

Audited Financial Statements

Charyl Stockwell Academy

Howell, Michigan

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Charyl Stockwell Academy

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Charyl Stockwell Academy, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Charyl Stockwell Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Charyl Stockwell Academy, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Charyl Stockwell 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 Charyl Stockwell Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Charyl Stockwell 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 Charyl Stockwell 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 budgetary comparison information as detailed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charyl Stockwell Academy's basic financial statements. The accompanying additional supplementary information, as identified in the Table of Contents, including 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* are presented for purposes 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 additional supplementary information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2023, on our consideration of Charyl Stockwell Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Charyl Stockwell 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 Charyl Stockwell Academy's internal control over financial reporting and compliance.



Croskey Lanni, PC

Rochester, Michigan
October 30, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

Charyl Stockwell Academy is Preschool through 12th grade Public School Academy District located in Howell and Brighton, Michigan. This Management’s Discussion and Analysis, a requirement of GASB 34, is intended to be the Charyl Stockwell Academy administration’s discussion and analysis of the financial results for the fiscal year ended June 30, 2023.

FINANCIAL HIGHLIGHTS OF THE ACADEMY

Table 1 - Basic Financial Information

	Current Fiscal Year	Prior Fiscal Year
State Aid Funding Per Pupil	\$ 9,150	\$ 8,700
Enrollment	1,233.12	1,145.71
General Fund Balance Increase/(Decrease)	\$ 634,129	\$ (24,192)
General Fund Balance as Percent of Unrestricted State Aid Revenue	13%	9%

OVERVIEW OF THE FINANCIAL STATEMENTS

U.S. generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: Academy-wide Financial Statements and Fund Financial Statements.

FUND FINANCIAL STATEMENTS

For the most part, the fund financial statements are comparable to general purpose financial statements. The primary difference is that the Account Groups: General Fixed Assets and General Long-Term Debt are no longer reported. The fund level statements are reported on a modified accrual basis. Only those assets that are “measurable” and “currently available” are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education’s “Accounting Manual.” In the State of Michigan, the Academy’s major instruction and instructional support activities are reported in the General Fund. Additional governmental activities are reported in their relevant Special Revenue Funds.

In the fund financial statement, capital assets purchased are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year’s payments of principal and interest on long-term obligations are recorded as expenditures. Future year’s debt obligations are not recorded.

The academy has one kind of fund:

Governmental fund – Most of the Academy’s basic services are included in governmental funds which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that 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. Because this information does not encompass the additional long-term focus of the academy-wide statements, we provide additional information with the governmental funds statement that explains the relationship (or differences) between them.

ACADEMY - WIDE FINANCIAL STATEMENTS

The Academy-wide financial statements are maintained using the “full accrual” basis. They report all of the Academy’s assets and liabilities, both short and long term, regardless if they are “currently available” or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the Academy are reported in the Statement of Net Position of the Academy-wide financial statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Academy’s budget for the year. Figure A-1 shows how the various parts of the annual report are arranged and related to one another.

Figure A-1 Organization of Charyl Stockwell Academy’s Annual Financial Report

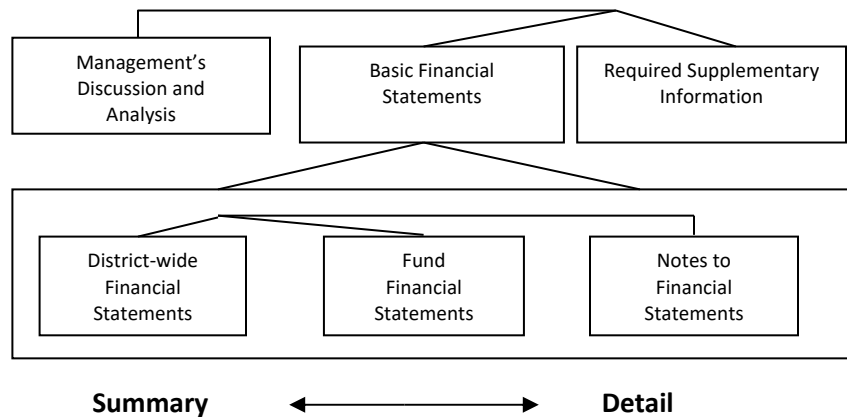


Figure A-2 summarizes the major features of the Academy’s financial statements, including the portion of the Academy’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A – 2 Major Features of the Academy-Wide and Fund Financial Statements

	Academy-wide statements	Fund Financial Statements
Scope	Entire academy (except fiduciary funds)	All activities of the academy that are not fiduciary
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

Table 2 - Financial Results

	Current Fiscal Year	Prior Fiscal Year
Ending General Fund Balance	\$ 1,568,819	\$ 934,690
Total General Fund Revenue	\$ 15,546,277	\$ 13,140,070
State Aid Foundation Allowance as percent of Academy Revenues	78%	83%
Total Cost of Instructional Programs	\$ 6,476,322	\$ 6,743,099
Instructional Expenditures as percent of Total Expenditures	47%	39%
Total Cost of Support/Operational Services	\$ 6,277,834	\$ 9,505,035
Support/Operational Services as percent of Total Expenditures	45%	55%
Total Expenditures transferred to Debt Service	\$ 1,113,729	\$ 1,109,940
Transfer to Debt Service as percent of Total Expenditures	8%	6%

ACADEMY GOVERNMENTAL ACTIVITIES

Summary of Net Position

The following summarizes the net position at fiscal year ended June 30, 2023 and 2022:

During the fiscal year ended June 30, 2023, the Academy's net position increased by \$1,380,957 compared to a net decrease of \$974,513 in the prior fiscal year. The most significant difference between prior year and current year is the total general fund revenue increased and total general fund expenditures decreased.

