

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Northside Education, Inc.
d/b/a Atlanta Classical Academy
Atlanta, Georgia

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of **Northside Education, Inc. d/b/a Atlanta Classical Academy** (the "School"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Northside Education, Inc. d/b/a Atlanta Classical Academy, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northside Education, Inc. d/b/a Atlanta Classical Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northside Education, Inc. d/b/a Atlanta Classical Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Northside Education, Inc. d/b/a Atlanta Classical Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northside Education, Inc. d/b/a Atlanta Classical Academy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 – 10, Schedule of Revenues, Expenditures and Changes in Fund Balances – General Fund – Budget and Actual on page 30, and Schedules of Proportionate Share of the Net Pension Liability Teachers Retirement System of Georgia and Contributions to Teachers Retirement System of Georgia on pages 31 and 32 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northside Education, Inc. d/b/a Atlanta Classical Academy's basic financial statements. The accompanying schedule of state revenue is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The 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 basic 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 state revenue is fairly stated, in all material respects, in relation to the basic 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 October 26, 2023, on our consideration of Northside Education, Inc. d/b/a Atlanta Classical Academy'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 solely 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 the effectiveness of Northside Education, Inc. d/b/a Atlanta Classical Academy's 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 Northside Education, Inc. d/b/a Atlanta Classical Academy's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
October 26, 2023

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The discussion and analysis of Atlanta Classical Academy's ("School") financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance. The reader should note that this fiscal year is the School's eighth year of operation.

Financial Highlights

Key financial highlights for fiscal year 2023, the eleventh year of full operation, are as follows:

- ✓ Total net position increased \$657,919 from fiscal year 2022. Total governmental activities decreased, but the total net position increase was due to general activities.
- ✓ Program specific revenues in the form of operating grants and contributions accounted for \$13,415,953 or 95% of total revenues.
- ✓ The School had \$13,457,985 in expenses related to governmental activities; 99% of these expenses were offset by operating and capital grants and contributions.
- ✓ The School's governmental fund (General Fund) had \$14,115,904 in revenues and \$12,308,155 in expenditures. The governmental funds' fund balance increased to \$8,064,474 by \$1,807,749.
- ✓ The School's total capital assets decreased by \$85,300 during the fiscal year. The key factor in this decrease was a full year of depreciation on several large asset additions in the prior fiscal year.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Northside Education, Inc. d/b/a Atlanta Classical Academy as a financial whole, or as an entire operating entity.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School; present both an aggregate view of the School's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The school operates a single fund, the General Fund.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Reporting the School as a Whole

Statement of Net Position and Statement of Activities

The view of the School as a whole looks at all financial transactions and asks the question, “How did we do financially during fiscal year 2023?” The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include *all assets and all liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School’s *net position* and changes in those assets. This change in net position is important because it tells the reader whether, for the School as a whole, the *financial position* of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the School’s Full Time Equivalent (FTE) for students, facility conditions, required educational program and other factors.

In the Statement of Net Position and the Statement of Activities, the School has one distinct type of activity:

- Governmental Activities - All of the School’s programs and services are reported here including instruction, support services, and food services.

Reporting the School’s General Fund

Fund Financial Statements

Fund financial reports provide detailed information about the School’s major funds. The School uses one governmental fund, the General Fund, to account for a multitude of financial transactions.

Governmental Funds: All of the School’s activities are reported in governmental funds, which focus on how money flows into and out of the governmental funds and the balances left at year-end available for spending in future periods. The governmental funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The School as a Whole

The perspective of the Statement of Net Position is of the School as a whole. Table 1 provides a summary of the School's net position for fiscal year 2023 and 2022.

