	<u>(3,423,511)</u>
Cash flows from financing activities		
Draw down on loans		2,705,584
Principal payments on loan	(187,282)	(136,468)
Principal payments on line of credit	(40,000)	190,000
Financing costs		(312,337)
Net cash provided (used) by financing activities	<u>(227,282)</u>	<u>2,446,779</u>
Net change in cash and cash equivalents	1,693	84,606
Cash and cash equivalents - beginning of year	<u>106,127</u>	<u>21,521</u>
Cash and cash equivalents - end of year	<u>\$ 107,820</u>	<u>\$ 106,127</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 385,217</u>	<u>\$ 282,171</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

HELLENIC CLASSICAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

NOTE 1 - NATURE OF ORGANIZATION

Hellenic Classical Charter School (“HCCS”) is an education corporation that operates as a charter school in the borough of Brooklyn, New York City. On February 7, 2005, the Board of Regents and the Board of Trustees of the University of the State of New York for and on behalf of the State Education Department granted HCCS a charter valid for a term of five years and renewable upon expiration. On May 30, 2014, HCCS was given an extension to its provisional charter that is valid for an additional five years. HCCS was organized to prepare all students intellectually, socially and emotionally, to gain entry and succeed in the best high schools in New York City. In fiscal years 2016 and 2015, HCCS operated classes for approximately 480 and 475 students in Pre-K through 8th grade, respectively.

HCCS is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

HCCS is funded primarily by state and local per-pupil operating revenues paid through the New York State Department of Education.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash equivalents - Cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less.

Accounts receivable and allowance for doubtful accounts - HCCS records receivables based on established rates or contracts for services provided. Bad debt expense is charged if the receivable is determined to be uncollectible based on periodic review by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year-end. HCCS does not charge interest on outstanding receivables.

Contributions receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Interest is not charged on outstanding receivables.

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HELLENIC CLASSICAL CHARTER SCHOOL**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2016 AND 2015****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash - reserve for dissolution - The cash reserve for dissolution represents funds held aside for contingency purposes as requested by the School's Charter.

Cash - escrow - The escrow funds were established with unexpended mortgage proceeds and can be used to pay construction related expenditures.

Cash - sinking fund - The sinking fund was established as a requirement of the mortgage to pay principal and interest on the mortgage liability.

Government grants and contracts receivable - Government grants and contracts receivable are recorded for expense-based grants when allowable expenses are incurred and for performance-based grants when milestones are achieved.

Deferred financing costs - Financing costs are amortized over the term of the related debt.

Fixed assets - Fixed assets are stated at cost. Items with a cost of \$1,000 or greater and a useful life in excess of one year are capitalized. Fixed assets are depreciated on the straight-line method over their estimated useful lives. Leasehold improvements are amortized over the term of the lease or the life of the asset, whichever is shorter.

Contributions - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The gifts are reported as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The New York City Department of Education provides free and reduced price lunches directly to a majority of the students. Such costs are not included in the financial statements.

State and local per pupil operating revenues - Revenues from the state and local governments resulting from HCCS's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. These funds are recorded by HCCS when services are rendered.

Government grants and contracts - Revenues from government grants and contracts to which HCCS is entitled are recognized mostly on student enrollment. Some grants are provided for specific educational endeavors, which are not based on student enrollment, and are recorded when related expenditures are incurred by HCCS.

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HELLENIC CLASSICAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Rent expense - Rent is recorded on the straight-line basis over the term of the lease.

Functional allocation of expenses - The costs of providing services have been summarized on a functional basis. Expenses are allocated among the program and supporting services based on the nature of the expense.

Unrestricted net assets - Unrestricted net assets include funds having no restrictions as to use or purpose imposed by the donors.

Temporarily restricted net assets - Temporarily restricted net assets are those whose use by HCCS has been limited by donors to a specific time period or purpose.

Uncertainty in income taxes - HCCS has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2013 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through September 26, 2016, which is the date the financial statements were available to be issued.

NOTE 3 - CONTRIBUTION RECEIVABLE

In 2015, HCCS received a 5-year contribution for \$150,000. As of June 30, 2016 and 2015 the balance due was \$90,000 and \$120,000, respectively. The long-term portion of the receivable was discounted to present value at a rate of 3% in 2016 and 2015.