Table 3 - Net Position Detail

	2023	2022
Assets		
Current Assets	\$ 6,272,586	\$ 5,013,759
Capital Assets	23,189,819	22,715,276
Less: Accumulated Depreciation	(8,908,777)	(7,960,906)
Capital Assets, Net Book Value	14,281,042	14,754,370
Total Assets and Deferred Outflows	\$ 20,553,628	\$ 19,768,129
Liabilities		
Current Liabilities	\$ 3,212,075	\$ 3,117,431
Long-term Liabilities	16,974,730	17,664,832
Total Liabilities and Deferred Inflows	\$ 20,186,805	\$ 20,782,263
Net Position		
Invested in Capital Assets, Net of Related Debt (Deficit)	\$ (3,394,933)	\$ (3,641,802)
Restricted	2,325,072	1,737,038
Unrestricted	1,436,684	890,630
Total Net Position	\$ 366,823	\$ (1,014,134)

Results of Operations

For the fiscal year ended June 30, 2023 and 2022, the Academy-wide results of operations were:

Table 4 - Change in Net Position

	2023		2022	
	Amount	% of Total	Amount	% of Total
General Revenue:				
State of Michigan Aid - All Sources	\$ 11,287,971	72.82%	\$ 10,167,309	76.15%
Other	454,662	2.93%	6,702	0.05%
Total General Revenue	11,742,633	75.75%	10,174,011	76.20%
Program Revenue:				
Charges for Services	738,681	4.77%	805,127	6.03%
Operating Grants - Federal and State	3,020,775	19.48%	2,372,011	17.77%
Total Program Revenue	3,759,456	24.24%	3,177,138	23.80%
Total Revenue	15,502,089	100.00%	13,351,149	100.00%
Expenses:				
Instruction and Instructional Services	6,476,322	45.86%	6,743,099	47.07%
Support Services	5,125,634	36.30%	5,327,656	37.19%
Community Services	533,426	3.78%	279,672	1.95%
Unallocated Depreciation / Amortization	947,870	6.71%	947,966	6.62%
Interest on Long-term Debt	1,037,880	7.35%	1,027,269	7.17%
Total Expenses	14,121,132	100.00%	14,325,662	100.00%
Change in Net Position	<u>\$ 1,380,957</u>		<u>\$ (974,513)</u>	

State of Michigan Aid and Other Factors affecting Revenue

The State of Michigan aid is determined by the following variables:

- Per Student, Foundation Allowance: Annually, the State of Michigan sets the per student foundation allowance. Charyl Stockwell Academy foundation allowance was \$9,150.
- Student Enrollment: The Academy's student enrollment blend for 2022-23 was 1,233. To calculate total state aid, during the 2022-23 school year, a blend of 90% of the adjusted current-year fall count of and 10% of the prior-year spring count was multiplied by the Academy's foundation allowance.
- Total Section 25e adjustments of 1.38 FTE or \$12,627 in additional state aid.
- Additional federal funding was available during the 2022-23 fiscal year to supplement programs. This funding is expected to be available again in fiscal year 2023-24.

Subsequent to year-end June 30, 2023, preliminary student enrollments for 2023-24 indicate that the 2023 fall student enrollment may be slightly higher than the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Uniform Budget Act of the State of Michigan requires that the local Board of Directors approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. Over the course of the year, the Academy revised the annual operating budget two times. These budget amendments fall into several categories:

Changes were made in the second and fourth quarters to account change in student enrollment, federal funding, and changes in assumptions (e.g. staffing changes, instructional, transportation, and community services) since the original budget was adopted.

The Academy's revenues and transfers out from the General Fund operations exceeded expenditures by \$634,129 for the fiscal year ended June 30, 2023.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Academy's net investment in capital assets decreased by \$473,327 during the fiscal year. This can be summarized as follows:

Table 5 - Capital Assets

	Beginning		Disposals	Ending	
	Balance 6/30/22	Additions		Balance 6/30/23	
Non-Depreciable Capital Assets (Land)	\$ 2,505,812	\$ -	\$ -	\$ 2,505,812	
Right to use assets	4,365,707	-	-	4,365,707	
Building	14,619,683	455,703	-	15,075,386	
Equipment	294,928	-	-	294,928	
Furniture	208,431	7,405	-	215,836	
Computers	720,715	11,435	-	732,150	
Less: Accumulated Depreciation / Amortization	7,960,907	947,870	-	8,908,777	
Net Investment in Capital Assets	\$ 14,754,369	\$ (473,327)	\$ -	\$ 14,281,042	

Depreciation/Amortization Expense

GASB 34 requires Public School Academies to maintain a record of annual depreciation/amortization expense and accumulated depreciation/amortization. The net increase in accumulated depreciation/amortization expense is a reduction in net assets in the entity-wide financial statements. Depreciation/amortization is not recognized in the fund financial statements and has been noted as a reconciling item in the Academy's financial statements.

For fiscal year ended June 30, 2023, the net increase in accumulated depreciation/amortization was \$947,870.

Depreciation/amortization expense is recorded on a straight-line basis over the estimated useful lives of assets. In accordance with U.S. generally accepted accounting principles (GAAP), depreciation/amortization expense is recorded based on the original cost of the asset, less an estimated salvage value.