Table 1
Net Position

	Governmental Activities	
	2023	2022
Assets		
Current and other assets	\$ 8,845,184	\$ 6,569,432
Capital assets	9,009,982	9,095,283
Total assets	17,855,166	15,664,715
Deferred outflows of resources	6,802,530	3,333,108
Total assets and deferred outflow of resources	<u>\$ 24,657,696</u>	<u>\$ 18,997,823</u>
Liabilities		
Accounts payable	\$ 720,667	\$ 237,041
Other liabilities	60,043	75,666
Long-term liabilities	18,045,140	9,263,360
Total liabilities	18,825,850	9,576,067
Deferred inflows of resources	62,312	4,310,141
Net position		
Unrestricted	289,161	187,516
Restricted for:		
Net investment, in capital assets	2,935,945	2,778,589
Capital project funds	884,704	925,793
Charter school operations	1,659,724	1,219,717
Total net position	5,769,534	5,111,615
Total liabilities, deferred inflows of resources, and net position	<u>\$ 24,657,696</u>	<u>\$ 18,997,823</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2 shows the change in net position for fiscal year 2023 and 2022.

Table 2
Change in Net Position
Governmental Activities

	2023	2022
Revenues		
Program revenues:		
Operating grants and contributions	\$ 13,415,953	\$ 10,581,847
General revenues:		
Other	699,951	371,178
Total revenues	14,115,904	10,953,025
Expenses		
Instruction	8,932,230	7,506,368
Support services:		
Improvement of instructional services	283,349	205,302
School administration	3,443,086	2,292,976
Support services – business	61,507	46,673
Maintenance and operation of plant	125,131	77,248
Student transportation services	277,020	254,791
Food services operation	100,206	288,227
Debt service	235,456	255,142
Total expenses	13,457,985	10,926,727
Change in net position	657,919	26,298
Net position, beginning of year	5,111,615	5,085,317
Net position, end of year	\$ 5,769,534	\$ 5,111,615

Governmental Activities

Instruction comprises 68 percent of governmental program expenses.

The Statement of Activities shows the cost of program services and the grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services, that is, it identifies the cost of these services supported by investment earnings and miscellaneous revenues. Table 3 shows, for governmental activities, the net cost of services, that is, it identifies the cost of these services supported by miscellaneous revenues.

MANAGEMENT’S DISCUSSION AND ANALYSIS

**Table 3
Governmental Activities**

	<u>Net Cost of Services</u>	
	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
Instruction	\$ 130,664	\$ (63,121)
Support services:		
Improvement of instructional services	4,145	(1,726)
School administration	50,367	(19,282)
Support services – business	900	(392)
Maintenance and operation of plant services	1,830	(650)
Student transportation services	4,052	(2,143)
Food services operation	1,466	(2,424)
Debt service	(235,456)	(255,142)
Total revenues (expenses)	<u>\$ (42,032)</u>	<u>\$ (344,880)</u>

The School’s Funds

The School’s governmental fund is accounted for using the modified accrual basis of accounting. The School uses one governmental fund, the General Fund. Total government funds had revenues of \$14,115,904 and expenditures of \$12,308,155. The General Fund’s balance increased by \$1,807,749.

Government Funds Budgeting Highlights

The School’s budget is for all governmental funds combined. During the course of the fiscal year 2023, the School did not have amendments to its General Fund budget. The budgeting systems are designed to tightly control cost yet provide flexibility.

Actual revenues of \$14,115,904 came in more than the budgeted amount by \$1,335,676. The actual expenditures of \$12,308,155 came in less than the budgeted amount by \$33,899. Actual change in fund balance was more than budgeted change in fund balance by \$1,369,575.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets

At the end of fiscal year 2023 and 2022, the School had invested in capital assets, all in governmental activities. Table 4 shows fiscal year 2023 and 2022.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2023	2022
Land	\$ 2,298,907	\$ 2,298,907
Land improvements	57,913	34,215
Building and improvements	6,261,395	6,370,758
Equipment, furniture and fixtures	391,767	391,403
Net Capital Assets	<u>\$ 9,009,982</u>	<u>\$ 9,095,283</u>

Additional information on the School's capital assets can be found in Note 4 of the footnotes to the financial statements.

Long-term Debt

Table 5 shows long-term debt outstanding at June 30, 2023 and 2022.