	<u>2016</u>	<u>2015</u>
2016		\$ 30,000
2017	\$ 30,000	30,000
2018	30,000	30,000
2019	<u>30,000</u>	<u>30,000</u>
	90,000	120,000
Discount	<u>(2,596)</u>	<u>(3,550)</u>
Total	<u>\$ 87,404</u>	<u>\$ 116,450</u>

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HELLENIC CLASSICAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

NOTE 4 - FIXED ASSETS

	<u>2016</u>	<u>2015</u>	<u>Estimated Useful Lives</u>
Furniture and fixtures	\$ 545,776	\$ 534,190	3-5 years
Computer hardware and other equipment	85,506	85,506	3-5 years
Leasehold improvements	<u>14,911,298</u>	<u>14,484,106</u>	4-27 years
	15,542,580	15,103,802	
Accumulated depreciation and amortization	<u>(3,214,061)</u>	<u>(2,519,772)</u>	
Net fixed assets	<u>\$ 12,328,519</u>	<u>\$ 12,584,030</u>	

NOTE 5 - LEASE COMMITMENT

In 2013, HCCS entered into a thirty-year noncancelable operating lease for the facility space expiring on June 30, 2042. Annual lease payments commence \$500,000 per annum for the first two years and increase incrementally through the life of the lease. HCCS obtained a credit of \$3,900,060 as a result of improvements to the building completed in September 2014. The credit will be applied against rent payment over the first 15 years of the lease commencing after construction is completed. In 2016, HCCS received only \$120,000 of the credit toward their rent since certain parts of the construction project were still ongoing. In addition, HCCS is obligated to pay the landlord \$600,000 to compensate them for the inconvenience resulting during construction. In addition, HCCS entered into two new leases for copier machines, the leases started in November 2015 and with a term of 60 months will commence in October 2021.

Future minimum payments are as follows:

2017	\$ 547,860
2018	574,110
2019	574,110
2020	574,110
2021	586,433
Thereafter	<u>14,334,940</u>
Total	<u>\$ 17,191,563</u>

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HELLENIC CLASSICAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

NOTE 5 - LEASE COMMITMENT (continued)

The rent expense for the years ended June 30, 2016 and 2015 was \$518,083 and \$518,083, respectively. Deferred rent was \$392,257 as of June 30, 2016 and \$279,174 as of June 30, 2015. The copier lease expense for the years ended June 30, 2016 was \$16,376.

NOTE 6 - PENSIONS

HCCS has a defined contribution retirement plan which covers substantially all full-time employees. HCCS contributes an amount equal to 3% in 2016 and 2015 of the employee's contribution to the plan up to the legal maximum amount allowed. Pension expense under this plan for the years ended June 30, 2016 and 2015 was \$55,000 and \$45,000, respectively.

NOTE 7 - IN-KIND CONTRIBUTION

HCCS records an in-kind contribution from the Greek Consulate as follows:

	2016	2015
Greek teacher's salary	\$ 70,161	\$ 69,062
Greek textbooks	1,199	1,199
	\$ 71,360	\$ 70,261

The amounts are shown as revenue and expense on the statement of activities each year.

NOTE 8 - CONTINGENCIES

Certain grants and contracts may be subject to audit by the funding source. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

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HELLENIC CLASSICAL CHARTER SCHOOL**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2016 AND 2015****NOTE 9 - LOAN PAYABLE**

In 2012, HCCS entered into a leasehold mortgage agreement with Hudson Valley National Bank in the amount of up to eight million dollars (\$8,000,000) in order to finance leasehold improvements to the school and finance all or a portion of a construction loan previously obtained. The loan is secured by the building and its contents. The interest rate on the loan is The Wall Street Journal's prime rate plus one and a half percent (1.5%), but in no event less than six percent (6.0%). The interest rate as of the modification date (September 2014) and as of June 30, 2014 was 6.0%. Interest charges of \$32,500 in 2015 are included in the drawdown balances and have been capitalized in construction in progress.

In September 2014, HCCS converted the construction loan into a mortgage and increased the balance to \$8,280,000. The loan is secured by the building and its contents. Monthly payments of principal and interest commenced in October 2014 based on an amortization period of 25 years. Interest on the loan is at 4.5% per annum. The loan matures on September 5, 2019. A balloon payment of \$7,337,217 is due at maturity. The balance due on the loan as of June 30, 2016 and 2015 was \$7,956,250 and \$8,143,532, respectively. Interest expense on the loan was \$338,139 in 2016 and \$311,036 in 2015.

Principal payments are due as follows:

2017	\$ 197,022
2018	206,202
2019	215,809
2020	<u>7,337,217</u>
	<u>\$ 7,956,250</u>

NOTE 10 - LINE OF CREDIT

The School has a line of credit of \$200,000. Interest is payable monthly at an interest rate of prime plus .75%. The interest rate as of June 30, 2016 and 2015 was 4%. The line of credit is collateralized with the School's corporate assets. The line of credit matures on January 5, 2017. The balance outstanding at June 30, 2016 and 2015 is \$150,000 and \$190,000, respectively. Interest expense on the line of credit was \$6,415 in 2016 and \$1,673 in 2015.

On July 25, 2014 the School entered into a revolving line of credit with the construction company in the amount of \$500,000 with an interest rate of 5% per annum. As of June 30, 2016 and 2015 there were no balances outstanding. Interest expense on the line of credit was \$10,125 in 2016 and \$25,621 in 2015. The line matures upon completion of construction in late 2016.

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HELLENIC CLASSICAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

NOTE 11 - CONCENTRATIONS

Financial instruments which potentially subject HCCS to a concentration of credit risk are cash accounts with financial institutions in excess of FDIC insurance limits.