Debt, Principal Payments

A summary of long-term debt service activities is as follows:

Table 6 - Debt, Principal Payments

	Balance 6/30/2022	New Financings	Principal Payments	Balance 6/30/2023
Revenue Bonds	\$ 14,375,000	\$ -	\$ 300,000	\$ 14,075,000
Other Long-Term Debt	46,966	-	46,966	-
Direct borrowing	4,335,732		388,294	3,947,438
Total Long-term Obligations	<u>\$ 18,757,698</u>	<u>\$ -</u>	<u>\$ 735,260</u>	<u>\$ 18,022,438</u>

ECONOMIC FACTORS BEARING ON THE ACADEMY'S FUTURE

The Preliminary Budget for the 2023-24 Fiscal Year was adopted by the Board of Directors in June 2023. Few definite factors were known as the budget was being drafted, and others were unknown and needed to be projected with management's best estimates based on perceived interest from the community. Some key factors and estimates used in the 2023-24 budget preparation process include:

- Continued approach to budgeting enrollment conservatively;
- Continued staff salary increases to assure retention;
- State Aid Foundation is estimated with a \$350 per pupil increase, subsequent to year end the Foundation allowance was increased by \$458 per pupil.
- Continued improvement of academic achievement through changes in academic programs.

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 School Districts and Public School Academies. The State periodically holds revenue-estimating conferences to estimate what the State's available resources will be throughout the remainder of its fiscal year. In spite of the current economic uncertainties we remain cautiously confident that the State will find the resources to sufficiently fund current appropriations.

CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our students, parents and creditors 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 or need additional information, contact the Academy's office at 9758 East Highland Road, Howell, MI 48843.

CHARYL STOCKWELL ACADEMY

STATEMENT OF NET POSITION JUNE 30, 2023

ASSETS AND DEFERRED OUTFLOWS

Current Assets

Cash and cash equivalents	\$ 1,264,133
Investments - restricted for debt service and capital projects	1,829,899
Accounts receivable	1,434
Deposits	23,143
Due from other governmental units	2,328,168
Prepaid expenses	825,809
	<hr/>
Total current assets	6,272,586

Capital Assets - Net of Accumulated Depreciation / Amortization

14,281,042

Total assets and deferred outflows

\$ 20,553,628

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current Liabilities

Accounts payable	\$ 602,887
Notes payable	1,350,000
Unearned revenue	338,570
Other accrued expenses	219,373
Long-term debt - current portion	701,245
	<hr/>
Total current liabilities	3,212,075

Long-Term Debt - Long-Term Portion

16,974,730

Net Position

Net investment in capital assets	(3,394,933)
Restricted for debt services, capital projects and student activities	2,325,072
Unrestricted	1,436,684
	<hr/>
Total net position	366,823
	<hr/>
Total liabilities, deferred inflows and net position	<u>\$ 20,553,628</u>

See accompanying notes to financial statements

CHARYL STOCKWELL ACADEMY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants	Government Type Activities
Functions				
Instruction				
Basic programs	\$ 5,082,627	\$ 738,681	\$ 779,778	\$ (3,564,168)
Added needs	1,393,695	-	1,393,695	-
Support services				
Pupil support services	599,437	-	268,813	(330,624)
Instructional staff support services	267,593	-	-	(267,593)
General administration	1,237,330	-	-	(1,237,330)
School administration	1,117,840	-	33,220	(1,084,620)
Business support services	76,522	-	-	(76,522)
Operations and maintenance	1,379,527	-	58,303	(1,321,224)
Pupil transportation services	119,626	-	-	(119,626)
Central support services	90,515	-	-	(90,515)
Athletic activities	178,439	-	-	(178,439)
Other student activities	34,375	-	-	(34,375)
Community services	533,426	-	486,966	(46,460)
Facilities acquisition, construction and improvements	24,430	-	-	(24,430)
Unallocated depreciation / amortization	947,870	-	-	(947,870)
Unallocated interest	1,037,880	-	-	(1,037,880)
 Total primary government	 \$ 14,121,132	 \$ 738,681	 \$ 3,020,775	 (10,361,676)
 General Purpose Revenues				
State school aid - unrestricted				11,287,971
Earnings on investments				46,327
Miscellaneous revenues				408,335
 Total general purpose revenues				 11,742,633
 Change in net position				 1,380,957
 Net position - July 1, 2022				 (1,014,134)
 Net position - June 30, 2023				 \$ 366,823

See accompanying notes to financial statements

CHARYL STOCKWELL ACADEMY

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2023

ASSETS

	General	Debt Service	Non-Major	Total
Cash and cash equivalents	\$ 1,224,310	\$ -	\$ 39,823	\$ 1,264,133
Investments	-	1,725,933	103,966	1,829,899
Accounts receivable	1,434	-	-	1,434
Deposits	23,143	-	-	23,143
Due from other governmental units	2,328,168	-	-	2,328,168
Due from other funds	-	-	68,142	68,142
Prepaid expenses	431,240	-	394,569	825,809
Total assets	\$ 4,008,295	\$ 1,725,933	\$ 606,500	\$ 6,340,728

LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE

Liabilities

Accounts payable	\$ 602,887	\$ -	\$ -	\$ 602,887
Notes payable	1,350,000	-	-	1,350,000
Due to other funds	60,781	-	7,361	68,142
Unearned revenue	338,570	-	-	338,570
Other accrued expenses	87,238	-	-	87,238
Total liabilities	2,439,476	-	7,361	2,446,837

Fund Balance

Nonspendable	454,383	-	-	454,383
Restricted	-	1,725,933	599,139	2,325,072
Unassigned	1,114,436	-	-	1,114,436
Total fund balance	1,568,819	1,725,933	599,139	3,893,891
Total liabilities, deferred inflows of resources and fund balance	\$ 4,008,295	\$ 1,725,933	\$ 606,500	\$ 6,340,728