Table 5
Long-term Debt

	Governmental Activities	
	2023	2022
Long-term debt:		
Notes payable due within one year	\$ 251,198	\$ 242,668
Notes payable due in more than one year	5,822,839	6,074,026
	<u>\$ 6,074,037</u>	<u>\$ 6,316,694</u>

Current Issues

The School's current operating Full Time Equivalent (FTE) is based on approximately 671 students. The enrollment for the 2022-2023 school year was 671 students with 1,454 on the waiting list. The school opened in 2014 with grades kindergarten through eighth, and it added a grade each year as students advance until it became a kindergarten through twelfth grade academy in the 2018-19 school year. Despite challenges of being a new charter school, the School's management and Board are committed to continue to effectively and prudently manage the available resources to provide quality educational opportunities for all of the School's students.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Contacting the School's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Treasurer at Northside Education, Inc. d/b/a Atlanta Classical Academy, 3260 Northside Drive, Atlanta, GA 30305.

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2023**

		Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets:		
Cash	\$	8,281,338
Prepaid expenses, other assets and receivables		563,846
Capital assets		
Non-depreciable		2,298,907
Depreciable, net of accumulated depreciation		6,711,075
Total assets		17,855,166
Deferred outflows of resources:		
Pension related items		6,802,530
Total deferred outflows of resources		6,802,530
Total assets and deferred outflows of resources	\$	24,657,696
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Liabilities:		
Accounts payable	\$	720,667
Other payables		60,043
Long-term liabilities:		
Notes payable due within one year		251,198
Notes payable due in more than one year		5,822,839
Proportionate share of collective net pension liability		11,971,103
Total liabilities		18,825,850
Deferred inflows of resources:		
Pension related items		62,312
Total deferred inflows of resources		62,312
Net position:		
Net investment in capital assets		2,935,945
Restricted for:		
Capital project funds		884,704
Charter school operations		1,659,724
Unrestricted		289,161
Total net position		5,769,534
Total liabilities, deferred inflows of resources, and net position	\$	24,657,696

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

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

**STATEMENT OF ACTIVITIES
JUNE 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) and Changes in Net Position</u>
		<u>Operating Grants and Contributions</u>	
Governmental Activities			
Instruction	\$ 8,932,230	\$ 9,062,894	\$ 130,664
Support services			
Improvement of instructional services	283,349	287,494	4,145
School administration	3,443,086	3,493,453	50,367
Support services - business	61,507	62,407	900
Maintenance and operation of plant services	125,131	126,961	1,830
Student transportation services	277,020	281,072	4,052
Food services operation	100,206	101,672	1,466
Debt service - interest	235,456	-	(235,456)
Total governmental activities	<u>\$ 13,457,985</u>	<u>\$ 13,415,953</u>	<u>\$ (42,032)</u>
General revenues:			
Participation fees			\$ 430,478
Interest income			118,499
Other income			150,974
Total general revenues			<u>699,951</u>
Change in net position			657,919
Net position - beginning			<u>5,111,615</u>
Net position - ending			<u>\$ 5,769,534</u>

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

NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY
BALANCE SHEET – GOVERNMENTAL FUND
JUNE 30, 2023

	General Fund
ASSETS	
Assets:	
Cash	\$ 8,281,338
Prepaid items and receivables	563,846
Total assets	\$ 8,845,184
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 720,667
Other payables	60,043
Total liabilities	780,710
Fund balance	
Nonspendable for prepaids	563,846
Restricted for:	
Capital project funds	884,704
Charter school operations	1,659,724
Unassigned	4,956,200
Total fund balances	8,064,474
Total liabilities and fund balances	\$ 8,845,184

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

NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balances - governmental fund	\$	8,064,474
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 funds. These assets consist of:		
Non-depreciable	\$	2,298,907
Depreciable, net of accumulated depreciation		<u>6,711,075</u>
Total capital assets		9,009,982
Deferred outflows of resources related to the School's pension plans are applicable to future periods and, therefore, are not reported in the funds		6,802,530
The School's net pension liability is not due and payable to the current period and, therefore is not reported in the fund		(11,971,103)
Deferred inflows of resources related to the School's pension plans are applicable to future periods and, therefore are not reported in the funds		(62,312)
Long-term liabilities, including notes payable, are not due and payable in the current period and accordingly are not reported in the funds		<u>(6,074,037)</u>
Net position of governmental activities	\$	<u><u>5,769,534</u></u>

