

PLYMOUTH SCHOLARS CHARTER ACADEMY



Financial Statements as of and for the Year Ended June 30, 2022, Required Supplemental Information and Additional Information for the Year Ended June 30, 2022, Federal Awards Supplemental Information for the Year Ended June 30, 2022 and Independent Auditor's Reports

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PLYMOUTH SCHOLARS CHARTER ACADEMY

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PLYMOUTH SCHOLARS CHARTER ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

This section of the annual financial report for Plymouth Scholars Charter Academy (the "Academy") provides an overview of the Academy's financial activities as of and for the fiscal year ended June 30, 2022. 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 Supplemental Information)

Basic Financial Statements

Academy-wide Financial Statements Fund Financial Statements

Notes to Basic Financial Statements

(Required Supplemental 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:

	2022	2021
Assets:		
Current assets	\$ 1,562,688	\$ 1,325,513
Capital assets, net of accumulated depreciation	<u>2,136</u>	<u>4,593</u>
 Total assets	 1,564,824	 1,330,106
 Liabilities - current	 <u>1,452,675</u>	 <u>1,265,711</u>
 Net position:		
Net investment in capital assets	2,136	4,593
Restricted - School Service Fund	45,139	-
Unrestricted	<u>64,874</u>	<u>59,802</u>
 Total net position	 <u>\$ 112,149</u>	 <u>\$ 64,395</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:

	2022	2021
Revenues:		
State aid	\$ 6,797,135	\$ 6,561,591
Operating grants	1,177,554	768,378
Charges for services	<u>2,507</u>	<u>49</u>
 Total revenues	 7,977,196	 7,330,018
 Expenses—		
Contracted service fee:		
Instruction	3,117,441	2,876,834
Support services	4,515,170	4,359,702
Food services	294,374	64,913
Depreciation (unallocated)	<u>2,457</u>	<u>2,457</u>
 Total expenses	 <u>7,929,442</u>	 <u>7,303,906</u>
 Change in net position	 <u>\$ 47,754</u>	 <u>\$ 26,112</u>

As reported in the Statement of Activities, the cost of governmental activities was \$7,929,442. 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 an increase in net position of \$47,754 in 2022. The primary reason for the change in net position is due to income from the Academy's food service program which has significant restrictions on allowable ways that funds may be spent.

A reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities appears on page 12.

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 \$110,013 at June 30, 2022.

A reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position appears on page 11.

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 supplemental information of these financial statements.

Budgeted revenues for the General Fund were increased by \$425,196 from the original budget. Revenues were changed to reflect the following:

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

Budgeted expenditures for the General Fund were increased by \$431,635. 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, 2022, the Academy had \$2,136 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 2023 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 2023 fiscal year is expected to be 90% and 10% of the October 2022 and February 2022 student counts, respectively. The 2023 budget was adopted in May 2022. Approximately 92% 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 2023 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2023 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.

PLYMOUTH SCHOLARS CHARTER ACADEMY

STATEMENT OF NET POSITION YEAR ENDED JUNE 30, 2022

	Governmental Activities
ASSETS	
CURRENT ASSETS:	
Cash	\$ 67,038
Due from governmental revenue sources	<u>1,495,650</u>
Total current assets	<u>1,562,688</u>
NON-CURRENT ASSETS:	
Capital assets	24,570
Less accumulated depreciation	<u>(22,434)</u>
Total capital assets, net of accumulated depreciation	<u>2,136</u>
TOTAL	<u>\$ 1,564,824</u>
LIABILITIES AND NET POSITION	
LIABILITIES:	
Unearned revenue	\$ 263,133
Accounts payable	27
Contracted service fee payable	<u>1,189,515</u>
Total liabilities	<u>1,452,675</u>
NET POSITION:	
Net investment in capital assets	2,136
Restricted - School Service Fund	45,139
Unrestricted	<u>64,874</u>
Total net position	<u>112,149</u>
TOTAL	<u>\$ 1,564,824</u>

See notes to financial statements.