See accompanying notes to financial statements

CHARYL STOCKWELL ACADEMY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Total Governmental Fund Balances	\$ 3,893,891
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$23,189,819 and the accumulated depreciation / amortization is \$8,908,777.	14,281,042
Interest is not payable until due in governmental activities and, therefore, is not recorded in the funds.	(132,135)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(17,675,975)</u>
Net Position of Governmental Activities	<u><u>\$ 366,823</u></u>

See accompanying notes to financial statements

CHARYL STOCKWELL ACADEMY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Non-Major</u>	<u>Total</u>
Revenues				
Local sources	\$ 1,147,017	\$ 43,778	\$ 2,547	\$ 1,193,342
State sources	12,084,683	-	-	12,084,683
Federal sources	1,523,697	-	-	1,523,697
Interdistrict sources	790,880	-	-	790,880
Total governmental fund revenues	15,546,277	43,778	2,547	15,592,602
Expenditures				
Instruction				
Basic programs	5,082,627	-	-	5,082,627
Added needs	1,393,695	-	-	1,393,695
Support services				
Pupil support services	599,437	-	-	599,437
Instructional staff support services	267,593	-	-	267,593
General administration	1,237,330	-	-	1,237,330
School administration	1,117,840	-	-	1,117,840
Business support services	74,872	1,650	-	76,522
Operations and maintenance	1,379,527	-	-	1,379,527
Pupil transportation services	119,626	-	-	119,626
Central support services	90,515	-	-	90,515
Athletic activities	178,439	-	-	178,439
Other student activities	-	-	34,375	34,375
Community services	533,426	-	-	533,426
Facilities acquisition, construction and improvements	-	-	24,430	24,430
Capital outlay	18,840	-	455,703	474,543
Debt principal and interest	660,389	1,100,125	-	1,760,514
Total governmental fund expenditures	12,754,156	1,101,775	514,508	14,370,439
Excess (deficiency) of revenues over expenditures	2,792,121	(1,057,997)	(511,961)	1,222,163
Other Financing Sources (Uses)				
Operating transfers in	-	1,113,729	1,044,263	2,157,992
Operating transfers out	(2,157,992)	-	-	(2,157,992)
Total other financing sources (uses)	(2,157,992)	1,113,729	1,044,263	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	634,129	55,732	532,302	1,222,163
Fund balance - July 1, 2022	934,690	1,670,201	66,837	2,671,728
Fund balance - June 30, 2023	<u>\$ 1,568,819</u>	<u>\$ 1,725,933</u>	<u>\$ 599,139</u>	<u>\$ 3,893,891</u>

See accompanying notes to financial statements

CHARYL STOCKWELL ACADEMY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$	1,222,163
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.

Capital outlay	\$	474,543	
Depreciation and amortization expense		<u>(947,870)</u>	(473,327)

Revenue is reported in the statement of activities when earned, but not reported in the funds until collected or collectible within 60 days of year end.	(90,513)
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The governmental funds report loan proceeds as an other financing source, while repayment of loan principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general loan obligations is as follows:

Repayment of loan principal	\$	735,260	
Interest expense		<u>(12,626)</u>	<u>722,634</u>

Change in Net Position of Governmental Activities	\$	<u>1,380,957</u>
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See accompanying notes to financial statements

CHARYL STOCKWELL ACADEMY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Charyl Stockwell Academy (the “Academy”) conform to generally accepted accounting principles applicable to public school academies. The following is a summary of the significant accounting policies:

Reporting Entity

Charyl Stockwell Academy was formed as a public school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994. The Academy filed articles of incorporation as a nonprofit corporation pursuant to the provisions of the Michigan Nonprofit Corporation Act of 1982, as amended, on May 1995, and began operation in September 1996.

In April 2013, the Academy entered into a ten-year contract with Central Michigan University’s Board of Trustees, beginning in July 2013 and expiring June 2023. The contract has been subsequently renewed for an additional ten years through June 2033. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State constitution. The University’s Board of Trustees is the fiscal agent for the Academy and is responsible for overseeing the Academy’s compliance with the contract and all applicable laws. The Academy pays Central Michigan University’s Board of Trustees three percent of state aid as administrative fees. Total administrative fees paid for the year ended June 30, 2023 were approximately \$344,100.

In July 2013, the Academy entered into a ten-year agreement with CS Partners, LLC. This agreement has been subsequently renewed to run concurrently with their authorizer agreement. Under the terms of this agreement, CS Partners, LLC provides a variety of management services including the support of the Academy’s instructional and operational systems, as well as human resource functions. The Academy is obligated to pay CS Partners, LLC a fee of no more than 10% of its total received from the state through the termination of the contract. Per the contract, fees charged for these services amounted to \$760,942 for the year ended June 30, 2023.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operation of financial relationships with the public school academy. Based on application of criteria, the Academy does not contain component units.

Fund Financial Statements

Fund financial statements report detailed information about the Academy. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Basis of Presentation – Fund Accounting

The accounts of the Academy are organized on the basis of funds. The operations of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. Government resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the combined financial statements in this report, into generic fund types in two broad fund categories.

CHARYL STOCKWELL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental Funds

A governmental fund is a fund through which most Academy functions typically are financed. The acquisition, use and balances of the Academy's expendable financial resources and the related current liabilities, are accounted for through a governmental fund.

General Fund - The general fund is used to record the general operations of the Academy pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Fund (Student Activities) – The Academy presently maintains an activity fund to record the transactions of student groups for school and school-related purposes. The student activity fund is a subsidiary operation and is an obligation of the general fund. Therefore, any shortfall in the student activity fund will be covered by an operating transfer from the general fund.

Debt Service Fund - The debt service fund is used to record certain revenue and the payment of interest, principal and other expenditures on long-term debt.

Capital Projects Fund - The capital projects fund accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities.

