



## GREAT OAKS ACADEMY

Financial Statements as of and for the Year Ended June 30, 2023, Required Supplementary Information and Additional Information for the Year Ended June 30, 2023, Federal Awards Supplementary Information for the Year Ended June 30, 2023, and Independent Auditor's Reports

**NATIONAL  
HERITAGE  
ACADEMIES** 

# GREAT OAKS ACADEMY

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# **GREAT OAKS ACADEMY**

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## **Independent Auditor's Report**

To the Board of Directors  
Great Oaks Academy

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of Great Oaks Academy (the "Academy") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise Great Oaks Academy's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Great Oaks Academy as of June 30, 2023 and the respective changes in its 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 (GAAS) 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 the 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 the Academy's ability to continue as a going concern for 12 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 GAAS 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.

To the Board of Directors  
Great Oaks Academy

In performing an audit in accordance with GAAS 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 the 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 the 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 the management's discussion and analysis and the budgetary comparison schedules 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Great Oaks Academy's basic financial statements. The reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), are presented for the purpose of additional analysis and are 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 reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Directors  
Great Oaks Academy

***Other Information***

Management is responsible for the other information included in the basic financial statements. The other information comprises the statement of revenues - General Fund but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2023 on our consideration of Great Oaks Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 Great Oaks 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 Great Oaks Academy's internal control over financial reporting and compliance.

*Plante & Moreau, PLLC*

October 18, 2023

# **GREAT OAKS ACADEMY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2023**

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This section of the annual financial report for Great Oaks Academy (the "Academy") provides an overview of the Academy's financial activities as of and for the fiscal year ended June 30, 2023. It should be read in conjunction with the financial statements, which immediately follow this section.

### **Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Academy financially as a whole. The Academy-wide financial statements provide information about the activities of the whole Academy, presenting both an aggregate view of the Academy's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the Academy's operations in more detail than the Academy-wide financial statements by providing information about the Academy's most significant fund — the General Fund — with the other fund presented in one column as the major School Service Fund.

Management's Discussion and Analysis  
(Required Supplementary Information)

#### Basic Financial Statements

Academy-wide Financial Statements      Fund Financial Statements

Notes to Basic Financial Statements

(Required Supplementary Information)  
Budgetary Information for the Governmental Funds

(Additional Information)  
Statement of Revenues — General Fund

### **Reporting the Academy as a whole — Academy-wide Financial Statements**

One of the most important questions asked about the Academy is, "As a whole, what is the Academy's financial condition as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the Academy's financial statements, report information on the Academy as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

The Academy's Statement of Net Position — the difference between assets and liabilities, as reported in the Statement of Net Position — is one way to measure the Academy's financial position. The relationship between revenues and expenses is the Academy's operating results. The Academy's goal is to provide services to our students, not to generate profits as private sector companies do. One must consider nonfinancial factors, such as the quality of the education provided and the safety of the Academy, to assess the overall health of the Academy.

The Statement of Net Position and the Statement of Activities report the activities of the Academy, all of which are classified as governmental. These activities encompass all the Academy's services, including instruction, support services and food services. State aid (based on student count) and state and federal grants finance most of these activities. The Academy has entered into a services agreement (the "agreement") with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Academy operates. Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Academy from all revenue sources.

### **Reporting the Academy's Fund Financial Statements**

The Academy's fund financial statements provide detailed information about the most significant funds — not the Academy as a whole. Some funds are required to be established by state law. However, the Academy establishes other funds to help it control and manage money for particular purposes or as required by state law (the School Service Fund is an example). The governmental funds of the Academy use the following accounting approach:

*Governmental Funds* — All of the Academy's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual accounting. Only those revenues that are "measurable" and "currently available" are reported. Liabilities are recognized when incurred. The governmental fund statements provide a short-term view of the operations of the Academy and the 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 the Academy's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations presented as part of the statements.



## The Academy as a Whole

Recall that the Statement of Net Position provides the perspective of the Academy as a whole. The table below provides a summary of the Academy's net position as of June 30:

	2023	2022
Assets:		
Current assets	\$ 1,560,458	\$ 1,560,315
Capital assets, net of accumulated depreciation	<u>2,820</u>	<u>3,326</u>
Total assets	1,563,278	1,563,641
Liabilities - current	<u>1,535,518</u>	<u>1,065,929</u>
Net position:		
Net investment in capital assets	2,820	3,326
Restricted - School Service Fund	-	450,913
Unrestricted	<u>24,940</u>	<u>43,473</u>
Total net position	<u>\$ 27,760</u>	<u>\$ 497,712</u>

The unrestricted net position of governmental activities represents the accumulated results of life-to-date operations. These assets can be used to finance day-to-day operations without constraints, such as legislative or legal requirements. The results of the current-year operations for the Academy as a whole are reported in the Statement of Activities, which shows the change in net position.

The results of operations for the Academy as a whole are reported in the summarized Statements of Activities (below) which show the changes in net position for the fiscal years ended June 30:

	2023	2022
Revenues:		
State aid	\$ 6,719,714	\$ 6,383,444
Operating grants	<u>2,394,818</u>	<u>2,693,853</u>
Total revenues	9,114,532	9,077,297
Expenses—		
Contracted service fee:		
Instruction	4,213,248	3,953,446
Support services	4,916,422	4,558,105
Food services	628	457,479
Depreciation (unallocated)	<u>506</u>	<u>506</u>
Total expenses	9,130,804	8,969,536
SPECIAL ITEM - Transfer of operations	<u>(453,680)</u>	<u>-</u>
Change in net position	<u>\$ (469,952)</u>	<u>\$ 107,761</u>

As reported in the Statement of Activities, the cost of governmental activities was \$9,130,804. These activities were primarily funded by the Academy's state aid (based on student count) and governments and organizations that subsidized certain programs with grants.

The Academy experienced a decrease in net position of \$469,952 in 2023. The primary reason for the change in net position is due to the transfer of the Academy's food service operations as described in Note 8.

Effective July 1, 2022, food service operations of the Academy were transferred to a designated School Food Authority (SFA) under an Alternate Agreement, and the Academy relinquished authority over its food service operations to the SFA. Center Line Preparatory Academy has been named the SFA for purposes of consolidating food services. Substantially all School Services Fund revenues and expenses will be recognized by the SFA rather than the Academy during fiscal year 2022-2023 under the terms of the Alternate Agreement. Accumulated fund balance and net position was transferred to the SFA during the year ended June 30, 2023.

The School Services Fund's original and final budgets for the year ended June 30, 2023 include activity recognized by the SFA related to the Academy's food service operation.

A reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities appears on page 13.

## Fund Financial Statements

As we noted earlier, the Academy uses funds to help it control and manage money for particular purposes or as required by state law. Looking at funds helps the reader to consider whether the Academy is being accountable for the resources that the State and others provide to it and may provide more insight into the Academy's overall financial health.

The Academy's instruction and support services activities are reported in the General Fund. The School Service Fund represents food service activities. The Academy's combined fund balance was \$27,760 at June 30, 2023.

A reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position appears on page 12.

## General Fund Budgetary Highlights

Over the course of the year, the Academy revises its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the Academy's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

Budgeted revenues for the General Fund were decreased by \$731,959 from the original budget. Revenues were changed to reflect the following:

State Aid	<i>Increase</i>
Other State Sources	<i>Decrease</i>
Interdistrict Sources	<i>Increase</i>
Federal Sources	<i>Decrease</i>
Private Sources	<i>Decrease</i>

Budgeted expenditures for the General Fund were decreased by \$718,951. This change was to reflect the change in anticipated funding. Significant variances between the final budget and actual amounts are disclosed in the notes to the financial statements (refer to Note 2).

## Capital Assets

At June 30, 2023, the Academy had \$2,820 invested in capital assets, primarily other equipment. Capital assets are substantially provided as part of the agreement with NHA.

## General Economic Factors and Next Year's Budgets

Our officials and administration consider many factors when setting the Academy's 2024 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2024 fiscal year is expected to be 90% and 10% of the October 2023 and February 2023 student counts, respectively. The 2024 budget was adopted in May 2023. Approximately 72% of total General Fund revenue is from the foundation allowance. As a result, Academy funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2024 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2024 budget. Once the final

student count and related per pupil funding are validated, state law requires the Academy to amend the budget if actual Academy resources are not sufficient to fund original appropriations.

Since the Academy's revenue is heavily dependent on state funding and the health of the State's school aid fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to public school academies. The State periodically holds a revenue-estimating conference to estimate revenues. If the State estimates funds are not sufficient to fund the appropriation, the legislature must revise the appropriation or proration of state aid will occur.

### **Contacting the Academy's Financial Management**

The financial report is designed to provide users of the report with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report, contact the Chief Financial Officer of National Heritage Academies, Inc., 3850 Broadmoor SE, Suite 201; Grand Rapids, Michigan 49512.

# GREAT OAKS ACADEMY

## STATEMENT OF NET POSITION YEAR ENDED JUNE 30, 2023

	Governmental Activities
<b>ASSETS</b>	
CURRENT ASSETS:	
Cash	\$ 30,514
Due from governmental revenue sources	<u>1,529,944</u>
Total current assets	<u>1,560,458</u>
NON-CURRENT ASSETS:	
Capital assets	10,303
Less accumulated depreciation	<u>(7,483)</u>
Total capital assets, net of accumulated depreciation	<u>2,820</u>
TOTAL	<u><u>\$ 1,563,278</u></u>
<b>LIABILITIES AND NET POSITION</b>	
LIABILITIES:	
Unearned revenue	\$ 705,717
Contracted service fee payable	<u>829,801</u>
Total liabilities	<u>1,535,518</u>
NET POSITION:	
Net investment in capital assets	2,820
Unrestricted	<u>24,940</u>
Total net position	<u>27,760</u>
TOTAL	<u><u>\$ 1,563,278</u></u>

See notes to financial statements.

# GREAT OAKS ACADEMY

## STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2023

		Program Revenues		Governmental Activities Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS —				
Contracted service fee:				
Instruction	\$ 4,213,248	\$ -	\$ 1,450,508	\$ (2,762,740)
Support services	4,916,422	-	943,682	(3,972,740)
Food services	628	-	628	-
Depreciation (unallocated)	506	-	-	(506)
Total governmental activities	<u>\$ 9,130,804</u>	<u>\$ -</u>	<u>\$ 2,394,818</u>	(6,735,986)
GENERAL PURPOSE REVENUES:				
State aid unrestricted				6,719,714
SPECIAL ITEM - Transfer of operations				
				<u>(453,680)</u>
CHANGE IN NET POSITION				
				(469,952)
NET POSITION:				
Beginning of year				<u>497,712</u>
End of year				<u>\$ 27,760</u>

See notes to financial statements.

# GREAT OAKS ACADEMY

## BALANCE SHEET - GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2023

	General Fund	School Service Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 30,514	\$ -	\$ 30,514
Due from governmental revenue sources	<u>1,529,944</u>	<u>-</u>	<u>1,529,944</u>
TOTAL	<u>\$ 1,560,458</u>	<u>\$ -</u>	<u>\$ 1,560,458</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES:</b>			
Unearned revenue	\$ 705,717	\$ -	\$ 705,717
Contracted service fee payable	<u>778,166</u>	<u>-</u>	<u>778,166</u>
Total liabilities	<u>1,483,883</u>	<u>-</u>	<u>1,483,883</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue	<u>51,635</u>	<u>-</u>	<u>51,635</u>
Total liabilities and deferred inflows of resources	<u>1,535,518</u>	<u>-</u>	<u>1,535,518</u>
<b>FUND BALANCE:</b>			
Committed	10,570	-	10,570
Unassigned	<u>14,370</u>	<u>-</u>	<u>14,370</u>
Total fund balance	<u>24,940</u>	<u>-</u>	<u>24,940</u>
TOTAL	<u>\$ 1,560,458</u>	<u>\$ -</u>	<u>\$ 1,560,458</u>

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

Total governmental fund balance		\$ 24,940
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Capital assets cost	\$ 10,303	
Accumulated depreciation	<u>(7,483)</u>	2,820
Due from governmental revenue sources not available to pay current period expenditures therefore deferred in the funds		51,635
Contracted service fee payable not due and payable in the current period and not reported in the funds		<u>(51,635)</u>
Net position of governmental activities		<u>\$ 27,760</u>

See notes to financial statements.

# GREAT OAKS ACADEMY

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2023

	General Fund	School Service Fund	Total Governmental Funds
REVENUES:			
State aid	\$ 6,719,714	\$ -	\$ 6,719,714
Other state sources	508,769	1,355	510,124
Federal sources	1,628,304	2,040	1,630,344
Private sources	51,145	-	51,145
Interdistrict sources	382,628	-	382,628
Total revenues	9,290,560	3,395	9,293,955
EXPENDITURES — Contracted service fee:			
Instruction	4,213,248	-	4,213,248
Support services	5,095,845	-	5,095,845
Food services	-	628	628
Total expenditures	9,309,093	628	9,309,721
REVENUES (UNDER) OVER EXPENDITURES	(18,533)	2,767	(15,766)
SPECIAL ITEM - Transfer of operations	-	(453,680)	(453,680)
NET CHANGE IN FUND BALANCE	(18,533)	(450,913)	(469,446)
FUND BALANCE — Beginning of year	43,473	450,913	494,386
FUND BALANCE — End of year	\$ 24,940	\$ -	\$ 24,940

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Net change in fund balance — total governmental funds	\$ (469,446)
Governmental funds report capital outlays as expenditures, in the statement of activities these costs are allocated over their useful lives as depreciation	(506)
Revenue reported in the statement of activities that does not provide current financial resources and are not reported as revenue in the governmental funds	51,635
Revenue reported in the governmental funds as available and measurable — reported in the statement of activities in prior years	(231,058)
Contracted service fee recognized consistent with the revenue policy	179,423
Change in net position of governmental activities	\$ (469,952)

See notes to financial statements.



# GREAT OAKS ACADEMY

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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### 1. NATURE OF OPERATIONS

Great Oaks Academy (the “Academy”) is a Michigan Public School Academy that provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The Academy provides education, at no cost to the parent, to students in kindergarten through eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation. The Academy operates under a charter contract approved by Bay Mills Community College, which is responsible for oversight of the Academy’s operations. The charter contract expires June 30, 2028 and is subject to renewal. Bay Mills Community College Board of Trustees receives three percent of state aid funds as an administrative fee. The total administrative fee for year ended June 30, 2023, paid to the Bay Mills Community College Board of Trustees was \$226,910.

The Academy is exempt from taxation as a governmental entity pursuant to Internal Revenue Code Section 115. The Academy qualifies for public charity status by meeting the requirements of Internal Revenue Code Sections 509(1) and 170(b)(1)(A)(ii).

The Academy’s primary source of revenue is provided by the State of Michigan and consists of an amount per student multiplied by weighted average student counts. The state revenue is recognized ratably over the school year and is funded through payments from October 2022 through August 2023.

The Board of Directors of the Academy has entered into a services agreement (the “agreement”) with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Academy operates. The agreement will continue until the termination or expiration of the charter contract, up to a maximum of five years, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the Academy or NHA.

Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Academy from all revenue sources.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Academy-Wide and Fund Financial Statements** — The Academy-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Academy’s government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported instead as general revenue.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

*Academy-Wide Statements* — The Academy-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The effect of interfund activity has been eliminated from the Academy-wide financial statements.

When an expense is incurred for purposes for which both restricted and unrestricted net position, or fund balance are available, the Academy's policy is to first apply restricted resources. When an expense is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the Academy's policy to spend funds in this order: committed, assigned and unassigned.

*Fund Based Statements* — Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenue not meeting this definition is classified as a deferred inflow of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The contracted service fee to NHA is recorded consistent with the recognition of revenue. Interfund transfers are used to subsidize operations of the School Service Fund.

*Fund Classification* — The financial activities of the Academy are organized on the basis of funds. The operation of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

*Governmental Funds* – Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The Academy's funds, which are major funds, are the General Fund and the School Service Fund.

*General Fund* — The General Fund is used to account for the general educational programs of the Academy. Its revenues are derived primarily from the State of Michigan.

*School Service Fund* — The School Service Fund is used to account for the food service operation. Its revenues are derived primarily from a federal grant and student charges.

*Capital Assets* — Capital assets, which include other equipment, are reported in the applicable governmental column in the Academy-wide financial statements at historical costs of more than \$5,000 and an estimated useful life in excess of one year.

Other equipment is depreciated using the straight-line method over useful lives of 3-10 years.

*Estimates* — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

*Cash* — Cash as of June 30, 2023 represents bank deposits which are covered by federal depository insurance. Accordingly, there are no investments which are required to be categorized according to risk.

*Unavailable and Unearned Revenue* — Unavailable revenue is reported in connection with receivables for revenue that is not considered available and measurable to liquidate liabilities of the current period. Unearned revenue is reported in connection with funds that have been received for services which have not been performed and is therefore not yet earned. As of June 30, 2023, a deferred inflow for unavailable revenue was recognized for \$51,635 and a liability for unearned revenue was recognized for \$705,717.

*Contracted Service Fee Payable* — Contracted service fee payable as of June 30, 2023 represents a timing difference between funds received from governmental sources and amounts payable to NHA in accordance with the agreement.

*Fund Balance* — Fund balances may be classified as nonspendable, restricted, committed, assigned, or unassigned. The terms nonspendable and restricted are used either to indicate that certain assets do not represent spendable resources available for general educational programs or to earmark a portion of fund balance as legally segregated for a specific future use. The term committed represents amounts that can only be used for the specific purpose determined by a formal resolution of the board. The term assigned is used to classify the fund balance intended to be used by the board, but does not meet the criteria to be restricted or committed. The term unassigned is used for amounts that have not been restricted, committed, or otherwise assigned for future uses. At June 30, 2023, the Academy had \$10,570 in committed fund balance and \$14,370 in unassigned fund balance. The committed fund balance has been committed by resolutions of the Board of Directors for student, parent and staff appreciation, athletics, and board training and development.

*Budgetary Information* — Annual budgets are adopted on a basis utilizing generally accepted accounting principles and consistent with state law for the general and special revenue funds.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Academy to have its budget in place by July 1. The budgets can be amended by the Board of Directors as considered

necessary. The budgets were amended to decrease budgeted revenues and expenditures for the General Fund by \$731,959 and \$718,951, respectively, and to decrease budgeted revenues and increase budgeted expenditures for the School Service Fund by \$2,324 and \$79,445, respectively.

During the year ended June 30, 2023, the Academy incurred expenditures within the General Fund which were significantly in excess of amounts budgeted for Instructional Staff Services with a final budget and actual amount of \$942,575 and \$1,174,888, respectively. The Academy also incurred expenditures within the General Fund which were significantly in excess of amounts budgeted for Central Services with a final budget and actual amount of \$516,937 and \$708,444, respectively.

During the year ended June 30, 2023, the Academy also incurred expenditures within the General Fund which exceeded appropriations at the fund level by \$219,038. The overage was funded in portion by revenues in excess of amounts budgeted by \$213,513 and the remaining was funded by the beginning of year fund balance within the General Fund.

### 3. DUE FROM GOVERNMENTAL REVENUE SOURCES

Receivables as of June 30, 2023 for the Academy included \$1,236,134 in state aid receivable, \$167,629 in federal grants receivable, and \$126,181 in other receivables. The Academy considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

### 4. RISK MANAGEMENT

The Academy is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2023, and claims did not exceed coverage less retained risk deductible amounts in the past three fiscal years.

### 5. CAPITAL ASSETS

Capital asset activity of the Academy's governmental activities was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities —				
Other equipment	\$ 10,303	\$ -	\$ -	\$ 10,303
Less accumulated depreciation —				
Other equipment	6,977	506	-	7,483
Total governmental activities —				
Capital assets, net	<u>\$ 3,326</u>	<u>\$ (506)</u>	<u>\$ -</u>	<u>\$ 2,820</u>

### 6. CONTINGENCIES

The Academy has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be

immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

## **7. LEASES**

The Academy has entered into a sublease agreement with NHA for a facility to house the Academy. The lease term is from July 1, 2022 through June 30, 2023. Annual rental payments required by the lease are \$856,480 payable in twelve monthly payments of \$71,373. This lease is automatically renewed on a year-to-year basis unless a notice of non-renewal is provided by either the Academy or NHA. The lease agreement can be cancelled upon termination of the NHA services agreement.

The Academy is not a party to any leasing arrangements that meet the criteria for recognition of lease assets or liabilities under GASB Statement No. 87, *Leases*, based on the noncancellable period being less than 12 months and applicability of the short-term lease exception for the facility lease agreement.

The Academy subsequently renewed the sublease with NHA for the period of July 1, 2023 through June 30, 2024, at the same rental rate.

## **8. TRANSFER OF OPERATIONS**

On July 1, 2022, the Academy transferred the assets and liabilities comprising its food service activity and school meals program to Center Line Preparatory Academy for the purpose of enhancing its food service program. As a result of the transfer, the Academy recognized a loss of \$453,680 on the Statement of Activities and on the Statement of Revenues, Expenditures, and Changes in Fund Balances for the transfer of its food service operations as a special item. The Academy reported revenues and expenditures as disclosed on the Statement of Revenues, Expenditures and Changes in Fund Balances for the food service activity within the School Service Fund.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

# GREAT OAKS ACADEMY

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND YEAR ENDED JUNE 30, 2023

	Original Budget	Final Amended Budget	Actual	Over (Under) Final Budget
REVENUES:				
State aid	\$ 6,530,733	\$ 6,719,714	\$ 6,719,714	\$ -
Other state sources	850,389	484,249	508,769	24,520
Interdistrict sources	341,570	382,668	382,628	(40)
Federal sources	2,031,015	1,443,303	1,628,304	185,001
Private sources	55,299	47,113	51,145	4,032
Total revenues	<u>9,809,006</u>	<u>9,077,047</u>	<u>9,290,560</u>	<u>213,513</u>
EXPENDITURES - Contracted service fee:				
Instruction:				
Basic instruction	3,910,876	3,491,195	3,211,340	(279,855)
Added needs	1,251,882	926,314	1,001,908	75,594
Support services:				
Pupil services	156,880	264,963	278,606	13,643
Instructional staff services	1,157,683	942,575	1,174,888	232,313
General Administration	385,393	407,815	400,105	(7,710)
School Administration	812,689	779,510	812,378	32,868
Business & Internal Services	94,737	194,354	212,934	18,580
Central services	418,703	516,937	708,444	191,507
Pupil transportation services	13,750	7,950	5,016	(2,934)
Pupil Activities	16,198	31,848	23,247	(8,601)
Operations and maintenance	1,469,199	1,458,401	1,410,656	(47,745)
Community Activities	121,016	68,193	69,571	1,378
Total expenditures	<u>9,809,006</u>	<u>9,090,055</u>	<u>9,309,093</u>	<u>219,038</u>
NET CHANGE IN FUND BALANCE	-	(13,008)	(18,533)	(5,525)
FUND BALANCE - Beginning of year	<u>43,473</u>	<u>43,473</u>	<u>43,473</u>	<u>-</u>
FUND BALANCE - End of year	<u>\$ 43,473</u>	<u>\$ 30,465</u>	<u>\$ 24,940</u>	<u>\$ (5,525)</u>

# GREAT OAKS ACADEMY

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE SCHOOL SERVICE FUND YEAR ENDED JUNE 30, 2023

	Original Budget	Final Amended Budget	Actual	(Under) Over Final Budget
REVENUES:				
Other state sources	\$ 7,398	\$ 6,870	\$ 1,355	\$ (5,515)
Federal sources	504,326	502,030	2,040	(499,990)
Private sources	-	500	-	(500)
Total revenues	511,724	509,400	3,395	(506,005)
EXPENDITURES - Contracted service fee:				
Food services	456,337	537,482	628	(536,854)
REVENUES OVER (UNDER) EXPENDITURES	55,387	(28,082)	2,767	30,849
SPECIAL ITEM - Transfer of operations	-	-	(453,680)	(453,680)
NET CHANGE IN FUND BALANCE	55,387	(28,082)	(450,913)	(422,831)
FUND BALANCE - Beginning of year	450,913	450,913	450,913	-
FUND BALANCE - End of year	\$ 506,300	\$ 422,831	\$ -	\$ (422,831)



## **ADDITIONAL INFORMATION**

## GREAT OAKS ACADEMY

### ADDITIONAL INFORMATION STATEMENT OF REVENUES — GENERAL FUND YEAR ENDED JUNE 30, 2023

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State aid	\$ 6,719,714
Other state sources:	
Special education	98,241
At-risk	367,884
Grants	<u>42,644</u>
Total	508,769
Federal sources	1,628,304
Private sources	51,145
Interdistrict sources	<u>382,628</u>
TOTAL	<u><u>\$ 9,290,560</u></u>

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

**Independent Auditor's Report**

To Management and the Board of Directors  
Great Oaks Academy

We have audited, 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, the basic financial statements of the governmental activities and the major funds of Great Oaks Academy (the "Academy") as of and for the year ended June 30, 2023 and the related notes to the basic financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated October 18, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Academy'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 Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy'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 Academy'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 were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Academy'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*.

To Management and the Board of Directors  
Great Oaks Academy

**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 Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plante & Moran, PLLC*

October 18, 2023

## **SUPPLEMENTARY INFORMATION**

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance  
Required by the Uniform Guidance

**Independent Auditor's Report**

To the Board of Directors  
Great Oaks Academy

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

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

We have audited Great Oaks Academy's (the "Academy") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Academy's major federal program for the year ended June 30, 2023. The Academy's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Academy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Academy and to meet our other ethical responsibilities in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Academy's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Academy's federal program.

To the Board of Directors  
Great Oaks Academy

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Academy's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Academy's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Academy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Academy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

To the Board of Directors  
Great Oaks Academy

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

*Plante & Moran, PLLC*

October 18, 2023



# GREAT OAKS ACADEMY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2023

Program Title/Project Number/Subrecipient Name	Grant/Project Number	Assistance Listing Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2022	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2023	Current Year Cash Transferred to Subrecipient
<b>Clusters:</b>										
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:										
Cash Assistance:										
Seamless Summer Option (SSO) - Lunch 21-22	221961	10.555	300,257	300,257	18,797	4,089	22,886	-	-	-
Seamless Summer Option (SSO) - Breakfast 21-22	221971	10.553	157,080	157,080	16,093	(4,089)	12,004	-	-	-
Total Child Nutrition Cluster			457,337	457,337	34,890	-	34,890	-	-	-
Special Education Cluster - U.S. Department of Education - Passed through the Macomb ISD:										
IDEA Flowthrough:										
IDEA Flowthrough 21-22	220450	84.027	92,216	91,575	19,043	-	19,684	641	-	-
IDEA Flowthrough 22-23	230450	84.027	82,378	-	-	-	71,528	82,378	10,850	-
COVID-19 American Rescue Plan - IDEA	221280	84.027X	23,633	23,633	23,633	-	23,633	-	-	-
Total IDEA Flowthrough		84.027	198,227	115,208	42,676	-	114,845	83,019	10,850	-
<b>Other federal awards:</b>										
U.S. Department of Education - Passed through the Michigan Department of Education:										
Title I Part A:										
Title I Part A 21-22	221530	84.010	411,512	326,214	81,062	-	111,822	30,760	-	-
Title I Part A 22-23	231530	84.010	435,173	-	-	-	311,883	387,553	75,670	-
Total Title I Part A		84.010	846,685	326,214	81,062	-	423,705	418,313	75,670	-
Title II Part A - Improving Teacher Quality:										
Title II Part A 22-23	230520	84.367	45,084	46,836	-	-	-	30,025	30,025	-
Title IV Part A - Improving Teacher Quality:										
Title IV Part A 22-23	230750	84.424	49,748	6,195	-	-	14,564	23,337	8,773	-
Education Stabilization Fund Program										
COVID-19 ESSER Formula Fund I	203710	84.425D	315,618	81,942	3,290	-	106,462	103,172	-	-
COVID-19 ESSER Education Equity Fund I	203720	84.425D	56,811	-	-	-	5,042	5,042	-	-
COVID-19 ESSER Formula Fund II - Benchmark Assessments	213762	84.425D	9,225	-	-	-	7,612	7,612	-	-
COVID-19 ESSER Formula Fund II	213712	84.425D	1,286,920	290,213	23,633	-	511,125	504,659	17,167	-
COVID-19 ESSER Formula Fund III	213713	84.425U	2,892,297	139,022	139,022	-	366,258	252,380	25,144	-
COVID-19 Governor's Emergency Education Relief Fund (GEER)	201200	84.425C	69,207	28,314	-	-	19,193	19,193	-	-
Total Education Stabilization Fund Program		84.425	4,630,078	539,491	165,945	-	1,015,692	892,058	42,311	-
U.S. Department of Agriculture - Passed through the Michigan Department of Education:										
COVID-19 Pandemic EBT Local Level Costs	220980	10.649	628	-	-	-	628	628	-	-
Total noncluster programs passed through the Michigan Department of Education			5,647,632	971,767	247,007	-	1,454,589	1,364,361	156,779	-
Total federal awards			\$ 6,303,196	\$ 1,544,312	\$ 324,573	\$ -	\$ 1,604,324	\$ 1,447,380	\$ 167,629	\$ -

## GREAT OAKS ACADEMY

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### Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

Revenue from federal sources - As reported on financial statements (includes all funds)	\$	1,630,344
Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds		46,471
Revenue reported in the governmental funds as available and measurable – Reported in the statement of activities in the prior year		<u>(229,435)</u>
Federal expenditures per the schedule of expenditures of federal awards	\$	<u><b>1,447,380</b></u>

# **GREAT OAKS ACADEMY**

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## **Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2023**

### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Great Oaks Academy (the "Academy") under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Academy, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Academy.

### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The Academy has elected not to use the 10 percent de minimis indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

### **Note 3 - Grant Auditor Report**

Management has utilized the Michigan Department of Education NexSys Grant Auditor Report (GAR) in preparing the schedule of expenditures of federal awards. Differences, if any, between the GAR and the schedule of expenditures of federal awards relate to the timing of payments and the fiscal year in which the payments relate to.

### **Note 4 – Adjustments and Transfers**

During the year ended June 30, 2023, there were adjustments within the Child Nutrition Cluster related to the Seamless Summer Option – Lunch (ALN 10.555) and Seamless Summer Option – Breakfast (ALN 10.553) programs for \$4,089.

# GREAT OAKS ACADEMY

## Schedule of Findings and Questioned Costs Year Ended June 30, 2023

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued:

Unmodified

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 ☒ None reported

#### Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of major programs:

ALN Number	Name of Federal Program or Cluster	Opinion
84.425	Education Stabilization Fund	Unmodified
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

### Section II - Financial Statement Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	

### Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	