

**THE SABIS INTERNATIONAL  
CHARTER SCHOOL**

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**FINANCIAL STATEMENTS**

for the years ended June 30, 2015 and 2014

# THE SABIS INTERNATIONAL CHARTER SCHOOL

years ended June 30, 2015 and 2014

## C O N T E N T S

Page

Independent Auditors' Report .....	1
Management's Discussion and Analysis .....	4
Financial Statements	
Statements of Net Position.....	8
Statements of Revenues, Expenses, and Changes in Net Position .....	9
Statements of Cash Flows.....	10
Notes to Financial Statements .....	11
Schedule of Expenditures of Federal Awards for the year ended June 30, 2015 .....	23
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	24
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.....	26
Schedule of Findings and Questioned Costs for the year ended June 30, 2015 .....	28
Board Acceptance Letter .....	29

# Moriarty Primack

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
The SABIS International Charter School

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the business-type activities of The SABIS International Charter School, as of and for the years ended June 30, 2015 and 2014, 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 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 opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of The SABIS International Charter School, as of June 30, 2015 and 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 7 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 of the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Reporting Requirement by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2015, on our consideration of The SABIS International Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 The SABIS International Charter School's internal control over financial reporting and compliance.

*Moritz & Premises, P.C.*  
Springfield, Massachusetts  
October 29, 2015

# THE SABIS INTERNATIONAL CHARTER SCHOOL

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014

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The following discussion and analysis of The SABIS International Charter School's (the School) financial performance provides an overview of the School's financial activities for the fiscal years ended June 30, 2015 and 2014. Please read it in conjunction with the School's financial statements, which begin on page 8.

### **The School as a Whole**

The School received its initial charter on July 1, 1995 to operate as a public charter school in the Commonwealth of Massachusetts. The charter is awarded in five-year increments and is subject to renewal at the discretion of the Commonwealth of Massachusetts Board of Elementary and Secondary Education. The School's charter was most recently renewed for an additional five years issued May 4, 2015. During fiscal year 2015 and 2014, the School operated kindergarten through grade twelve and the enrollment was comprised of 1,571 and 1,572 students, respectively. At capacity, the School will serve kindergarten through grade twelve and enrollment will be approximately 1,574 students.

### **Using This Annual Report**

This annual report consists of a series of financial statements. In accordance with Governmental Accounting Standards Board No. 34 - *Basic Financial Statement - Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34), the School is considered a special purpose government entity that engages in only business type activities. All of the financial activity of the School is recorded in an enterprise fund within the proprietary fund group. In accordance with GASB No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the School issues a *Statement of Net Position*, a *Statement of Revenues, Expenses and Changes in Net Position* and a *Statement of Cash Flows*. These statements provide information about the financial activities of the School, as a whole. This annual report also contains notes to the financial statements and other information which provide additional information that is essential to a full understanding of the information provided in the basic financial statements and the schedule of federal expenditures, which identifies all of the School's federal funding.

### **Financial Statements**

The *Statement of Net Position* presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the School, as of the end of the fiscal year. The *Statement of Net Position* is a point-in-time financial statement. The purpose of the *Statement of Net Position* is to present a fiscal snapshot of the School to the readers of the financial statements. Assets are resources with present service capacity that the School presently controls. Liabilities are present obligations to sacrifice resources that the School has little or no discretion to avoid. A deferred outflow of resources is consumption of net assets by the School that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net assets by the School that is applicable to a future reporting period. Net position represents the difference between all other elements in a statement of financial position and is displayed in three components – *net investment in capital assets, restricted* (distinguishing between major categories or restrictions); and *unrestricted*.

# THE SABIS INTERNATIONAL CHARTER SCHOOL

## MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

June 30, 2015 and 2014

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### Financial Statements – continued

The *Net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds, mortgages, notes or other borrowings that are attributable to the acquisition construction, or improvement of those assets.

The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Over time, readers of financial statements will be able to evaluate the School's fiscal health (liquidity and solvency) or financial position by analyzing the increases and decreases in net position to determine if the School's financial health is improving or deteriorating. The reader will also need to consider other non-financial factors such as changes in economic conditions and new or amended charter school legislation when evaluating the overall financial health of the School. This statement is also a good source for readers to determine how much the School owes to vendors and creditors and the available assets that can be used to satisfy those liabilities.