Governmental and agency funds utilize the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

- a. Revenue that is both measurable and available for use to finance operations is recorded as revenue when earned. Revenues are considered to be available when they are collectible 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 sixty days of the end of the current fiscal period.
- b. Payments for inventorable types of supplies, which are not significant at year end, are recorded as expenditures at the time of purchase.
- c. Principal and interest of general long-term debt are not recorded as expenditures until their due dates.
- d. The State of Michigan utilizes a foundation allowance funding approach, which provides for specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenue from state sources is primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with state law. A major portion of the Academy's revenue is derived from this state aid. As such, the Academy is considered to be economically dependent on this aid. The Academy's existence is dependent upon qualification for such aid.

CHARYL STOCKWELL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationships between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the Academy and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. The Academy does not allocate indirect expenses to programs. In creating the government-wide financial statements the Academy has eliminated inter-fund transactions. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or function is self-financing or draws from the general revenues of the Academy. When both restricted and unrestricted resources are available for use, it is the Academy's policy to use restricted resources first.

Net position should be reported as restricted when constraints placed on net position's use is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Academy first utilizes restricted resources to finance qualifying activities.

Cash and Cash Equivalents

The Academy's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition. The Academy reports its investments in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and GASB No. 40, Deposit and Investment Risk Disclosures. Under these standards, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Academy intends to hold the investment until maturity. The Academy held investments in mutual funds that invest solely in U.S. Treasury obligations. The funds are held in trust for debt service and capital projects. State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, saving accounts, deposit accounts, and or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Corporation or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Academy is also authorized to invest in U.S. Government or Federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

CHARYL STOCKWELL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Receivables

Receivables at June 30, 2023 consist primarily of state school aid due from the State of Michigan and the federal government. All receivables are expected to be fully collected in July and August of 2023 and are considered current for the purposes of these financial statements.

Prepaid Assets

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

Capital Assets and Depreciation

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions or retirements during the year. The Academy follows the policy of not capitalizing assets with a useful life of less than one year. The Academy does not possess any infrastructure assets.

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Right to use assets of the Academy are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. Depreciation is computed using the straight-line method over the following useful lives:

Building and improvements	10 – 50 years
Furniture and equipment	5 – 15 years
Computers and software	3 – 10 years

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of capital leases that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

CHARYL STOCKWELL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Position

Net position represents the difference between assets, deferred outflows and liabilities, and deferred inflows. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Equity

The Academy has adopted GASB 54 as part of its fiscal year reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Academy's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. This category typically includes prepaid items and inventories.

In addition to nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- a. *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The balances shown as restricted, include \$1,725,933 of resources held in trust for the payment of revenue bond obligations.
- b. *Committed fund balance* – amounts constrained to specific purposes by the Board; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.
- c. *Assigned fund balance* – amounts the Board intends to use for a specific purpose; intent can be expressed by the Board or by an official or committee to which the Board delegates the authority.
- d. *Unassigned fund balance* – amounts that are available for any purpose; these amounts are reported only in the general fund.

The Academy follows the policy that restricted, committed, or assigned amounts will be considered to have been spent when an expenditure is incurred for purposes for which both unassigned and restricted, committed, or assigned fund balances are available. There are no governmental funds with a deficit.

Leases

The Academy is a lessee for a noncancelable lease of a building. The Academy recognizes a lease/SBITA liability and an intangible right-to-use lease/SBITA asset in the government-wide financial statements.

CHARYL STOCKWELL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

At the commencement of a lease/subscription, the Academy initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/SBITA term. Subsequently, the lease/SBITA liability is reduced by the principal portion of lease/SBITA payments made. The lease/SBITA asset is initially measured as the initial amount of the lease/SBITA liability, adjusted for lease/SBITA payments made at or before the lease/SBITA commencement date, plus certain initial direct costs. Subsequently, the lease/SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases included how the Academy determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value, (2) lease/SBITA term, and (3) lease/SBITA payments.

- The Academy uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Academy generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITA.
- The lease/SBITA term includes the noncancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the Academy is reasonably certain to exercise.

The Academy monitors changes in circumstances that would require a remeasurement of its lease/SBITA and will remeasure the lease/SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liability.

Lease/SBITA assets are reported with other capital assets and lease/SBITA liabilities are reported with long-term obligations on the statement of net position.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Upcoming Accounting Pronouncements

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

CHARYL STOCKWELL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a consistent basis with accounting principles generally accepted in the United States of America and state law for the general fund. All annual appropriations lapse at fiscal year end and encumbrances are not formally recorded.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. The Academy is required by law to adopt a general fund budget. During the year ended June 30, 2023 the budget was amended in a legally permissible manner. A comparison of the budget versus actual can be found on page 20 of these financial statements.

NOTE 3 - DEPOSITS AND INVESTMENTS

As of June 30, 2023, the Academy had the following investments:

<u>Type</u>	<u>S&P Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			\$ 1,264,133
Investments:			
U.S. Treasury and agency obligations	AAAm	Various	<u>1,829,899</u>
Total deposits and investments			<u>\$ 3,094,032</u>

CHARYL STOCKWELL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

The above amounts are reported in the financial statements as follows:

Deposits:

Cash - General Fund	\$ 1,224,310
Cash - Special Revenue Fund - Student Activities	39,823

Investments:

Investments - Debt Service Fund	1,725,933
Investments - Capital Projects Fund	<u>103,966</u>

Total deposits and investments	<u><u>\$ 3,094,032</u></u>
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Interest Rate Risk

In accordance with its investment policy, the Academy will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Academy's cash requirements.

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2023, the Academy's investments were rated AAAM by Standards & Poor's and Aaa by Moody's Investors Service.