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

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

		General Fund
Revenues		
Federal funding	\$	1,431,103
Local funding		11,407,220
Contributions		577,630
Miscellaneous		699,951
Total revenues		14,115,904
Expenditures		
Current:		
Instruction		7,625,058
Improvement of instructional services		283,349
School administration		2,502,586
Support services – business		61,507
Maintenance and operation of plant		125,131
Student transportation services		277,020
Food service operation		100,206
Capital outlay		855,185
Debt service		
Principal		242,657
Interest and other charges		235,456
Total expenditures		12,308,155
Net change in fund balances		1,807,749
Fund balances, beginning of year		6,256,725
Fund balances, end of year	\$	8,064,474

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

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Total net change in fund balances - governmental fund	\$	1,807,749
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays 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 as depreciation expense.

In the current period, the amounts are:

Capital outlay	\$	855,185	
Depreciation expense		<u>(940,485)</u>	
			(85,300)

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

Changes in the net pension liability and deferred inflows and outflows of resources related to pensions	(1,307,187)
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The repayment of the principal of the note payable consumes the current financial resources of government funds, but has no effect on net position.

	<u>242,657</u>
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Changes in net position of governmental activities	\$	<u><u>657,919</u></u>
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The accompanying notes are an integral part of these financial statements.

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1. DESCRIPTION OF SCHOOL AND REPORTING ENTITY

REPORTING ENTITY

Northside Education, Inc. d/b/a Atlanta Classical Academy (the “School”), incorporated in Georgia, was formed in 2012 to operate a public charter school in Georgia. In 2013, the School submitted an application to the Atlanta Board of Education and the State Board of Education to become a charter public school. The application was approved by the Atlanta Board of Education on August 12, 2013 for the School to serve kindergarten through eighth grade in its first year and expand to high school in its second year. The School conducted its first year of operation in 2014-2015. During the 2017-2018 school year, the School served kindergarten through eleventh grade. The charter was renewed in July 2019 and expires on June 30, 2024. The School has the option to submit an application for renewal of the charter at the end of the charter term. The mission of the School is to develop students in mind and character through a classical, content-rich curriculum that emphasizes the principles of virtuous living, traditional learning, and civic responsibility.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

Government-Wide Statements:

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall School. Governmental activities generally are financed through intergovernmental revenue and other non-exchange transactions.

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.

In the Statement of Net Position, equity is reported as net position and consists of amounts invested in capital assets, amounts restricted by outside parties for specific purposes, and unrestricted amounts.

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Fund Financial Statements:

The fund financial statements provide information about the School's fund. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School reports only one major governmental fund:

- General Fund is the School's primary operating fund. It accounts for all financial resources of the School.

BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The basis of accounting determines when transactions are reported on the financial statements. The School-wide governmental activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On an accrual basis, revenues are recognized in the fiscal year in which they are earned. 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 thirty 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 and restricted revenues. Thus, when program costs are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the School's policy to first apply grant and restricted resources to such programs, followed by cost-reimbursement grants, then general revenues.

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH: COMPOSITION OF DEPOSITS

Cash consists of cash on hand and demand deposits.

RECEIVABLES

Receivables consist of amounts due from the various entities disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the basic financial statements do not include any amounts which would necessitate the need for an allowance for uncollectible receivables.

The State of Georgia reimburses the local school systems for teachers' salaries and operating costs through the Quality Basic Education Formula Earnings program (QBE). Generally, teachers are contracted for the school year (July 1 – June 30) and paid over a twelve-month contract period, generally July 1 through June 30. In accordance with the respective rules and regulations of the QBE program, the State of Georgia reimburses the local school systems over the same twelve-month period in which teachers are paid.

CAPITAL ASSETS

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the School-wide financial statements, all purchased capital assets are valued at cost. Donated capital assets are recorded at estimated acquisition 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 is not capitalized.

Depreciation is computed using the straight-line method. The School does not capitalize book collections or works of art. Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives.

Capitalization thresholds and estimated useful lives of capital assets reported in the School-wide statements are as follows:

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	\$ 5,000	n/a
Building and improvements	\$ 5,000	5 - 30 years
Leasehold improvements	\$ 5,000	5 - 20 years
Furniture and fixtures	\$ 5,000	5 - 10 years
Equipment and software	\$ 5,000	3 - 10 years

**NORTHSIDE EDUCATION, INC.
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The School has both deferred inflows and outflows of resources related to pensions; see Note 6 for a detail of these items.

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. Investments are reported at fair value.

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

FUND EQUITY

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance - The School recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the School and is fiscally advantageous for both the School and the taxpayer. The policy adopted establishes guidance concerning the desired level of year end fund balance to be maintained by the School and the management of fund balance levels and is applicable only to the General Fund of the School.

Fund balance is a measurement of available financial resources defined as the difference between total assets and total liabilities in each fund.

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND EQUITY (CONTINUED)

Governmental Accounting Standards Board (“GASB”) Statement 54 distinguishes fund balance classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

Nonspendable – Fund balance reported as “nonspendable” represents fund balance associated with inventory, prepaid items, long-term amounts of loans and notes receivable, property held for resale (however, if the use of the proceeds from the collection of receivables or sale of the property is restricted, committed, or assigned, then the receivables or property should be reported in those categories), and corpus of a permanent fund (legally/contractually required to be maintained).

Restricted – Fund balance reported as “restricted” represents amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources (such as bond resolutions and covenants and grant agreements).

Committed – Fund balance reported as “committed” includes amounts that can be used only for the specific purposes determined by a formal action of the Board. The Board as the highest level of decision making authority will have the sole authority to commit fund balance. Commitments can be removed or changed only by the Board. Actions to commit resources must occur prior to the end of the School’s fiscal year, though the exact amount may be determined subsequently.

Assigned – Fund balance reported as “assigned” represents amounts intended to be used for specific purposes, but not meeting the criteria to be reported as committed or restricted fund balance. The intent is expressed either by the Board or a high level body (budget or finance committee) or individual authorized by the Board. If these funds should have a deficit fund balance, those deficits are required to be reported as unassigned fund balance. The Board will have the authority under this policy to assign funds for a particular purpose.

Unassigned – Fund balance reported as “unassigned” represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications.

If expenditures incurred exceed the amounts that have been restricted, committed, and assigned to a specific purpose and results in a negative residual amount for that specific purpose, amounts assigned to other purposes in that governmental fund are reduced to eliminate the deficit.

The School applies restricted resources first when an expenditure/expense is incurred for purposes for which both restricted and unrestricted equity is available.

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, the 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.

FUNDING AND ECONOMIC DEPENDENCY

The School receives funding from the Atlanta Public Schools (“APS”). This funding is based on the State of Georgia reimbursements to APS for teachers’ salaries and operating costs through the Quality Basic Education (“QBE”) Formula Earnings program, in addition to allocation of revenues raised from local property taxes and other sources. The School also receives donations from private individuals and organizations. The School’s total support and revenue from APS amounted to 79% of the School’s total revenue for the year ended June 30, 2023.

INCOME TAXES

On August 31, 2012, the School received notification of its exempt status under Internal Revenue Code Section 501(c) (3). Accordingly, no provision or benefit for federal and state income taxes has been recorded in the accompanying financial statements. The School believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions that are material to the financial statements. With few exceptions, the School is subject to income tax examinations by federal, state, or local tax authorities for the previous three years.

NOTE 3. DEPOSITS

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the School will not be able to recover deposits that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

The School maintains several bank accounts at one financial institution which are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. Cash balances were in excess of the FDIC insured level by \$8,031,328 as of June 30, 2023. A policy of depositing all such funds in banks of significant financial strength is maintained. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4. CAPITAL ASSETS

The following is a summary of the changes in capital assets during the fiscal year ended June 30, 2023:

	Balances June 30, 2022	Increases	Decreases	Balances June 30, 2023
Governmental Activities:				
Land	\$ 2,298,907	\$ -	\$ -	\$ 2,298,907
Total non-depreciable assets	2,298,907	-	-	2,298,907
Land improvements	115,522	39,970	-	155,492
Buildings and improvements	9,880,338	695,769	-	10,576,107
Equipment, furniture and fixtures	1,208,757	119,445	-	1,328,202
Total capital assets being depreciated	11,204,617	855,184	-	12,059,801
Less accumulated depreciation for:				
Land improvements	81,307	16,272	-	97,579
Buildings and improvements	3,509,580	805,132	-	4,314,712
Equipment, furniture and fixtures	817,354	119,081	-	936,435
Total accumulated depreciation	4,408,241	940,485	-	5,348,726
Governmental activity capital assets, net	\$ 9,095,283			\$ 9,009,982

Depreciation expense was charged to governmental functions as follows:

School administration	\$ 940,485
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NOTE 5. LONG-TERM DEBT AND OBLIGATIONS

NOTES PAYABLE

In March 2016, the School obtained a term loan of \$7,225,000 from a financial institution. At the time of the loan, the interest rate was a variable rate of 2.50% plus the LIBOR index. During fiscal 2017, the interest rate was modified to a fixed rate of 4.25%. Interest payments are due monthly. The balance of this note payable at June 30, 2023 was \$6,074,037. The loan was refinanced during December 2020 with an interest rate of 3.65% and a maturity date 7 years from the closing date in December 2027.

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5. LONG-TERM DEBT AND OBLIGATIONS (CONTINUED)

NOTES PAYABLE (CONTINUED)

The term loan is collateralized with School property. Aggregate principal maturities of debt under these notes subsequent to June 30, 2023 are as follows:

Year ended June 30,			
2024	\$	251,198	
2025		261,258	
2026		271,092	
2027		281,296	
2028		5,009,193	
	\$	6,074,037	

The note payable requires that the School adhere to certain financial and other covenants, including the maintenance of unrestricted cash balances of \$750,000, minimum change in net assets, and receipts and collections of pledges. At June 30, 2023, the School was in compliance with financial covenants.

The following is a summary of changes in the School's long-term obligations for the fiscal year ended June 30, 2023:

	Balances June 30, 2022	Increases	Decreases	Balances June 30, 2023
Governmental Activities:				
Notes payable	\$ 6,316,694	\$ -	\$ (242,657)	\$ 6,074,037

For the year ended June 30, 2023, the components of debt service costs related to the notes payable were as follows:

Interest \$ 235,456

At June 30, 2023, debt service payments due by fiscal year, calculated using assumptions and estimates based on the most current information available, are as follows:

Year ended June 30,	Notes Payable	
	Principal	Interest
2024	\$ 251,198	\$ 221,157
2025	261,258	211,097
2026	271,092	201,263
2027	281,296	191,059
2028	5,009,193	92,818
	\$ 6,074,037	\$ 917,394

**NORTHSIDE EDUCATION, INC.
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6. RETIREMENT BENEFITS

GENERAL INFORMATION ABOUT THE TEACHERS RETIREMENT SYSTEM

Plan description: All teachers of the School as defined in §47-3-60 of the Official Code of Georgia Annotated (“O.C.G.A.”) 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. TRS issues a publicly available financial 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.

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. 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 6.00% of their annual pay during fiscal year 2023. The School’s contractually required contribution rate for the year ended June 30, 2023 was 19.98% of annual school payroll. School contributions to TRS were \$937,382 for the year ended June 30, 2023.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2023, the School reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2021 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, 2022. At June 30, 2022, the School’s proportion was 0.036866%, which was an increase of 0.003549% from its proportion measured as of June 30, 2021.

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6. RETIREMENT BENEFITS (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

For the year ended June 30, 2023, the School recognized pension expense of \$2,244,568. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 496,923	\$ 62,312
Changes of assumptions	1,802,033	-
Net difference between projected and actual earnings on pension plan investments	2,351,981	-
Changes in proportion and differences between School contributions and proportionate share of contributions	1,214,211	-
School contributions subsequent to the measurement date	937,382	-
Total	\$ 6,802,530	\$ 62,312

School contributions subsequent to the measurement date of \$937,382 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, 2023. 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,		
2024	\$	1,727,546
2025		1,325,942
2026		954,844
2027		1,796,080
	\$	5,804,412

Actuarial assumptions: The total pension liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00 – 8.75%, average, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Postretirement benefit increases	1.50%, semi-annually

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6. RETIREMENT BENEFITS (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

Postretirement mortality rates were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Postretirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018, with the exception of the long-term assumed rate of return on assets (discount rate) which was changed from 7.50% to 7.25% effective with the June 30, 2018 valuation, and then from 7.25% to 6.90% effective with the June 30, 2021 valuation. In addition, the assumed annual rate of inflation was changed from 2.75% to 2.50% effective with the June 30, 2018 valuation, and the payroll growth assumption was changed from 3.00% to 2.50% effective with the June 30, 2021 valuation.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of 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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Fixed income	30.00%	0.20%
US Large Stocks	46.30%	9.40%
US Small Stocks	1.20%	13.40%
Alternatives	5.00%	10.50%
International developed market equities	12.30%	9.40%
International emerging market equities	5.20%	11.40%
	100.00%	

* Rates shown are net of inflation

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6. RETIREMENT BENEFITS (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

Discount rate: The discount rate used to measure the total pension liability was 6.90%. 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 State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the 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 District’s proportionate share of the net pension liability to changes in the discount rate: The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	<u>1% Decrease</u> <u>(5.90%)</u>	<u>Current Discount Rate</u> <u>(6.90%)</u>	<u>1% Increase</u> <u>(7.90%)</u>
School’s proportionate share of the net pension liability	\$ 18,060,430	\$ 11,971,103	\$ 6,998,362

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued TRS financial report which is publicly available at www.trsga.com/publications.

PAYABLES TO THE PENSION PLAN

At June 30, 2023, the School reported a payable of \$110,254 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

NOTE 7. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The School adopts an annual budget for its governmental fund. The budget is prepared in accordance with provisions of the Quality Basic Education Act, Official Code of Georgia Annotated (“O.C.G.A.”) Section 20-2-167 and in accordance with U.S. generally accepted accounting principles. After the School has tentatively adopted the budget, amendments or revisions are presented to the Board as needed. Although the tentatively adopted budget is not advertised in a newspaper, it is publicly available.

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

For the fiscal year ended June 30, 2023, expenditures exceeded appropriations for the following General Fund functions:

Instruction	\$	334,999
Support services – business		34,398
Maintenance and operation of plant		34,667
Student transportation services		73,485
Food service operation		18,978

NOTE 8. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; job related illness or injuries to employees; and acts of God.

The School has obtained commercial insurance for risk of loss associated with torts, assets, errors or omissions, job related illness or injuries to employees and acts of God. The School has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the School's insurance coverage in the past year.

NOTE 9. SUBSEQUENT EVENTS

The School has evaluated subsequent events through October 26, 2023, the date the financial statements were available to be issued.

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

REQUIRED SUPPLEMENTARY INFORMATION

NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GENERAL FUND – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance from Final Budget
Revenues				
Federal funding	\$ 2,459,161	\$ 2,459,161	\$ 1,431,103	\$ (1,028,058)
State and local funding	9,541,886	9,541,886	11,407,220	1,865,334
Contributions – general	423,945	423,945	577,630	153,685
Other	355,236	355,236	699,951	344,715
Total revenues	<u>12,780,228</u>	<u>12,780,228</u>	<u>14,115,904</u>	<u>1,335,676</u>
Expenditures				
Current:				
Instruction	7,290,059	7,290,059	7,625,058	(334,999)
Improvement of instructional services	413,595	413,595	283,349	130,246
School administration	2,891,960	2,891,960	2,502,586	389,374
Support services – business	27,109	27,109	61,507	(34,398)
Maintenance and operation of plant	90,464	90,464	125,131	(34,667)
Student transportation services	203,535	203,535	277,020	(73,485)
Food service operation	81,228	81,228	100,206	(18,978)
Capital outlay	857,580	857,580	855,185	2,395
Debt service	486,525	486,525	478,113	8,412
Total expenditures	<u>12,342,055</u>	<u>12,342,055</u>	<u>12,308,155</u>	<u>33,900</u>
Net change in fund balances	<u>\$ 438,173</u>	<u>\$ 438,173</u>	<u>\$ 1,807,749</u>	<u>\$ 1,369,576</u>

1. Notes to the Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget to Actual

The above schedule of revenue, expenditures and changes in fund balances budget and actual is presented on a modified accrual basis of accounting which is the basis of account used in the presentation of the fund financial statements.

**NORTHSIDE EDUCATION, INC.
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**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE YEARS ENDED JUNE 30, 2023, 2022, 2021, 2020, 2019, 2018 AND 2017**

	2023	2022	2021	2020	2019	2018	2017
School's proportion of the net pension liability	0.036866%	0.033317%	0.029139%	0.026749%	0.024683%	0.024677%	0.021658%
School's proportionate share of the net pension liability	\$ 11,971,103	\$ 2,946,666	\$ 7,058,606	\$ 5,751,758	\$ 4,581,694	\$ 4,586,296	\$ 4,468,287
School's covered payroll during the measurement period	\$ 4,983,022	\$ 4,326,609	\$ 3,451,416	\$ 3,264,524	\$ 2,785,540	\$ 2,833,491	\$ 2,375,630
School's proportionate share of the net pension liability as a percentage of its covered payroll	240.24%	68.11%	204.51%	176.19%	164.48%	161.86%	188.09%
Plan fiduciary net position as a percentage of the total pension liability	72.85%	92.03%	77.01%	78.56%	80.27%	79.33%	76.06%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY
SCHEDULE OF CONTRIBUTIONS TO
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE YEARS ENDED JUNE 30, 2023, 2022, 2021, 2020, 2019, 2018 AND 2017**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 937,382	\$ 987,137	\$ 824,652	\$ 729,629	\$ 682,286	\$ 468,249	\$ 404,339
Contributions in relation to the contractually required contribution	<u>937,382</u>	<u>987,137</u>	<u>824,652</u>	<u>729,629</u>	<u>682,286</u>	<u>468,249</u>	<u>404,339</u>
Contribution deficiency (excess)	<u>\$ -</u>						
School's covered payroll	\$ 4,691,602	\$ 4,983,022	\$ 4,326,609	\$ 3,451,416	\$ 3,264,524	\$ 2,785,540	\$ 2,833,491
Contributions as a percentage of covered payroll	19.98%	19.81%	19.06%	21.14%	20.90%	16.81%	14.27%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

SUPPLEMENTARY INFORMATION

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY
SCHEDULE OF STATE REVENUE
FOR THE YEAR ENDED JUNE 30, 2023**

	Governmental Fund Type
<u>State Agency/Funding</u>	General Fund
Georgia Department of Education	
Passed through Atlanta Public Schools	
Quality Based Education Funding	\$ 11,172,699
	\$ 11,172,699



**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 Directors
of Northside Education, Inc.
d/b/a Atlanta Classical Academy

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 and the major fund of Northside Education, Inc. d/b/a Atlanta Classical Academy (the "School"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 26, 2023.

Report on 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) as a basis for designing 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 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 or significant deficiencies may exist that not been identified.

Report on 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 financial statements. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
October 26, 2023

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements
audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes X no

Significant deficiencies identified?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section II –Financial Statement Findings

None.

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section III – Federal Award Findings and Questioned Costs

There was not an audit of major federal award programs for the year ended June 30, 2023, due to the total amount of federal funds expended being less than \$750,000.

**NORTHSIDE EDUCATION, INC.
D/B/A ATLANTA CLASSICAL ACADEMY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

There was not an audit of major federal award programs for the year ended June 30, 2022, due to the total amount of federal funds expended being less than \$750,000.