The *Statement of Revenues, Expenses and Changes in Net Position* report the financial activities (revenue and expenses) of the School and divides it into two categories: Operating activities and nonoperating activities. Operating activities include all financial activities associated with the operation of the School and its related programs. Consequently, all non-operating activities include all financial activities not related to the operation of a charter school. Changes in total net position as presented on the *Statement of Net Position* are based on the activity presented in this statement. This statement helps to determine whether the School had sufficient revenues to cover expenses during the year and its net increase or decrease in net position based on current year operations.

The *Statement of Cash Flows* provides information about the School's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from *operations, investing, and capital and noncapital financing activities* and provides answers to such questions as "from where did cash come?," "for what was cash used?," and "what was the change in the cash balance during the reporting period?" This statement also is an important tool in assisting users assessing the School's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its needs for external financing.

*Notes to the Financial Statements* provide additional information that is essential to a full understanding of the information provided in the School's financial statements.

**THE SABIS INTERNATIONAL CHARTER SCHOOL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**

**June 30, 2015 and 2014**

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**Supplemental Information**

The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget, *Circular A-133, Audits of States, Local Governments, and Non-Profit Organization*. The schedule of expenditures of federal awards can be found on page 23 of this report.

**Financial Highlights**

The following financial highlights are for the fiscal year 2015 and 2014:

The School held total assets of \$40,446,072 and \$40,492,567 at June 30, 2015 and 2014, respectively, of which \$26,794,149 and \$27,595,409 were net capital assets, respectively and the majority of remaining assets consisted of cash, bond issue costs, and debt service reserve fund.

The School held total liabilities of \$33,610,159 and \$34,140,945 at June 30, 2015 and 2014, respectively. In fiscal years 2015 and 2014, there were current and non-current liabilities. In 2015, the School held \$2,218,843 in current liabilities and \$31,391,316 in non-current liabilities. In 2014, the School held \$2,250,224 in current liabilities and \$31,890,721 in non-current liabilities.

Total net position for the School was \$6,835,913 and \$6,351,622 at June 30, 2015 and 2014, respectively, of which \$7,786,691 and \$6,909,523 were unrestricted and \$(950,778) and \$(557,901) were for investments in capital assets, respectively. As of June 30, 2015, the Board of Trustees has designated \$1,507,026 of unrestricted net position for future capital assets.

The School earned total revenues of \$18,861,227 and \$19,157,806 for the years ended June 30, 2015 and 2014, respectively.

The School had total expenses of \$18,376,936 and \$18,307,743 for the years ended June 30, 2015 and 2014, respectively.

The School earned net income of \$484,291 and \$850,063 for the years ended June 30, 2015 and 2014.

**Budgetary Highlights**

For the fiscal year ended June 30, 2015, the School incurred \$18,590,259 in actual expenditures (inclusive of capitalized purchases) compared to budgeted expenditures of \$19,041,223.

**THE SABIS INTERNATIONAL CHARTER SCHOOL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**

**June 30, 2015 and 2014**

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**School's Financial Activities**

The majority of the School's funding is received from the Commonwealth of Massachusetts Department of Elementary and Secondary Education and is based on a standard rate per pupil. The School received \$17,509,278 in per pupil funding in fiscal year 2015, versus \$17,618,517 in per pupil funding in fiscal year 2014. This represents 92.8% and 92.0% of the School's revenue for the years ended June 30, 2015 and 2014, respectively. In addition, the School received various federal and Commonwealth of Massachusetts grants, which totaled \$1,119,030 and \$1,323,138 for fiscal years 2015 and 2014, respectively.

**Contacting the School's Financial Management**

This financial report is designed to provide the reader with a general overview of the School's finances and to show the accountability for the funds received. If you have questions about this report or need additional financial information, contact the Business Office of The School.

**THE SABIS INTERNATIONAL CHARTER SCHOOL**

**STATEMENTS OF NET POSITION**

**June 30, 2015 and 2014**

	<u><b>2015</b></u>	<u><b>2014</b></u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents.....	\$ 8,902,024	\$ 3,697,812
Restricted cash - escrow.....	59,566	59,566
Grants receivable.....	98,534	100,298
Miscellaneous receivables.....	25,150	39,581
Tuition receivable.....		4,424,885
Prepaid expenses.....	5,499	
Total current assets.....	<u>9,090,773</u>	<u>8,322,142</u>
Noncurrent Assets		
Capital assets, net.....	26,794,149	27,595,409
Intangible assets.....	1,051,213	1,095,014
Debt service reserve fund - restricted.....	2,909,930	2,909,930
Restricted cash - bond repair and replacement fund .....	600,007	570,072
Total noncurrent assets.....	<u>31,355,299</u>	<u>32,170,425</u>
<b>TOTAL ASSETS.....</b>	<u><b>\$ 40,446,072</b></u>	<u><b>\$ 40,492,567</b></u>
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities		
Accounts payable.....	\$ 129,526	\$ 255,497
Accrued expenses.....	487,703	477,818
Accrued compensation.....	1,078,827	1,018,085
Deferred revenue.....	23,382	29,419
Bonds payable, current portion.....	499,405	469,405
Total current liabilities.....	2,218,843	2,250,224
Bonds payable, net of current portion.....	<u>31,391,316</u>	<u>31,890,721</u>
Total liabilities.....	<u>33,610,159</u>	<u>34,140,945</u>
Net Position		
Investment in capital assets, net of related debt.....	(950,778)	(557,901)
Unrestricted.....	7,786,691	6,909,523
Total net position.....	<u>6,835,913</u>	<u>6,351,622</u>
<b>TOTAL LIABILITIES AND NET POSITION.....</b>	<u><b>\$ 40,446,072</b></u>	<u><b>\$ 40,492,567</b></u>

*See notes to financial statements.*

**THE SABIS INTERNATIONAL CHARTER SCHOOL**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

**for the years ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Operating revenues</b>		
Student tuition.....	\$ 17,509,278	\$ 17,618,517
Federal and state grants.....	1,119,030	1,323,138
Educational fees.....	91,819	84,920
Other income.....	497	580
	<hr/>	<hr/>
Total operating revenues.....	18,720,624	19,027,155
<b>Operating expenses</b>		
Salaries .....	8,038,103	7,849,130
Payroll taxes.....	251,583	251,219
Fringe benefits.....	985,639	942,452
Classroom and other supplies.....	904,694	879,066
Office supplies, postage and expense.....	136,352	132,974
Advertising.....	11,713	14,978
Board of trustees expense.....	32,652	27,612
Professional services.....	52,332	49,828
Travel.....	1,500	749
Depreciation and amortization.....	1,058,384	1,044,170
Telephone.....	26,932	25,433
Repairs, maintenance, and supplies.....	536,753	480,987
Occupancy costs.....	332,643	381,939
Insurance.....	67,748	65,178
Grant programs.....	1,116,592	1,325,071
Extra curricular activities.....	145,767	146,150
After school program.....	1,854	2,798
Computer expense.....	172,178	165,143
Instructional management fee.....	1,993,000	1,993,000
Staff development .....	19,070	17,938
Student testing.....	11,899	11,493
Payroll service charge.....	43,053	40,562
Bank fees.....	320	263
	<hr/>	<hr/>
Total operating expenses.....	15,940,761	15,848,133
Operating income.....	2,779,863	3,179,022
<b>Nonoperating revenue (expense)</b>		
Interest income.....	140,603	130,651
Pension income.....	1,138,507	152,567
In-kind revenue.....	2,308,677	2,553,550
Pension expense .....	(1,138,507)	(152,567)
In-kind expense.....	(2,308,677)	(2,553,550)
Interest expense.....	(2,436,175)	(2,459,610)
	<hr/>	<hr/>
Total nonoperating expense.....	(2,295,572)	(2,328,959)
Change in net position.....	484,291	850,063
Net position, beginning of year.....	6,351,622	5,501,559
	<hr/>	<hr/>
Net position, end of year.....	\$ 6,835,913	\$ 6,351,622
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*See notes to financial statements.*

**THE SABIS INTERNATIONAL CHARTER SCHOOL**

**STATEMENTS OF CASH FLOWS**

**for the years ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities:</b>		
Receipts from student tuition.....	\$ 21,934,163	\$ 13,193,632
Receipts from federal and state grants.....	1,114,757	1,277,275
Receipts from educational fees.....	91,819	84,920
Receipts from other income.....	497	580
Payments to employees.....	(8,010,651)	(7,875,689)
Payments to vendors and suppliers.....	<u>(6,937,543)</u>	<u>(6,605,486)</u>
Net cash provided by operating activities.....	<u>8,193,042</u>	<u>75,232</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchases of capital assets.....	(213,323)	(633,730)
Repayments on bonds payable.....	(450,000)	(430,000)
Interest paid on capital debt.....	<u>(2,436,175)</u>	<u>(2,459,610)</u>
Net cash used in capital and related financing activities.....	<u>(3,099,498)</u>	<u>(3,523,340)</u>
<b>Cash flows from investing activities:</b>		
Interest on cash and cash equivalents.....	140,603	130,651
Net cash provided by investing activities.....	<u>140,603</u>	<u>130,651</u>
Increase (decrease) in cash and cash equivalents.....	5,234,147	(3,317,457)
Cash and cash equivalents, beginning of year.....	4,327,450	7,644,907
Cash and cash equivalents, end of year.....	<u>\$ 9,561,597</u>	<u>\$ 4,327,450</u>
<b>Reconciliation of the change in net position to net cash provided by operating activities:</b>		
Adjustments to reconcile the income from operations to net cash provided by operating activities:		
Income from operations.....	\$ 2,779,863	\$ 3,179,022
Depreciation and amortization.....	1,058,384	1,044,170
Bond premium.....	(19,405)	(19,405)
(Increase) decrease in operating assets		
Grants receivable.....	1,764	16,385
Tuition receivable.....	4,424,885	(4,424,885)
Miscellaneous receivable.....	14,431	(14,431)
Prepaid expenses.....	(5,499)	
Increase (decrease) in operating liabilities		
Accounts payable .....	(125,971)	193,333
Accrued expenses.....	70,627	125,556
Deferred revenue.....	<u>(6,037)</u>	<u>(24,513)</u>
Net cash provided by operating activities.....	<u>\$ 8,193,042</u>	<u>\$ 75,232</u>
<b>Reconciliation of total cash and cash equivalents</b>		
Current assets:		
Cash and cash equivalents .....	\$ 8,902,024	\$ 3,697,812
Restricted cash - escrow.....	59,566	59,566
Noncurrent assets:		
Restricted cash - bond repair and replacement fund .....	600,007	570,072
Total cash and cash equivalents.....	<u>\$ 9,561,597</u>	<u>\$ 4,327,450</u>

*See notes to financial statements.*

# THE SABIS INTERNATIONAL CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS

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### 1. Nature of Organization

The SABIS International Charter School (the School) was established on July 1, 1995 after receiving their charter from the Commonwealth of Massachusetts under Chapter 71 Section 89 of the General Laws of Massachusetts. The School's charter is awarded in five year increments and is subject to renewal at the discretion of the Commonwealth of Massachusetts Department of Elementary and Secondary Education (DESE). The School's charter was most recently renewed in 2015 and expires June 30, 2020.

The School has one location in Springfield, Massachusetts and offers children in the city of Springfield in grades kindergarten through twelve, a public supported academic education. During fiscal years 2015 and 2014, the School served 1,574 students for each year.

The School's mission is a college preparatory school that provides top-quality education on a non-selective basis to children of different races, religions, nationalities and backgrounds. It teaches these children to perform to the best of their ability, to achieve academic excellence in a global context, and prepares graduates to attend colleges and universities. The School develops and strengthens students' ethical, moral and civic values thus molding men and women with the knowledge, skills, and social judgment they will need to face the challenges of the times. The School believes those students with a Sabis® education, especially in a multicultural setting, will be able to provide leadership throughout the world.

### 2. Summary of Significant Accounting Policies

The accounting policies of the School conform to accounting principles generally accepted in the United States as applicable to governmental units. The following is a summary of the School's significant accounting policies:

#### *Financial Statement Presentation*

The School, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, - *Basic Financial Statement - and Management's Discussion and Analysis - for State and Local Governments*, is considered a special purpose governmental entity that engages in only business type activities and is not a component unit of another governmental entity. Therefore, the financial statements are prepared using the accrual basis of accounting and all of the activity is recorded in the enterprise fund. The School's financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position and a Statement of Cash Flows.

#### *Basis of Accounting*

The accrual basis of accounting is used for all governmental entities that operate as business type entities. Accordingly, revenue is recognized when earned and capital assets and expenditures are recorded when received and incurred, respectively.

**THE SABIS INTERNATIONAL CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS, Continued**

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***Basis of Accounting, continued***

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the School has elected to apply the provisions of all relevant pronouncements of Financial Accounting Standards Board (FASB) that do not conflict with or contradict GASB pronouncements.

***Cash and Cash Equivalents***

For the purpose of the Statement of Net Position and the Statement of Cash Flows, the School considers all short term investments with an original maturity of three months or less to be cash equivalents.

***Receivables***

Receivables are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realized losses on balances outstanding at year-end will be immaterial.

***Intangible Assets***

Intangible assets consist of costs incurred by the School in connection with obtaining bond financing with a financial institution. The intangible assets are recorded at cost and amortized using the straight-line method over the life of the bonds. Amortization expense of \$43,801 was recorded for each of the years ended June 30, 2015 and 2014.

***Capital Assets***

Furniture and equipment are recorded at cost, if purchased, or at fair market value at the date of donation. Capital assets purchased with a cost or value equal to or greater than \$5,000 are capitalized. Depreciation is computed on the straight-line basis using estimated useful lives of 5 years for computers, 7 years for furniture, fixtures and equipment, 5-15 years for building improvements, and 40 years for buildings and building additions. Depreciation expense of \$1,014,583 and \$1,000,369 was recorded for the years ended June 30, 2015 and 2014, respectively.

***Deferred Revenue***

Revenue is recognized when earned, however funds received that are not earned as of year-end are recorded as a liability under deferred revenue.

**THE SABIS INTERNATIONAL CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS, Continued**

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***Operating Revenue and Expenses***

Operating revenue and expenses generally result from providing educational and instructional services in connection with the School's principal ongoing operations. The principal operating revenues include tuition and Federal and Commonwealth of Massachusetts grants. Operating expenses include educational costs, administrative expenses and depreciation on capital assets. All other revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Tax Status***

The School was established under a Charter granted by the Commonwealth of Massachusetts Department of Education and operates as part of the Commonwealth of Massachusetts and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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. Estimates also affect the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**3. Deposits with Financial Institutions**

The School maintains its cash balances in one financial institution. The balances at times may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit per financial institution. Management acknowledges the possibility of risk in this arrangement; however, the size and longevity of the depository institution minimizes such risk.

As required by GASB No. 40, Deposits and Investment Risk Disclosures, the following represents a summary of deposits as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
FDIC insured deposits	\$ 250,000	\$ 250,000
DIF insured deposits		3,985,026
Uninsured deposits	9,221,423	
	<u>\$ 9,471,423</u>	<u>\$ 4,235,026</u>

# THE SABIS INTERNATIONAL CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS, Continued

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### 4. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

**Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School has the ability to access.

**Level 2** Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies used at June 30, 2015 and 2014. The following is a description of the valuation methodologies used for assets measured at fair value.

**Money market funds – restricted cash:** Invested in treasury funds. Valued at amortized cost.

**Debt service reserve fund:** Invested in private debt obligations. Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit worthiness of the issuer.

**THE SABIS INTERNATIONAL CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**Fair Value Measurements, continued**

The following table sets forth by level, within the fair value hierarchy, the School's assets at fair value as of June 30, 2015 and 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2015</u> <u>Total</u>
Money market funds - restricted cash	\$ 659,573			\$ 659,573
Debt service reserve fund - restricted			\$ 2,909,930	2,909,930
	<u>\$ 659,573</u>		<u>\$ 2,909,930</u>	<u>\$ 3,569,503</u>
				<u>2014</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds - restricted cash	\$ 629,638			\$ 629,638
Debt service reserve fund - restricted			\$ 2,909,930	2,909,930
	<u>\$ 629,638</u>		<u>\$ 2,909,930</u>	<u>\$ 3,539,568</u>

There has been no change in the fair value of the School's level 3 assets from the year ended June 30, 2014 through the year ended June 30, 2015.

**5. Intangible Assets**

Intangible assets consist of the following for the year ended June 30:

	<u>2015</u>	<u>2014</u>
Bond issue costs	\$1,314,019	\$1,314,019
Less amortization	<u>262,806</u>	<u>219,005</u>
	<u>\$1,051,213</u>	<u>\$1,095,014</u>

Amortization expense for each of the next five years and thereafter is as follows:

2016	\$ 43,801
2017	43,801
2018	43,801
2019	43,801
2020	43,801
Thereafter	<u>832,208</u>
	<u>\$1,051,213</u>

**THE SABIS INTERNATIONAL CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**6. Capital Assets**

Changes in capital assets during fiscal year 2015 are as follows:

	<u>Balance</u> <u>6/30/2014</u>	<u>Additions</u>	<u>Balance</u> <u>6/30/2015</u>
Equipment	\$ 532,961	\$ 13,845	\$ 546,806
Computers and software	1,333,723	109,771	1,443,494
Vehicles	68,456		68,456
Furniture and fixtures	703,873	10,496	714,369
Building	24,500,000		24,500,000
Building improvements	5,452,066	70,211	5,522,277
Land	1,000,000		1,000,000
Construction in progress	273,072	9,000	282,072
Total capital assets	<u>33,864,151</u>	<u>213,323</u>	<u>34,077,474</u>
Less accumulated depreciation:			
Equipment	(442,463)	(32,060)	(474,523)
Computers and software	(996,286)	(116,918)	(1,113,204)
Vehicles	(41,082)	(6,083)	(47,165)
Furniture and fixtures	(611,583)	(38,511)	(650,094)
Building	(3,647,108)	(729,421)	(4,376,529)
Building improvements	(530,220)	(91,590)	(621,810)
Total accumulated depreciation	<u>(6,268,742)</u>	<u>(1,014,583)</u>	<u>(7,283,325)</u>
Net capital assets	<u>\$ 27,595,409</u>	<u>\$ (801,260)</u>	<u>\$ 26,794,149</u>

**THE SABIS INTERNATIONAL CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**Capital Assets, Continued**

Changes in capital assets during fiscal year 2014 are as follows:

	<u>Balance</u> <u>6/30/2013</u>	<u>Additions</u>	<u>Balance</u> <u>6/30/2014</u>
Equipment	\$ 498,310	\$ 34,651	\$ 532,961
Computers and software	1,189,152	144,571	1,333,723
Vehicles	38,038	30,418	68,456
Furniture and fixtures	680,227	23,646	703,873
Building	24,500,000		24,500,000
Building improvements	5,324,694	127,372	5,452,066
Land	1,000,000		1,000,000
Construction in progress		273,072	273,072
Total capital assets	<u>33,230,421</u>	<u>633,730</u>	<u>33,864,151</u>
Less accumulated depreciation:			
Equipment	(406,133)	(36,330)	(442,463)
Computers and software	(886,338)	(109,948)	(996,286)
Vehicles	(38,039)	(3,043)	(41,082)
Furniture and fixtures	(566,638)	(44,945)	(611,583)
Building	(2,917,687)	(729,421)	(3,647,108)
Building improvements	(453,538)	(76,682)	(530,220)
Total accumulated depreciation	<u>(5,268,373)</u>	<u>(1,000,369)</u>	<u>(6,268,742)</u>
Net capital assets	<u>\$ 27,962,048</u>	<u>\$ (366,639)</u>	<u>\$ 27,595,409</u>

**7. Line of Credit**

The School has a line of credit with a local bank. According to the agreement, the School may borrow up to \$1,000,000 at any time. Any outstanding principal is due on demand. Interest is charged at the bank's base rate minus 0.25% (3.25% as of June 30, 2015 and 2014). The line of credit has a second priority blanket security interest in the assets of the School behind Wells Fargo Bank, N.A., as trustee under the MDFA Tax-Exempt Bonds. The line is subject to annual renewal. There was no outstanding balance at June 30, 2015 or 2014.

**THE SABIS INTERNATIONAL CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**8. Bonds Payable**

Bonds payable consist of the following for the year ended June 30:

	<u>2015</u>	<u>2014</u>
Series A Tax Exempt Revenue Bonds, issued June 30, 2009 and maturing April 10, 2039, subject to sinking fund redemption as noted below. Principal and interest are payable on a quarterly basis. Interest is payable at various rates according to the maturity schedule, (4.125% - 8.00%). The bonds are secured by the building and land located at 160 Joan Street, Springfield, MA.	\$ 31,890,721	\$ 32,360,126
Less current portion	<u>499,405</u>	<u>469,405</u>
	<u>\$ 31,391,316</u>	<u>\$ 31,890,721</u>

The annual debt service requirements to maturity, including principal and interest, are as follows:

Years ended <u>June 30,</u>	Principal and Sinking Fund <u>Installments</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 499,405	\$ 2,429,930	\$ 2,929,335
2017	529,405	2,398,730	2,928,135
2018	559,405	2,365,580	2,924,985
2019	594,405	2,330,480	2,924,885
2020	634,405	2,293,105	2,927,510
2021-2025	3,842,025	10,788,854	14,630,879
2026-2030	5,437,025	9,195,200	14,632,225
2031-2035	7,947,025	6,688,000	14,635,025
2036-2039	<u>11,847,621</u>	<u>2,771,200</u>	<u>14,618,821</u>
	<u>\$ 31,890,721</u>	<u>\$ 41,261,079</u>	<u>\$ 73,151,800</u>

The School deposited \$2,909,930 from bond proceeds to a Debt Service Reserve Fund established and held by the Trustee. Any earnings from the fund will be used to reduce future principal and interest payments.

**THE SABIS INTERNATIONAL CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS, Continued**

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**Bonds Payable, Continued**

The School is required to maintain a historical debt service coverage ratio of at least 1.10 measured annually. The School is also required to maintain an unrestricted cash balance as of the end of each fiscal year of at least 5% of its operating expenses for the prior fiscal year as shown on the audited financial statements. The School was in compliance with these covenants at June 30, 2015.

The covenants are calculated as follows:

<b><u>Historical Debt Service Coverage Ratio</u></b>	<b><u>6/30/2015</u></b>
Net income available for debt service	\$ 3,978,850
Debt service requirements	2,924,985
	1.36

**Cash Balance Covenant**

Unrestricted cash balance 6/30/15	\$ 8,902,024
Operating expenses - PY 06/30/14	15,848,133
	56.17%

**Calculation of net income available for debt service:**

= Gross revenues - operating expenses

**Gross revenues:**

Total Revenues	<u>18,861,227</u>
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**Operating expenses:**

Total expenses	18,376,936
Less: Depreciation and amortization	(1,058,384)
Less: Interest expense	<u>(2,436,175)</u>
	<u>14,882,377</u>

Net Income Available for Debt Service	<u><u>\$ 3,978,850</u></u>
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**THE SABIS INTERNATIONAL CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS, Continued**

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**9. Donated Food Service and Transportation**

For the years ended June 30, 2015 and 2014, the School received \$2,308,677 and \$2,553,550, respectively, in donated food services and transportation from the Springfield School District.

**10. Retirement Plan**

The School's teaching staff and certain administrators participate individually in the Massachusetts Teachers Retirement System (MTRS). All qualified teachers and administrators are covered by and must participate in MTRS. All qualified teachers and administrators who qualify for the plan, along with the School are exempt from federal social security tax for these employees. Benefits vest fully after 10 years of qualified employment and an employee may receive retirement benefits after 20 years of service or having reached the age of 55 if the participant (1) has a record of 10 years of credible service, (2) was first employed by the school after January 1, 1978, (3) voluntarily left School employment on or after that date, and (4) left an accumulated annuity deduction in the fund. This retirement plan requires an employee contribution of eight to eleven percent (depending on the plan and the employment date) of their compensation.

In 2015, the School adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. According to GASB 68, the Commonwealth of Massachusetts is a nonemployer contributing entity in MTRS and is required to make all actuarially determined contributions on behalf of the member employers. The School is considered a member employer. Since the member employer does not contribute directly to MTRS, there is no net pension liability to recognize for the School. However, they are required to disclose the portion of the Commonwealth's share of the collective net pension liability that is associated with the School, which amounted to \$16,387,338 as of June 30, 2015. In addition, the School is required to recognize its portion of the collective pension expense provided by the Commonwealth as both a revenue and pension expense, which amounted to \$1,138,507 as of June 30, 2015.

In 2014, as required by GASB 24, the School recognized \$152,567 as pension revenue and expense for pension benefits paid by Massachusetts Teachers Retirement Board.

**THE SABIS INTERNATIONAL CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS, Continued**

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**11. Management Contract**

The School has a management agreement with Springfield Education Management LLC (SEM), a related party, to manage the teaching, accounting and business administration functions of the School. The management agreement states that SEM shall receive a fixed fee of \$1,993,000 for license and management fees. This fixed fee can be increased if student enrollment exceeds 1,574 students. This agreement ends June 30, 2015. The contract was renewed as of July 1, 2015.

The School purchases a majority of their text books from SABIS Educational Systems (SES), a related party.

The School paid SEM & SES the following:

	<u>2015</u>	<u>2014</u>
Instructional management fee	\$ 1,993,000	\$ 1,993,000
Text books and other	<u>655,655</u>	<u>683,554</u>
	<u>\$ 2,648,655</u>	<u>\$ 2,676,554</u>

As of June 30, 2015, the amount due to SEM was \$360 (none - 2014).

**12. Concentration of Revenue**

DESE provided 99% of the funding to the School for the years ended June 30, 2015 and 2014 through a per pupil reimbursement and Federal and Commonwealth of Massachusetts grants.

**13. Supplementary Cash Flow Information**

Supplemental cash flow information is as follows

	<u>2015</u>	<u>2014</u>
Cash paid during the year for:		
Interest	\$2,436,175	\$2,459,610

**THE SABIS INTERNATIONAL CHARTER SCHOOL**

**NOTES TO FINANCIAL STATEMENTS, Continued**

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**14. Board Designated Net Position**

As of June 30, 2015, the Board of Trustees has designated \$1,507,026 of unrestricted net position for future capital assets.

**15. Subsequent Events**

The School has evaluated subsequent events through October 29, 2015, the date the financial statements were available to be issued. The following was noted:

On July 17, 2015, the School entered into a new management agreement with Springfield Education Management, LLC (SEM). This contract is effective as of July 1, 2015 and will end on June 30, 2020. The School will pay SEM an annual fixed fee of \$2,197,000.

On August 13, 2015, the School closed on new bonds in the amount of \$34,935,000. These new bonds will be used to pay the existing bonds in full.

**THE SABIS INTERNATIONAL CHARTER SCHOOL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**for the year ended June 30, 2015**

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<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Education		
Pass-through from State Department of Education		
Title I Grants to Local Educational Agencies	84.010	\$ 647,485
Special Education – Grants to States	84.027	350,034
Improving Teacher Quality State Grants	84.367	82,581
Race to the Top Grant	84.395	<u>32,930</u>
		<u>\$1,113,030</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**for the year ended June 30, 2015**

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of The SABIS International Charter School under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of operations of The SABIS International Charter School, it is not intended to and does not present the financial position, changes in net position, or cash flows of The SABIS International Charter School.

**2. Summary of Significant Accounting Policies**

***Expenditures***

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**INDEPENDENT AUDITOR'S 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**

To the Board of Trustees of  
The SABIS International 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 the business-type activities of The SABIS International Charter School, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise The SABIS International Charter School's basic financial statements, and have issued our report thereon dated October 29, 2015.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered The SABIS International 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The SABIS International Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of The SABIS International 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 The SABIS International 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Springfield, Massachusetts  
October 29, 2015

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

To the Board of Trustees of  
The SABIS International Charter School

***Report on Compliance for Each Major Federal Program***

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

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

## ***Report on Internal Control over Compliance***

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

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

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

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

*Morantz; Prunick, P.C.*

Springfield, Massachusetts

October 29, 2015

**THE SABIS INTERNATIONAL CHARTER SCHOOL**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**for the year ended June 30, 2015**

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of The SABIS International Charter School.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's 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.
3. No instances of noncompliance material to the financial statements of The SABIS International Charter School, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs were reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for major federal award programs for The SABIS International Charter School expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The program tested as major program was Title I 84.010.
8. The threshold for distinguishing between Types A and B programs was \$300,000.
9. The SABIS International Charter School was determined to be a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None



**SABIS<sup>®</sup>** International Charter School  
Springfield - Massachusetts, USA  
160 Joan Street - Tel: (413) 783-3434 - Fax: (413) 782-0361

### ACCEPTANCE OF THE BOARD OF TRUSTEES

We, the Board of Trustees of The SABIS International Charter School, have voted to accept the representations of management and the expression of the opinions made by Moriarty & Primack, P.C. as embodied in the financial statements, supplemental schedules and independent auditors' reports for the years ended June 30, 2015 and 2014.

We also certify that the representations made by management and the disclosures in the financial statements are accurate and have been correctly and completely disclosed as required by accounting principles generally accepted in the United States of America and the Commonwealth of Massachusetts Charter School Audit Guide for the years ended June 30, 2015 and 2014.

Board President or Treasurer or Other Designated Person

10-29-15

Date