Concentration of Credit Risk

The Academy will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5% of the Academy's investments are in pooled investment accounts which represent 100% of the Academy's total investments.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2023, \$982,507 of the Academy's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of June 30, 2023.

CHARYL STOCKWELL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Academy will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Academy will do business.

Foreign Currency Risk

The Academy is not authorized to invest in investments which have this type of risk.

Fair Value

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Academy has the ability to access.
- b. Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- c. Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The observable inputs should be developed based on the best information available in the circumstances and may include the Academy's own data.)

The Academy does not have any investments that are subject to the fair value measurement.

CHARYL STOCKWELL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

State sources	\$ 2,241,951
Federal sources	<u>86,217</u>
Total	<u>\$ 2,328,168</u>

NOTE 5 - CAPITAL ASSETS

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

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2023</u>
Capital assets not subject to depreciation				
Land	\$ 2,505,812	\$ -	\$ -	\$ 2,505,812
Capital assets subject to depreciation / amortization				
Right to use - assets	4,365,707	-	-	4,365,707
Building	14,619,683	455,703	-	15,075,386
Equipment	294,928	-	-	294,928
Furniture	208,431	7,405	-	215,836
Computer	<u>720,715</u>	<u>11,435</u>	<u>-</u>	<u>732,150</u>
Total asset cost basis	22,715,276	474,543	-	23,189,819
Accumulated depreciation / amortization				
Right to use - assets	463,541	463,541	-	927,082
Building	6,312,419	474,055	-	6,786,474
Equipment	271,128	4,906	-	276,034
Furniture	195,178	3,423	-	198,601
Computer	<u>718,641</u>	<u>1,945</u>	<u>-</u>	<u>720,586</u>
Sub-total	<u>7,960,907</u>	<u>947,870</u>	<u>-</u>	<u>8,908,777</u>
Total net capital assets	<u>\$ 14,754,369</u>	<u>\$ (473,327)</u>	<u>\$ -</u>	<u>\$ 14,281,042</u>

Depreciation and amortization expense was not charged to activities as the Academy considers its assets to impact multiple activities and allocation is not practical.

CHARYL STOCKWELL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6 – NOTES PAYABLE

Notes payable as of June 30, 2023 can be summarized as follows:

Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
SAAN 21/22 [A]	3.75%	August, 2022	Paid in full
SAAN 21/22 [B]	3.75%	August, 2022	Paid in full
SAAN 22/23 [A]	4.33%	August, 2023	Issued to provide the Academy with funds to finance its operations; secured by future state aid payments
SAAN 22/23 [B]	5.89%	August, 2023	Issued to provide the Academy with funds to finance its operations; secured by future state aid payments

Loan Activity

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2023</u>
SAAN 21/22 [A]	\$ 700,000	\$ -	\$ 700,000	\$ -
SAAN 21/22 [B]	500,000	-	500,000	-
SAAN 22/23 [A]	-	2,000,000	1,000,000	1,000,000
SAAN 22/23 [B]	-	800,000	450,000	350,000
Total notes payable	<u>\$ 1,200,000</u>	<u>\$ 2,800,000</u>	<u>\$ 2,650,000</u>	<u>\$ 1,350,000</u>

NOTE 7 – OTHER ACCRUED EXPENSES

Other accrued expenses as of June 30, 2023 may be summarized as follows:

	<u>Net Position</u>	<u>Funds</u>
University oversight fee	\$ 67,321	\$ 67,321
Other expenditures	12,721	12,721
Interest	139,331	7,196
Total other accrued expenses	<u>\$ 219,373</u>	<u>\$ 87,238</u>

CHARYL STOCKWELL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 8 - LONG-TERM OBLIGATIONS PAYABLE

The following is a summary of long-term obligations for the Academy during the year ended June 30, 2023:

Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Monthly Installments</u>	<u>Original Issue Amount</u>
Business loan 1	4.50%	July, 2023	\$ 3,700	\$ 237,659
Direct borrowing - building	5%	June, 2031	45,023	4,298,281
Direct borrowing - buses	5%	June, 2023	2,932	67,426
Revenue bonds	4.88% - 5.75%	October, 2045	Varying	15,925,000

Loan Activity

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Business loan 1	\$ 46,966	\$ -	\$ 46,966	\$ -	\$ -
Direct borrowing - building	4,301,391	-	353,953	3,947,438	381,245
Direct borrowing - buses	34,341	-	34,341	-	-
Revenue bonds	14,375,000	-	300,000	14,075,000	320,000
	<u>\$ 18,757,698</u>	<u>\$ -</u>	<u>\$ 735,260</u>	18,022,438	<u>\$ 701,245</u>
Less unamortized discount				<u>346,463</u>	
Total loan activity				<u>\$ 17,675,975</u>	

Following are maturities of long-term obligations for principal and interest for the next five years and in total:

	<u>Principal</u>	<u>Interest</u>
2024	\$ 701,245	962,648
2025	745,012	929,303
2026	797,336	891,726
2027	847,351	851,722
2028	895,991	809,153
2029 - 2033	4,045,503	3,372,147
2034 - 2038	3,025,000	2,534,775
2039 - 2043	3,985,000	1,570,038
2044 - 2046	<u>2,980,000</u>	<u>349,313</u>
	<u>\$ 18,022,438</u>	<u>\$ 12,270,825</u>

CHARYL STOCKWELL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9 - INTERFUND TRANSFERS

During the normal course of the school year the Academy transferred amounts between its funds as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Transfer In	\$ -	\$ 1,113,729	\$ 1,044,263
Transfer Out	2,157,992	-	-

As stipulated by the Academy's revenue bond agreement as described in Note 8, the Academy must transfer 20% of its state aid to a trustee. The trustee retains the required portion for debt service and returns the remainder to the Academy. These above transactions account for the major activity in the Academy's interfund transfer accounts.