PLYMOUTH SCHOLARS CHARTER ACADEMY

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Expenses	Program Revenues		Governmental Activities Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS —				
Contracted service fee:				
Instruction	\$ 3,117,441	\$ -	\$ 541,925	\$ (2,575,516)
Support services	4,515,170	-	298,623	(4,216,547)
Food services	294,374	2,507	337,006	45,139
Depreciation (unallocated)	2,457	-	-	(2,457)
	<u>7,929,442</u>	<u>2,507</u>	<u>1,177,554</u>	<u>(6,749,381)</u>
GENERAL PURPOSE REVENUES:				
State aid unrestricted				<u>6,797,135</u>
CHANGE IN NET POSITION				47,754
NET POSITION:				
Beginning of year				<u>64,395</u>
End of year				<u>\$ 112,149</u>

See notes to financial statements.

PLYMOUTH SCHOLARS CHARTER ACADEMY

BALANCE SHEET - GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2022

	General Fund	School Service Fund	Total Governmental Funds
ASSETS			
Cash	\$ 67,038	\$ -	\$ 67,038
Prepaid expenses	-	31,784	31,784
Due from governmental revenue sources	<u>1,482,295</u>	<u>13,355</u>	<u>1,495,650</u>
TOTAL	<u><u>\$ 1,549,333</u></u>	<u><u>\$ 45,139</u></u>	<u><u>\$ 1,594,472</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Unearned revenue	\$ 263,133	\$ -	\$ 263,133
Accounts payable	27	-	27
Contracted service fee payable	<u>1,195,891</u>	<u>-</u>	<u>1,195,891</u>
Total liabilities	<u>1,459,051</u>	<u>-</u>	<u>1,459,051</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	<u>25,408</u>	<u>-</u>	<u>25,408</u>
Total liabilities and deferred inflows of resources	<u>1,484,459</u>	<u>-</u>	<u>1,484,459</u>
FUND BALANCE:			
Nonspendable - School Service Fund	-	31,784	31,784
Restricted - School Service Fund	-	13,355	13,355
Committed	11,102	-	11,102
Unassigned	<u>53,772</u>	<u>-</u>	<u>53,772</u>
Total fund balance	<u>64,874</u>	<u>45,139</u>	<u>110,013</u>
TOTAL	<u><u>\$ 1,549,333</u></u>	<u><u>\$ 45,139</u></u>	<u><u>\$ 1,594,472</u></u>

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

Total governmental fund balance	\$ 110,013
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Capital assets cost	\$ 24,570
Accumulated depreciation	<u>(22,434)</u>
Due from governmental revenue sources not available to pay current period expenditures therefore deferred in the funds	25,408
Contracted service fee payable not due and payable in the current period and not reported in the funds	<u>(25,408)</u>
Net position of governmental activities	<u><u>\$ 112,149</u></u>

See notes to financial statements.

PLYMOUTH SCHOLARS CHARTER ACADEMY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	General Fund	School Service Fund	Total Governmental Funds
REVENUES:			
State aid	\$ 6,797,135	\$ -	\$ 6,797,135
Other state sources	207,112	2,998	210,110
Federal sources	573,509	334,008	907,517
Private sources	<u>38,602</u>	<u>2,507</u>	<u>41,109</u>
Total revenues	<u>7,616,358</u>	<u>339,513</u>	<u>7,955,871</u>
EXPENDITURES — Contracted service fee:			
Instruction	3,117,441	-	3,117,441
Support services	4,493,845	-	4,493,845
Food services	<u>-</u>	<u>294,374</u>	<u>294,374</u>
Total expenditures	<u>7,611,286</u>	<u>294,374</u>	<u>7,905,660</u>
NET CHANGE IN FUND BALANCE	5,072	45,139	50,211
FUND BALANCE — Beginning of year	<u>59,802</u>	<u>-</u>	<u>59,802</u>
FUND BALANCE — End of year	<u>\$ 64,874</u>	<u>\$ 45,139</u>	<u>\$ 110,013</u>

**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	\$ 50,211
Governmental funds report capital outlays as expenditures, in the statement of activities these costs are allocated over their useful lives as depreciation	(2,457)
Revenue reported in the statement of activities that does not provide current financial resources and are not reported as revenue in the governmental funds	25,408
Revenue reported in the governmental funds as available and measurable — reported in the statement of activities in prior years	(4,083)
Contracted service fee recognized consistent with the revenue policy	<u>(21,325)</u>
Change in net position of governmental activities	<u>\$ 47,754</u>

See notes to financial statements.

PLYMOUTH SCHOLARS CHARTER ACADEMY

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

1. NATURE OF OPERATIONS

Plymouth Scholars Charter 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, 2022, paid to the Bay Mills Community College Board of Trustees was \$211,279.

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 2021 through August 2022.

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.

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, 2022 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, 2022, a deferred inflow for unavailable revenue was recognized for \$25,408 and a liability for unearned revenue was recognized for \$263,133.

Contracted Service Fee Payable — Contracted service fee payable as of June 30, 2022 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, 2022, the Academy had \$31,784 in nonspendable fund balance, \$13,355 in restricted fund balance, \$11,102 in committed fund balance, and \$53,772 in unassigned fund balance. The committed fund balance has been committed by resolutions of the Board of Directors for student, parent and staff appreciation and athletics.

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 increase budgeted revenues and expenditures for the General Fund by \$425,196 and \$431,635, respectively, and to increase budgeted

revenues and expenditures for the School Service Fund by \$237,472 and \$184,821, respectively.

During the year ended June 30, 2022, the Academy incurred expenditures within the General Fund which were in excess of amounts budgeted as follows:

	<u>Budget</u>	<u>Actual</u>
Instructional staff services	709,216	866,944
Central services	413,391	583,079
Pupil transportation services	2,500	3,639
Pupil Activities	3,940	9,184

Adoption of New Accounting Pronouncements – The Academy adopted GASB Statement No. 87, *Leases* effective July 1, 2021. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The impact of the adoption was not significant as the facility sublease agreement with NHA is considered short-term as disclosed in Note 7.

Subsequent Events – The financial statements and related disclosures include evaluation of events up through the report date, which is the date the financial statements were available to be issued.

3. DUE FROM GOVERNMENTAL REVENUE SOURCES

Receivables as of June 30, 2022 for the Academy included \$1,244,437 in state aid receivable, \$429 in other state sources, and \$250,784 in federal grants receivable. 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 2022, 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	\$ 24,570	\$ -	\$ -	\$ 24,570
Less accumulated depreciation —				
Other equipment	<u>19,977</u>	<u>2,457</u>	<u>-</u>	<u>22,434</u>
Total governmental activities —				
Capital assets, net	<u>\$ 4,593</u>	<u>\$ (2,457)</u>	<u>\$ -</u>	<u>\$ 2,136</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, 2021 through June 30, 2022. Annual rental payments required by the lease are \$1,160,800 payable in twelve monthly payments of \$96,733. 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, 2022 through June 30, 2023, at the same rental rate.