HCCS obtained approximately 91% and 87% of its operating revenues in 2016 and 2015, respectively, through its charter from New York State.

NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purpose:

	<u>2016</u>	<u>2015</u>
Technology	\$ 38,532	\$ 116,450
Music	<u>45,000</u>	<u> </u>
	<u>\$ 83,532</u>	<u>\$ 116,450</u>

Temporarily restricted net assets were released for the following purposes:

	<u>2016</u>	<u>2015</u>
Technology	\$ 77,918	
Renovation of dance space		\$ 20,000
Gymnasium stage	<u> </u>	<u>200,000</u>
	<u>\$ 77,918</u>	<u>\$ 220,000</u>

SCHEDULE OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2016 AND 2015

	No. of Positions	2016							2015						
		Program Services			Supporting Services				Program Services			Supporting Services			
		Education	Special Education	Total	Management and General	Fundraising	Total	Total	Education	Special Education	Total	Management and General	Fundraising	Total	Total
Personnel service costs															
Instructional	48	\$ 2,771,663	\$ 289,971	\$ 3,061,634	\$ 27,822	\$ 5,680	\$ 33,502	\$ 3,095,136	\$ 2,721,051	\$ 243,800	\$ 2,964,851	\$ 26,534	\$ 5,432	\$ 31,966	\$ 2,996,817
Non-instructional	9	357,908	15,809	373,717				373,717	335,935	14,963	350,898				350,898
Administrative	11	83,180		83,180	564,172	6,123	570,295	653,475	85,238		85,238	461,052	5,688	466,740	551,978
In-kind salaries - instructional	3	70,161		70,161				70,161	69,062		69,062				69,062
Total personnel service costs		3,282,912	305,780	3,588,692	591,994	11,803	603,797	4,192,489	3,211,286	258,763	3,470,049	487,586	11,120	498,706	3,968,755
Payroll taxes and related expenses		889,418	82,843	972,261	160,385	3,198	163,583	1,135,844	858,546	69,181	927,727	130,357	2,973	133,330	1,061,057
Occupancy		504,467	46,988	551,455	90,968	1,814	92,782	644,237	559,037	46,024	605,061	86,722	1,978	88,700	693,761
Contracted services		208,840	19,452	228,292	37,659	751	38,410	266,702	362,290	29,193	391,483	55,008	1,255	56,263	447,746
Supplies and equipment		183,615	17,102	200,717	33,111	660	33,771	234,488	166,387	13,407	179,794	25,263	576	25,839	205,633
Repairs and maintenance		36,432	3,393	39,825	6,570	131	6,701	46,526	38,847	3,130	41,977	5,898	135	6,033	48,010
Printing and postage		7,686	716	8,402	1,386	28	1,414	9,816	4,002	322	4,324	608	14	622	4,946
Professional fees		62,311	5,804	68,115	11,236	224	11,460	79,575	86,679	6,985	93,664	13,161	300	13,461	107,125
Dues and subscription		1,102	103	1,205	199	4	203	1,408	3,220	259	3,479	489	11	500	3,979
Insurance		48,299	4,499	52,798	8,710	174	8,884	61,682	53,036	4,274	57,310	8,053	184	8,237	65,547
Telephone		4,052	377	4,429	731	15	746	5,175	3,794	306	4,100	576	13	589	4,689
Travel		15,393	1,434	16,827	2,776	55	2,831	19,658	10,610	855	11,465	1,611	37	1,648	13,113
Food services		27,357	2,387	29,744			29,744	29,744	24,998	2,059	27,057				27,057
Depreciation and amortization		592,576	55,194	647,770	106,857	2,130	108,987	756,757	550,875	44,389	595,264	83,642	1,909	85,551	680,815
Interest expense					354,679		354,679	354,679	253,026	20,389	273,415	38,418	876	39,294	312,709
Bad debt					10,296		10,296	10,296				10,115		10,115	10,115
Miscellaneous expenses		35,930	3,346	39,276	6,479	129	6,608	45,884	28,294	2,280	30,574	4,296	97	4,393	34,967
Total expenses (Exhibit B)		\$ 5,900,390	\$ 549,418	\$ 6,449,808	\$ 1,424,036	\$ 21,116	\$ 1,445,152	\$ 7,894,960	\$ 6,214,927	\$ 501,816	\$ 6,716,743	\$ 951,803	\$ 21,478	\$ 973,281	\$ 7,690,024

See independent auditor's report.



**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

Independent Auditor's Report

**Board of Trustees
Hellenic Classical Charter School**

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 Hellenic Classical Charter School, which comprise the balance sheet as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hellenic Classical Charter 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hellenic Classical Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Hellenic Classical Charter School's internal control.

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

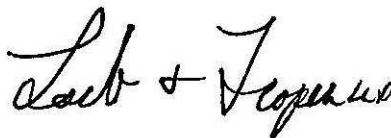
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hellenic Classical Charter 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



September 26, 2016