NOTE 10 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions. The Academy has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

SUPPLEMENTARY INFORMATION

CHARYL STOCKWELL ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local sources	\$ 703,288	\$ 822,503	\$ 1,147,017	\$ 324,514
State sources	12,097,408	12,383,859	12,084,683	(299,176)
Federal sources	1,549,707	1,661,675	1,523,697	(137,978)
Interdistrict sources	820,000	1,109,564	790,880	(318,684)
Total general fund revenues	15,170,403	15,977,601	15,546,277	(431,324)
Expenditures				
Instruction				
Basic programs	5,503,150	5,314,710	5,082,627	(232,083)
Added needs	1,274,307	1,410,466	1,393,695	(16,771)
Support sources				
Pupil support services	554,020	749,897	599,437	(150,460)
Instructional staff support services	287,279	280,000	267,593	(12,407)
General administration	1,271,958	1,304,235	1,237,330	(66,905)
School administration	1,195,889	1,168,728	1,117,840	(50,888)
Business support services	67,911	71,773	74,872	3,099
Operations and maintenance	1,165,653	1,527,390	1,379,527	(147,863)
Pupil transportation services	99,655	121,184	119,626	(1,558)
Central support services	79,522	86,522	90,515	3,993
Athletic activities	170,194	171,000	178,439	7,439
Community services	780,673	658,441	533,426	(125,015)
Capital outlay	18,840	18,840	18,840	-
Debt principal and interest	-	662,275	660,389	(1,886)
Total general fund expenditures	12,469,051	13,545,461	12,754,156	(791,305)
Excess (deficiency) of revenues over expenditures	2,701,352	2,432,140	2,792,121	359,981
Other Financing Sources (Uses)				
Operating transfers out	(2,457,123)	(1,962,053)	(2,157,992)	(195,939)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	244,229	470,087	634,129	164,042
Fund balance - July 1, 2022	934,690	934,690	934,690	-
Fund balance - June 30, 2023	\$ 1,178,919	\$ 1,404,777	\$ 1,568,819	\$ 164,042

CHARYL STOCKWELL ACADEMY

COMBINING BALANCE SHEET – NON-MAJOR FUNDS JUNE 30, 2023

ASSETS

	<u>Special Revenue - Student Activities</u>	<u>Capital Projects</u>	<u>Total</u>
Cash and cash equivalents	\$ 39,823	\$ -	\$ 39,823
Investments	-	103,966	103,966
Due from other funds	-	68,142	68,142
Prepaid expenses	-	394,569	394,569
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 39,823</u>	<u>\$ 566,677</u>	<u>\$ 606,500</u>

LIABILITIES AND FUND BALANCE

Liabilities

Due to other funds	\$ 7,361	\$ -	\$ 7,361
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Fund Balance

Restricted	<u>32,462</u>	<u>566,677</u>	<u>599,139</u>
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Total liabilities and
fund balance

	<u>\$ 39,823</u>	<u>\$ 566,677</u>	<u>\$ 606,500</u>
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CHARYL STOCKWELL ACADEMY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE – NON-MAJOR FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Special Revenue - Student Activities</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues			
Local sources	\$ -	\$ 2,547	\$ 2,547
Expenditures			
Support sources			
Other student activities	34,375	-	34,375
Facilities acquisition, construction and improvements	-	24,430	24,430
Capital outlay	-	455,703	455,703
	<u>34,375</u>	<u>480,133</u>	<u>514,508</u>
	-	-	-
Total governmental fund expenditures	<u>34,375</u>	<u>480,133</u>	<u>514,508</u>
Excess (deficiency) of revenues over expenditures	(34,375)	(477,586)	(511,961)
Other Financing Sources (Uses)			
Operating transfers in	-	1,044,263	1,044,263
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(34,375)	566,677	532,302
Fund balance - July 1, 2022	<u>66,837</u>	<u>-</u>	<u>66,837</u>
Fund balance - June 30, 2023	<u>\$ 32,462</u>	<u>\$ 566,677</u>	<u>\$ 599,139</u>

CHARYL STOCKWELL ACADEMY

SCHEDULE OF REVENUES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023

Local Sources

Earnings on investments	\$	1
Student enrichment program		738,681
Other local revenues		<u>408,335</u>
Total local sources		1,147,017

State Sources

At risk		228,338
Early literacy targeted instruction		22,825
Benchmark Assessments		11,187
Career and technical education		738
Headlee obligation for data collection		33,220
Special education		500,404
State aid		<u>11,287,971</u>
Total state sources		12,084,683

Federal Sources

Title I		118,666
Title II A		21,478
Title IV		10,000
Other federal sources		<u>1,373,553</u>
Total federal sources		1,523,697

Interdistrict Sources

		<u>790,880</u>
Total general fund revenues	\$	<u><u>15,546,277</u></u>

CHARYL STOCKWELL ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023

Basic Programs

Purchased services	\$ 4,763,513
Supplies and materials	238,706
Non-depreciable capital assets	35,969
Other expenditures	44,439
	<hr/>
Total basic programs	5,082,627

Added Needs

Purchased services	1,393,695
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Pupil Support Services

Guidance services	147,151
Health services	107,503
Psychological services	24,120
Speech pathology and audiology	189,482
Social work services	131,181
	<hr/>
Total pupil support services	599,437

Instructional Staff Support Services

Purchased services	262,106
Supplies and materials	5,487
	<hr/>
Total instructional staff support services	267,593

General Administration

Purchased services	1,196,242
Other expenditures	41,088
	<hr/>
Total general administration	1,237,330