* * * * *

REQUIRED SUPPLEMENTAL INFORMATION

PLYMOUTH SCHOLARS CHARTER ACADEMY

**REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Amended Budget	Actual	Over (Under) Final Budget
REVENUES:				
State aid	\$ 6,344,982	\$ 6,788,174	\$ 6,797,135	\$ 8,961
Other state sources	232,694	238,099	207,112	(30,987)
Federal sources	722,486	716,274	573,509	(142,765)
Private sources	30,000	12,811	38,602	25,791
Total revenues	<u>7,330,162</u>	<u>7,755,358</u>	<u>7,616,358</u>	<u>(139,000)</u>
EXPENDITURES - Contracted service fee:				
Instruction:				
Basic instruction	3,017,561	3,113,818	2,682,532	(431,286)
Added needs	396,449	499,745	434,909	(64,836)
Support services:				
Pupil services	243,925	248,573	254,217	5,644
Instructional staff services	666,366	709,216	866,944	157,728
General Administration	338,246	411,305	412,385	1,080
School Administration	440,638	539,001	520,726	(18,275)
Business & Internal Services	103,471	143,693	157,430	13,737
Central services	381,363	413,391	583,079	169,688
Pupil transportation services	2,475	2,500	3,639	1,139
Pupil Activities	-	3,940	9,184	5,244
Operations and maintenance	1,733,229	1,670,176	1,686,241	16,065
Total expenditures	<u>7,323,723</u>	<u>7,755,358</u>	<u>7,611,286</u>	<u>(144,072)</u>
REVENUES OVER EXPENDITURES	6,439	-	5,072	5,072
OTHER FINANCING USES				
Transfers out	<u>(6,439)</u>	-	-	-
NET CHANGE IN FUND BALANCE	-	-	5,072	5,072
FUND BALANCE - Beginning of year	<u>59,802</u>	<u>59,802</u>	<u>59,802</u>	<u>-</u>
FUND BALANCE - End of year	<u>\$ 59,802</u>	<u>\$ 59,802</u>	<u>\$ 64,874</u>	<u>\$ 5,072</u>

PLYMOUTH SCHOLARS CHARTER ACADEMY

**REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
SCHOOL SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Amended Budget	Actual	Over (Under) Final Budget
REVENUES:				
Other state sources	\$ 489	\$ 1,800	\$ 2,998	\$ 1,198
Federal sources	46,274	325,657	334,008	8,351
Private sources	45,605	2,383	2,507	124
Total revenues	<u>92,368</u>	<u>329,840</u>	<u>339,513</u>	<u>9,673</u>
EXPENDITURES - Contracted service fee:				
Food services	<u>99,280</u>	<u>284,101</u>	<u>294,374</u>	<u>10,273</u>
REVENUES (UNDER) OVER EXPENDITURES	(6,912)	45,739	45,139	(600)
OTHER FINANCING SOURCES				
Transfers in	<u>6,439</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(473)	45,739	45,139	(600)
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE (DEFICIT) - End of year	<u>\$ (473)</u>	<u>\$ 45,739</u>	<u>\$ 45,139</u>	<u>\$ (600)</u>

ADDITIONAL INFORMATION

PLYMOUTH SCHOLARS CHARTER ACADEMY

ADDITIONAL INFORMATION STATEMENT OF REVENUES — GENERAL FUND YEAR ENDED JUNE 30, 2022

State aid	\$	6,797,135
Other state sources:		
Special education		97,187
At-risk		59,481
Grants		<u>50,443</u>
Total		207,112
Federal sources — grants		573,509
Private sources — other		<u>38,602</u>
TOTAL	\$	<u><u>7,616,358</u></u>

PLYMOUTH SCHOLARS CHARTER ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2022

Program Title/Project Number/Subrecipient Name	Grant/Project Number	ALIN Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2021	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2022	Current Year Cash Transferred to Subrecipient
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education - Noncash Assistance (Commodities) - National Lunch Program Bonus Commodities 2021-22	N/A	10.555	\$ 7,266	\$ -	\$ -	\$ -	\$ 7,266	\$ 7,266	\$ -	\$ -
Cash Assistance:										
Seamless Summer Option (SSO) - Lunch 20-21	211961	10.555	21,260	-	-	-	21,260	21,260	-	-
Emergency Operations-SNP Meals	211965	10.555	4,267	-	-	-	4,267	4,267	-	-
Seamless Summer Option (SSO) - Lunch 21-22	221961	10.555	238,409	-	-	-	220,561	238,409	17,848	-
National School Lunch Program (Incl. commodities) Subtotal		10.555	271,202	-	-	-	253,354	271,202	17,848	-
Seamless Summer Option (SSO) - Breakfast 20-21	211971	10.553	3,605	-	-	-	3,605	3,605	-	-
Seamless Summer Option (SSO) - Breakfast 21-22	221971	10.553	58,587	-	-	-	54,763	58,587	3,824	-
National School Breakfast Program Subtotal		10.553	62,192	-	-	-	58,368	62,192	3,824	-
Extended Summer Food Service Program 2020-2021	210904	10.559	49,759	49,759	16,919	-	16,919	-	-	-
Total Child Nutrition Cluster			383,153	49,759	16,919	-	328,641	333,394	21,672	-
Special Education Cluster - U.S. Department of Education - Passed through the Wayne ISD:										
IDEA Flowthrough:										
IDEA Flowthrough 2021	210450	84.027	144,934	144,934	30,965	-	30,965	-	-	-
IDEA Flowthrough 2022	220450	84.027	178,024	-	-	-	-	169,455	169,455	-
Total Special Education Cluster		84.027	322,958	144,934	30,965	-	30,965	169,455	169,455	-
Other federal awards:										
Passed through the Michigan Department of Education:										
Title I Part A:										
Title I Part A 2021	211530	84.010	52,266	50,200	14,612	-	15,230	618	-	-
Title I Part A 2122	221530	84.010	52,918	-	-	-	29,506	39,001	9,495	-
Total Title I Part A		84.010	105,184	50,200	14,612	-	44,736	39,619	9,495	-
Title II Part A - Improving Teacher Quality:										
Title II Part A 2021	210520	84.367	21,715	20,339	2,317	-	2,428	111	-	-
Title II Part A 2122	220520	84.367	15,636	-	-	-	11,641	11,641	-	-
Total Title II Part A		84.367	37,351	20,339	2,317	-	14,069	11,752	-	-
Title IV Part A - Student Support & Academic Enrich.:										
Title IV Part A 2122	220750	84.424	10,001	-	-	-	8,881	8,900	19	-
Education Stabilization Fund Program										
COVID-19 ESSER Formula Fund I	203710	84.425D	14,781	-	(6,642)	-	6,139	14,781	-	-
COVID-19 ESSER Formula Fund II	213712	84.425D	179,651	-	-	-	164,370	164,370	-	-
COVID-19 ESSER Formula Fund III ARP	213713	84.425U	288,979	-	-	-	128,952	179,095	50,143	-
Total Education Stabilization Fund Program		84.425	463,411	-	(6,642)	-	299,461	356,246	50,143	-
Total U.S. Department of Education noncluster programs			615,947	70,539	8,287	-	367,147	418,517	59,657	-
COVID-19 Pandemic EBT Local Level Costs 20-21 - U.S. Department of Agriculture - Passed through the Michigan Department of Education:	210880	10.649	614	-	-	-	614	614	-	-
Coronavirus Relief Fund - U.S. Department of Treasury Passed through Michigan Department of Education										
COVID-19 11p - CRF School Aid	20-21	21.019	270,655	265,863	(4,792)	-	-	4,792	-	-
Total federal awards			1,593,327	531,095	51,379	\$ -	727,367	926,772	250,784	\$ -

PLYMOUTH SCHOLARS CHARTER ACADEMY

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2022

Revenue from federal sources - As reported on financial statements (includes all funds)	\$	907,517
Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds		23,338
Revenue reported in the governmental funds as available and measurable – Reported in the statement of activities in the prior year		<u>(4,083)</u>
Federal expenditures per the schedule of expenditures of federal awards	\$	<u>926,772</u>

PLYMOUTH SCHOLARS CHARTER ACADEMY

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Plymouth Scholars Charter Academy (the "Academy") under programs of the federal government for the year ended June 30, 2022. 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.

CRF does not apply 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*, but rather applies the U.S. Department of Treasury's guidance and frequently asked questions, as codified in the Federal Register.

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 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance and is included in the schedule of expenditures of federal awards.

PLYMOUTH SCHOLARS CHARTER ACADEMY

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

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 X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X 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 X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
10.553, 10.555, 10.559 84.425	Child Nutrition Cluster Education Stabilization Fund	Unmodified Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X 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	