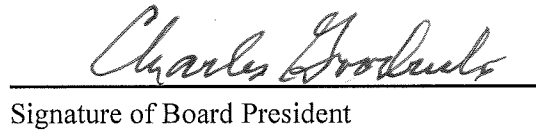


Foundation for Recovering Youth (Charter Holder)
DBA Houston Heights High School
(Federal Employer Identification Number: 76-0584154)
Certificate of Board

We, the undersigned, certify that the attached Financial and Compliance Report of the Foundation for Recovering Youth DBA Houston Heights High School was reviewed and (check one) X approved disapproved for the year ended August 31, 2015, at a meeting of the governing body of the charter holder on the 20th day of January 2016.



Signature of Board Secretary



Signature of Board President

NOTE: If the governing body of the charter holder does not approve the independent auditors' report, it must forward a written statement discussing the reason(s) for not approving the report.

Foundation for Recovering Youth (Charter Holder)
Houston Heights High School (School)

Independent Auditor's Reports and
Financial Statements

August 31, 2015 and 2014



Houston Heights High School
Financial Statements and Supplemental Information

August 31, 2015 and 2014

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Independent Auditor's Report

To the Board of Trustees of
Houston Heights High School

Report in the Financial Statements

We have audited the accompanying financial statements of Foundation for Recovering Youth (charter holder) and Houston Heights High School (the charter school) as of August 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foundation for Recovering Youth as of August 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying special-purpose statements are presented for additional analysis as required by the Texas Education Agency, and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 12, 2016, on our consideration of the charter school's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants 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 of an audit performed in accordance with *Government Auditing Standards* in considering the charter school's internal control over financial reporting and compliance.

Ralph and Ralph, P.C.

Houston, Texas
January 12, 2016

Houston Heights High School
 Statements of Financial Position
 August 31, 2015 and 2014

	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 976,159	\$ 990,347
Accounts receivable	26,714	3,005
Investments	250,000	250,000
Prepaid expenses and deposits	10,000	10,000
Total current assets	1,262,873	1,253,352
Property and equipment, net	233,433	244,894
Total assets	\$ 1,496,306	\$ 1,498,246
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 5,800	\$ -
Total current liabilities	5,800	-
Net assets		
Unrestricted net assets	188,161	185,464
Temporarily restricted	1,302,345	1,312,782
Total net assets	1,490,506	1,498,246
Total liabilities and net assets	\$ 1,496,306	\$ 1,498,246

The notes to the financial statements are an integral part of the financial statements.

Houston Heights High School
Statements of Activities
For the Years Ended August 31, 2015 and 2014

	Unrestricted	Temporarily Restricted	Totals	
			2015	2014
Revenues				
Local support:				
5740 Other revenues from local sources	\$ 7,036	\$ -	\$ 7,036	\$ 10,707
5750 Revenue from enterprising sources	-	-	-	-
State program revenues				
5810 Foundation School Program Act	-	1,870,124	1,870,124	1,945,750
5820 State program revenues distributed by Texas Education Agency	-	22,896	22,896	27
Total state program revenues	-	1,893,020	1,893,020	1,945,777
Federal program revenues:				
5920 Federal revenues distributed by the the Texas Education Agency	-	140,035	140,035	145,019
Net assets released from restrictions:				
Restrictions satisfied by payments	2,043,492	(2,043,492)	-	-
Total revenues and other support	2,050,528	(10,437)	2,040,091	2,101,503
Expenses and other losses				
11 Instruction	1,107,289	-	1,107,289	1,096,521
12 Instructional Resources and Media Services	-	-	-	-
13 Curriculum Development and Instructional Staff Development	8,496	-	8,496	5,507
21 Instructional Leadership	75,748	-	75,748	74,914
23 School Leadership	90,548	-	90,548	87,050
31 Guidance, Counseling and Evaluation Service	50,414	-	50,414	53,594
33 Health Services	487	-	487	674
35 Food Services	16,250	-	16,250	13,125
36 Cocurricular/Extracurricular Activities	24,809	-	24,809	26,795
41 General Administration	166,957	-	166,957	157,119
51 Plant Maintenance and Operations	506,833	-	506,833	530,770
52 Security and Monitoring Services	-	-	-	-
53 Data Processing Services	-	-	-	-
	2,047,831	-	2,047,831	2,046,069
Change in net assets	2,697	(10,437)	(7,740)	55,434
Net assets, beginning of year	185,464	1,312,782	1,498,246	1,442,812
Net assets, ending of year	\$ 188,161	\$ 1,302,345	\$ 1,490,506	\$ 1,498,246

The notes to the financial statements are an integral part of the financial statements.

Houston Heights High School
 Statements of Cash Flows
 For the Years Ended August 31, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Foundation School Program payments	\$ 1,870,124	\$ 1,945,750
Grant payments	139,222	150,692
Miscellaneous sources	7,036	10,707
Payments to vendors for goods and services	(802,474)	(887,073)
Payments to charter school personnel for services	(1,195,313)	(1,160,745)
Net cash provided by operating activities	18,595	59,331
Cash flows from investing activities		
Proceeds from sale of investments	-	425,000
Purchase of property and equipment	(32,783)	-
Net cash used by investing activities	(32,783)	425,000
Net change in cash and cash equivalents	(14,188)	484,331
Cash and cash equivalents, beginning of year	990,347	506,016
Cash and cash equivalents, beginning of year	\$ 976,159	\$ 990,347
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	(7,740)	55,434
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	44,244	44,244
(Increase) decrease in assets:		
Accounts receivable	(23,709)	5,646
Deposits and prepaid expenses	-	-
Increase (decrease) in net liabilities:		
Accounts payable and accrued expenses	5,800	(45,993)
Net cash provided by operating activities	\$ 18,595	\$ 59,331

The notes to the financial statements are an integral part of the financial statements.

Houston Heights High School
Notes to the Financial Statements
August 31, 2015 and 2014

Note 1 – Organization

Foundation for Recovering Youth, Inc., (charter holder), dba Houston Heights High School (HHHS), is a non-profit organization incorporated under the laws of the State of Texas. The charter school was organized to provide educational services for grades 8-12 and its programs, services and functions are governed by the corporation's board of directors. **The charter holder operates one charter school and does not engage in any other non-charter activity.**

The corporation is governed by a board of directors comprised of three members. The Board of Directors is selected pursuant to the by-laws of the corporation and has the authority to make decisions, appoint the chief executive officer of the corporation, and significantly influence operations. The Board of Directors has the primary accountability for the affairs of the corporation. Since the corporation received funding from local, state and federal government sources, it must comply with the requirements of the entities providing those funds.

In 1998, the State Board of Education of the State of Texas granted the corporation an open enrollment charter pursuant to Chapter 12 of the Texas Education Code. Pursuant to the program described in the charter application approved by the State Board of Education and the terms of the applicable Contract for Charter, HHHS was opened in 1999. HHHS operates as part of the state public school system subject to all federal and state laws and rules governing public schools pursuant to its charter granted by the State Board of Education in accordance with the Texas Education Code Section 12, Subchapter D, Open-Enrollment Charter School. HHHS is also subject to all laws and rules pertaining to open enrollment charter schools in Section 12 of the Texas Education Code.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The general-purpose financial statements of Houston Heights High School (formerly Heights Charter School) were prepared in conformity with accounting principles generally accepted in the United States. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles. The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

Under applicable guidance, an organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

Unrestricted net assets □ Unrestricted net assets include unrestricted resources which represent the portions of funds that are available for the operating objectives of the organization.

Temporarily restricted net assets □ Temporarily restricted net assets consist of donor restricted funds and grants. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as temporarily restricted revenue, when received, and unexpended amounts are reported as temporarily restricted net assets at year-end. When a restriction expires, when a stipulated time or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. □

Houston Heights High School
Notes to the Financial Statements
August 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies (Continued)

Permanently restricted net assets □ Permanently restricted net assets consist of donor-restricted contributions, which are required to be held in perpetuity. Income for the assets held is available for either general or specific purposes. HHHS has no permanently restricted net assets.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The accounting guidance includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 □ Unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 □ Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability; and
- Level 3 □ Unobservable inputs for the asset or liability, which include management's own assumption about the assumptions market participants would use in pricing the asset or liability, including assumptions about risk.

GAAP requires disclosure of an estimate of fair value of certain financial instruments. The School's significant financial instruments are cash, account receivable, certificates of deposit, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Cash and Cash Equivalents

Cash and cash equivalents represent cash in banks and highly liquid investments with maturity dates of three months or less.

Capital Assets

Capital assets, which include leasehold improvements, equipment and furniture, are reported in the financial statements at cost. Acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. Depreciation is provided by use of the straight-line method over the estimated useful lives of between 5 and 10 years for furniture and equipment and 15 years for leasehold improvements. Donations of property and equipment are recorded at fair value at the date of the gift.

Support and Revenue

Support and revenue are recorded based on the accrual method. Contributions and awards are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor stipulations.

Budget

An official school budget is required for adoption for required Government Fund Types. The School's annual budget is prepared on a basis consistent with generally accepted accounting principles and is formally adopted by the Board.

Income Taxes

HHHS qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

Houston Heights High School
Notes to the Financial Statements
August 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management's Review

Subsequent events were evaluated through January 12, 2016, which is the date the financial statements were available to be issued.

Note 3 – Investments

Investments held represent certificates of deposit. These investments are valued at cost, which approximates fair value; this is a level 2 valuation measurement.

Investments at August 31, 2015 and 2014 consisted of a Compass Bank certificates of deposit, with a face value of \$250,000, maturity date of 12/15/2015 and interest rate of 2.75%.

Note 4 – Capital Assets

Capital assets at August 31, 2015 and 2014 consist of the following:

	2015	2014
Improvements	\$ 551,154	\$ 518,371
Furniture and equipment	237,271	237,271
	788,425	755,642
Less: Accumulated depreciation	(554,992)	(510,748)
	\$ 233,433	\$ 244,894

Depreciation expense was approximate \$44,244 for the years ended August 31, 2015 and 2014.

Capital assets acquired with public funds received by the corporation for the operation of Houston Heights High School constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the Schedule of Capital Assets.

Note 5 – Pension Plan Obligations

Plan Description

The charter school contributes to the Teacher Retirement System of Texas (the System), a cost-sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the charter school, but are the liability of the State of Texas. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government code, Title 8, Chapters 803 and 805, respectively. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

Houston Heights High School
Notes to the Financial Statements
August 31, 2015 and 2014

Note 5 – Pension Plan Obligations (Continued)

TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. The report may be obtained by writing to the TRS Communications Department, 1000 Red River, Austin, Texas 78701 or by calling the TRS Communications Department at 1-(800) 223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under TRS Publications Heading.

Charter schools are legally separate entities from the State and each other. Assets contributed by one charter or independent school district (ISD) may be used for the benefit of an employee of another ISD or charter. The risk of participating in multi-employer pension plans is different from single-employer plans. Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contribution to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. There is no withdrawal penalty for leaving the TRS system. There is no collective-bargaining agreement.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Teacher Retirement System of Texas

Total Plan Assets	\$157,261,707,241
Accumulated Benefit Obligations	\$159,496,075,886
The plan is 83.25% funded.	

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The State funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvement or contribution reductions if, as a result of a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 1 year, the period would be increased by such action. State law provides for a member contribution rate of 6.7% and 6.4% for fiscal 2015 and 2014, respectively. The State's contribution rate as a non-employer contributing entity was 6.8% for fiscal 2015 and 2014. The charter school employees' contributions to the System for the years ended August 31, 2015 and 2014, were \$73,943 and \$68,171, equal to the required contributions for these years. The charter's contributions to the plan did not represent more than 5% of the total contributions to the plan and there was no non-OASDI surcharge imposed.

Other contributions made from federal and private grants and from the charter school for salaries above the statutory minimum at a rate of 6.8% for the years ending August 31, 2015 and 2014, were \$25,317 and \$10,537, respectively, equal to the required contributions for each year. There have been no changes that would affect the comparison of employer contributions from year to year.

Houston Heights High School
Notes to the Financial Statements
August 31, 2015 and 2014

Note 6 – Health Care Coverage

During the years ended August 31, 2015 and 2014, employees of the charter school were covered by a Health Insurance Plan (the Plan). The charter school contributed \$246 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to contributions or premiums for dependents. All premiums were paid to licensed insurers.

Note 7 – Lease Obligation and Related Party Transactions

The HHHS has entered into an operating lease for facilities. HHHS incurred \$353,990 and \$326,437 in facilities lease expenses for the years ended August 31, 2015 and 2014, respectively. The current lease expires in November, 2017. Additionally, the school leases office equipment under various operating leases. Future minimum payments under these agreements for the years ending August 31 are as follows:

Year Ended August 31,	
2016	\$301,811
2017	\$310,865

The facility lease agreement is with an entity, which is wholly owned by Mr. Richard Mik, the superintendent and CEO of HHHS. The arrangement has been disclosed to the TEA, and the rental rates are less comparable to the prevailing market rate.

Note 8 – Commitments and Contingencies

The charter school receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the charter school have complex requirements, and should state or federal auditors discover areas of noncompliance, charter school funds may be subject to refund if so determined by the Texas Education Agency or the grantor agency.

Note 9 – Temporarily Restricted Net Assets

Temporarily restricted net assets for the years ending August 31, 2015 and 2014 consisted of the following:

	2015	2014
FSP Revenues (420)	\$1,301,719	\$1,312,782
Technology Allotment (411)	626	-
	\$1,302,345	\$1,312,782

Special-Purpose Statements

Houston Heights High School
Schedule of Expenses
For the Years Ended August 31, 2015 and 2014

	Totals	
	2015	2014
Expenses		
6100 Payroll Costs	\$ 1,323,154	\$ 1,266,144
6200 Professional and Contracted Services	547,593	577,773
6300 Supplies and Materials	78,613	99,247
6400 Other Operating Costs	98,471	102,905
6500 Debt	-	-
	-	-
Total Expenses	\$ 2,047,831	\$ 2,046,069

Houston Heights High School

Schedule of Capital Assets

For the Year Ended August 31, 2015

	Ownership Interest		
	Local	State	Federal
1110 Cash	\$ -	\$ 976,159	\$ -
1910 Investments	-	250,000	-
1520 Improvements	52,804	498,349	-
1539 Furniture and Equipment	39,650	156,461	41,160
	<u>\$ 92,454</u>	<u>\$ 1,880,969</u>	<u>\$ 41,160</u>

Houston Heights High School
 Budgetary Comparison Schedule
 For the Year Ended August 31, 2015

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
Revenues				
Local support				
5740 Other Revenues from local sources	\$ -	\$ -	\$ 7,036	\$ 7,036
5750 Revenue from enterprising sources	-	-	-	-
State program revenues				
5810 Foundation School Program Act	1,920,251	1,858,259	1,870,124	11,865
5820 State Program revenues distributed by Texas Education Agency	-	22,896	22,896	-
Total state program revenues	<u>1,920,251</u>	<u>1,881,155</u>	<u>1,893,020</u>	<u>11,865</u>
Federal program revenues:				
5920 Federal revenues distributed by Texas Education Agency	-	112,883	140,035	27,152
Total federal revenues	<u>-</u>	<u>112,883</u>	<u>140,035</u>	<u>27,152</u>
Total revenues	<u>1,920,251</u>	<u>1,994,038</u>	<u>2,040,091</u>	<u>46,053</u>
Expenses				
11 Instruction	1,105,513	1,114,250	1,107,289	6,961
12 Instructional Resource and Media	-	-	-	-
13 Curriculum Development and Instructional Staff Development	6,000	8,900	8,496	404
21 Instructional Leadership	87,482	77,500	75,748	1,752
23 School Leadership	107,737	92,500	90,548	1,952
31 Guidance, Counseling and Evaluation Services	45,459	52,000	50,414	1,586
32 Social Work Services	-	-	-	-
33 Health Services	950	500	487	13
34 Student (Pupil) Travel	-	-	-	-
35 Food Service	14,000	16,500	16,250	250
36 Cocurricular/Extracurricular Activities	30,000	26,100	24,809	1,291
41 General Administration	183,565	172,066	166,957	5,109
51 Plant Maintenance and Operations	525,000	520,500	506,833	13,667
52 Security and Monitoring Services	-	-	-	-
Total expenses	<u>2,105,706</u>	<u>2,080,816</u>	<u>2,047,831</u>	<u>32,985</u>
Change in net assets	(185,455)	(86,778)	(7,740)	79,038
Net assets, beginning of year	<u>1,498,246</u>	<u>1,498,246</u>	<u>1,498,246</u>	<u>-</u>
Net assets, end of year	<u>\$ 1,312,791</u>	<u>\$ 1,411,468</u>	<u>\$ 1,490,506</u>	<u>\$ 79,038</u>

See auditors report

Supplemental Reporting



**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
Houston Heights High School

We have audited the financial statements of Houston Heights High School (the School) (a nonprofit organization), as of and for the years ended August 31, 2015 and 2014, and have issued our report thereon dated January 12, 2016. 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.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

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 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 financial statements will not be prevented or detected and corrected on a timely basis

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial 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 matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management, the Texas Education Agency, the Board of Directors, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ralph and Ralph, P.C.

January 12, 2016

Houston Heights High School
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2015

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on the financial statements
of the auditee

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified that are not
considered to be material weaknesses?

Yes none
reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Auditee did not meet the requirements for a single audit.

II. Financial Statement Findings

None identified

III. Findings and questioned costs for state and federal awards

None identified

Houston Heights High School
Schedule of Prior Audit Findings
For the Year Ended August 31, 2014

None identified