School Administration

Purchased services	1,111,538
Supplies and materials	5,708
Other expenditures	594
	<hr/>
Total school administration	1,117,840

CHARYL STOCKWELL ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND - Continued FOR THE YEAR ENDED JUNE 30, 2023

Business Support Services

Purchased services	3,074
Other expenditures	<u>71,798</u>
Total business support services	74,872

Operations and Maintenance

Purchased services	683,159
Repairs and maintenance	336,484
Supplies and materials	<u>359,884</u>
Total operations and maintenance	1,379,527

Pupil Transportation Services

Purchased services	69,927
Rentals	35,184
Supplies and materials	<u>14,515</u>
Total pupil transportation services	119,626

Central Support Services

Purchased services	40,281
Supplies and materials	<u>50,234</u>
Total central support services	90,515

Athletic Activities

Purchased services	130,750
Supplies and materials	<u>47,689</u>
Total athletic activities	178,439

Community Services

Purchased services	390,199
Supplies and materials	104,627
Other expenditures	<u>38,600</u>
Total community services	533,426

CHARYL STOCKWELL ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND - Continued
FOR THE YEAR ENDED JUNE 30, 2023

Capital Outlay	18,840
Debt Principal and Interest	<u>660,389</u>
Total general fund expenditures	<u>\$ 12,754,156</u>

APPENDIX

Federal Awards Report



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

**To the Board of Directors
of Charyl Stockwell Academy**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Charyl Stockwell Academy, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Charyl Stockwell Academy's basic financial statements, and have issued our report thereon dated October 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Charyl Stockwell 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 Charyl Stockwell Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Charyl Stockwell 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charyl Stockwell 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Croskey Lanni, PC

Rochester, Michigan
October 30, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Board of Directors
of Charyl Stockwell Academy**

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

We have audited Charyl Stockwell Academy's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Charyl Stockwell Academy's major federal programs for the year ended June 30, 2023. Charyl Stockwell Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Charyl Stockwell Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs 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; 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* (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 Charyl Stockwell 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 Charyl Stockwell 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 Charyl Stockwell Academy's federal programs.

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 Charyl Stockwell 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 generally accepted auditing standards, *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 Charyl Stockwell Academy's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Charyl Stockwell 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 Charyl Stockwell 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 Charyl Stockwell 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.

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.



Croskey Lanni, PC

Rochester, Michigan
October 30, 2023

CHARYL STOCKWELL ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2023

Program Title/Project Number Subrecipient Name	Grant/ Project Number	Federal ALN	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2022	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2023	Current Year Cash Transferred To Subrecipient
U.S. Department of Education -										
Passed through Michigan Department of Education:										
Title I, Part A: Improving Basic Programs Operated by LEAS:										
Title I Part A 2122	221530	84.010A	\$ 87,929	\$ 87,729	\$ 22,028	\$ -	\$ 22,028	\$ -	\$ -	\$ -
Title I Part A 2223	231530	84.010A	118,666	-	-	-	90,354	118,666	28,312	-
Total Title I Part A		84.010A	206,595	87,729	22,028	-	112,382	118,666	28,312	-
Title II, Part A, Supporting Effective Instruction:										
Title II Part A 2122	220520	84.367	23,375	23,375	5,347	-	5,347	-	-	-
Title II Part A 2223	230520	84.367	21,478	-	-	-	21,478	21,478	-	-
Total Title II Part A		84.367	44,853	23,375	5,347	-	26,825	21,478	-	-
Title IV, Part A, Student Support and Academic Enrichment:										
Title IV Part A 2223	230750	84.424A	10,000	-	-	-	10,000	10,000	-	-
Education Stabilization Fund:										
COVID-19 - ESSER III Formula – American Rescue Plan (ARP-ESSER) 2122	213713	84.425U	689,750	75,000	75,000	-	689,750	614,750	-	-
COVID-19 - ESSER III State Equalization Payments (Section 11t) 2122	213723	84.425U	543,635	-	-	-	180,452	238,357	57,905	-
Total Education Stabilization Fund		84.425	1,233,385	75,000	75,000	-	870,202	853,107	57,905	-
Total Federal Awards			<u>\$ 1,494,833</u>	<u>\$ 186,104</u>	<u>\$ 102,375</u>	<u>\$ -</u>	<u>\$ 1,019,409</u>	<u>\$ 1,003,251</u>	<u>\$ 86,217</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards

CHARYL STOCKWELL ACADEMY

RECONCILIATION OF BASIC FINANCIAL STATEMENTS FEDERAL REVENUE AND RECEIVABLES WITH SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2023

Revenue to Expenditures

Revenue from federal sources - As reported on modified accrual financial statements
(includes all funds):

General Fund	\$ 1,523,697
Child Care Stabilization Grant not included on the schedule of expenditures of federal awards	<u>(520,446)</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 1,003,251</u>

CHARYL STOCKWELL ACADEMY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Charyl Stockwell Academy under programs of the federal government for the year ended June 30, 2023. The information in this 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Charyl Stockwell Academy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Charyl Stockwell Academy.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, 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.

NOTE 3 – INDIRECT COST RATE

Charyl Stockwell Academy has elected to not use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

NOTE 4 - NONCASH ASSISTANCE

The value of the noncash assistance received was determined in accordance with the provisions of Uniform Guidance.

NOTE 5 - GRANT AUDITOR REPORT

Management has utilized the Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

CHARYL STOCKWELL ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF THE AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? 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 2 CFR section 200.516(a)?

yes no

Identification of major programs:

Assistance Listing Number(s)
84.425

Name of Federal Program or Cluster
Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B program as described in 2 CFR section 200.518(b):

\$750,000

Auditee qualified as low-risk auditee?

yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE