

NEW LIFE ACADEMY OF EXCELLENCE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Life Academy of Excellence, Inc.
Duluth, Georgia

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Life Academy of Excellence, Inc. as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the New Life Academy of Excellence, Inc.'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 aggregate remaining fund information of the New Life Academy of Excellence, Inc. as of June 30, 2023 and the respective changes in financial position thereof 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 the New Life Academy of Excellence, Inc. and to meet our 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 audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the New Life Academy of Excellence, Inc.'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 error or fraud, 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 auditor 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 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 aggregate, they would influence the judgement 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 risks of material misstatement of the financial statements, whether due to error or fraud, and design and perform audit procedures responsive to those risks. Such procedures include examining on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the New Life Academy of Excellence, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the New Life Academy of Excellence, Inc.'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 our audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management Discussion and Analysis, pension information and budget comparison schedule of the General Fund on pages 4-8 and 32-35, respectively, 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 consist of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2023 on our consideration of the 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 provide an opinion on the internal control over financial reporting or compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Life Academy of Excellence, Inc.'s internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

September 16, 2023
Duluth, Georgia

NEW LIFE ACADEMY OF EXCELLENCE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023

The Board of Directors of New Life Academy of Excellence, Inc. ("NLAE") is pleased to present to readers of the financial statements of NLAE this narrative overview and analysis of the financial activities of NLAE for the fiscal year ended June 30, 2023, its seventeenth year of operation.

FINANCIAL HIGHLIGHTS

NLAE's operations are monitored by its Board of Directors, which meets frequently to review NLAE's operations. At these meetings, the Board discusses all relevant matters, financial and non-financial, that may have relevance to NLAE's financial operations.

NLAE's change in net position for the years ended June 30, 2023 and 2022 is \$130,531 and \$812,798, respectively.

As of June 30, 2023 and 2022, NLAE's cash balance is \$2,446,960 and \$2,307,143, respectively.

Governmental Activities

The net position of NLAE at the close of the fiscal year is \$358,636. At the close of fiscal year 2022, it was \$228,105.

Fund Level

As of the close of the current fiscal year, NLAE's General Fund reported an ending fund balance of \$2,161,398, an increase of \$220,680 from the previous year. This entire amount is unassigned. The fund balance represents 43.1% of total General Fund expenditures.

Long-Term Debt

NLAE's total debt decreased to \$1,876,483 at June 30, 2023, a decrease of \$123,292. This decrease is a result of the principal payments made on the loan payable.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to NLAE's basic financial statements. NLAE's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of NLAE's finances, in a manner similar to a private-sector business.

NEW LIFE ACADEMY OF EXCELLENCE, INC.

(A Nonprofit Organization)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023

The Statement of Net Position (page 9) presents information on all of NLAE's assets, liabilities and deferred inflow of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as useful indicators as to whether the financial position of NLAE is improving or deteriorating.

The Statement of Activities (page 10) presents information showing how NLAE's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements: The fund financial statements begin on page 11 and provide detailed information about the General Fund. A "fund" is a fiscal and accounting entity with a self-balancing set of accounts that NLAE uses to keep track of specific sources of funding and spending for a particular purpose. The General Fund falls into the governmental category.

Governmental Funds - NLAE's basic services are reported in a Governmental Fund, which focuses on how cash flows into and out of the fund and the balances left at year-end that are available for future spending. The Governmental Fund financial statements provide a detailed, short-term view of NLAE's operations and the services it provides. Governmental Fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance NLAE's programs. Because this information does not encompass the long-term focus of the government-wide statements, reconciliations are provided (page 12) to explain the differences between the Governmental Fund Balance Sheet and the Statement of Net Position and between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities (page 14). These funds are reported using the modified accrual basis of accounting, which primarily measures cash and other financial assets available to satisfy current liabilities.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on pages 16 through 31 of this report.

Required Supplementary Information: In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning NLAE's actual revenues and expenses compared to its budget, as well as NLAE's proportionate share of the net pension liability. The required supplementary information can be found on pages 32 through 35.

NEW LIFE ACADEMY OF EXCELLENCE, INC.
(A Nonprofit Organization)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

Net Position as of June 30, 2023 and 2022 is as follows:

	Governmental Activities	
	2023	2022
ASSETS:		
Cash	\$ 2,446,960	\$ 2,307,143
Prepaid Items and Deposits	31,693	13,353
Intangible Right-to-Use Assets, Net of Amortization	81,874	152,053
Capital Assets:		
Depreciable Assets	4,866,793	4,538,789
Accumulated Depreciation	(2,245,873)	(1,978,152)
	<u>2,620,920</u>	<u>2,560,637</u>
TOTAL ASSETS	<u>5,181,447</u>	<u>4,881,133</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Pension Related Items	<u>2,683,470</u>	<u>1,294,734</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,683,470</u>	<u>1,294,734</u>
LIABILITIES:		
Accounts Payable	126,848	240,267
Accrued Interest	4,651	4,958
Loan Payable:		
Due Within One Year	201,629	196,257
Due Within More Than One Year	1,755,238	1,953,946
Net Pension Liability	<u>5,324,423</u>	<u>1,461,614</u>
TOTAL LIABILITIES	<u>7,412,789</u>	<u>3,857,042</u>
DEFERRED INFLOWS OF RESOURCES:		
Pension Related Items	<u>93,492</u>	<u>2,242,773</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>93,492</u>	<u>2,242,773</u>
NET POSITION:		
Net Investment in Capital Assets	744,437	560,863
Unrestricted	<u>(385,801)</u>	<u>(332,758)</u>
TOTAL NET POSITION	<u>\$ 358,636</u>	<u>\$ 228,105</u>

The largest component of NLAE's net position, \$744,437, is reflected as investment in capital assets (e.g., building, equipment and others) net of related debt. The unrestricted net position of governmental activities increased due to the increase in current year change in net position.

NEW LIFE ACADEMY OF EXCELLENCE, INC.
(A Nonprofit Organization)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023

Change in Net Position Years Ended June 30, 2023 and 2022:

The Statement of Activities shows the cost of program services net of the charges for services and grants offsetting those services.

	Governmental Activities	
	2023	2022
REVENUES		
Local Sources	\$ 5,034,406	\$ 4,771,907
Other Sources	60,384	48,087
TOTAL REVENUES	<u>5,094,790</u>	<u>4,819,994</u>
NET EXPENDITURES		
Instruction	2,794,290	2,018,458
Improvement of Instructional Services	58,566	36,276
General Administration	27,664	21,917
School Administration	1,143,732	911,767
Business Administration	142,438	154,835
Maintenance and Operations	299,587	462,827
Student Transportation Services	4,199	895
Educational Media Services	56,473	91,233
School Nutrition	(50,896)	(86,447)
Other Support Services	128,744	64,346
Unallocated Depreciation	267,721	237,370
Interest	91,741	93,719
TOTAL NET EXPENDITURES	<u>4,964,259</u>	<u>4,007,196</u>
CHANGE IN NET POSITION	<u>130,531</u>	<u>812,798</u>
NET POSITION BEGINNING OF YEAR	<u>228,105</u>	<u>(584,693)</u>
NET POSITION AT END OF YEAR	<u>\$ 358,636</u>	<u>\$ 228,105</u>

NEW LIFE ACADEMY OF EXCELLENCE, INC.

(A Nonprofit Organization)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2023

FINANCIAL ANALYSIS OF NLAE'S FUND

As NLAE completed the fiscal year, its Governmental Fund reported a fund balance of \$2,351,805. The Governmental Fund is comprised of two funds: the general fund and school nutrition fund. The General Fund is NLAE's operating fund which has a fund balance of \$2,161,398 as of June 30, 2023.

New Life Academy of Excellence, Inc. General Fund Budgetary Highlights

NLAE adopted the fiscal year 2023 budget in 2022. The final budget for the General Fund contained \$4,769,991 of revenues and \$4,770,383 of expenditures. The actual results were revenues of \$461,265 higher than budget and expenditures of \$240,193 higher than budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

NLAE capitalizes assets acquired in excess of \$1,000. As of June 30, 2023, NLAE had invested \$2,620,920, net of accumulated depreciation, in its capital assets. The following table presents 2023 asset balances compared to 2022 asset balances:

	Governmental Activities	
	2023	2022
Building and building improvements	\$ 2,024,375	\$ 2,101,577
Equipment	218,380	266,715
Furniture and fixtures	378,165	192,345
Total Capital Assets	\$ 2,620,920	\$ 2,560,637

Debt

NLAE has a loan payable with a financial institution that totals \$1,876,483 as of June 30, 2023, compared to an outstanding balance of \$1,999,775 as of June 30, 2022. The loan has a balloon payment that is due in November 2024.

NEW LIFE ACADEMY OF EXCELLENCE, INC.

STATEMENT OF NET POSITION

JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS:	
Cash	\$ 2,446,960
Prepaid Items and Deposits	31,693
Intangible Right-to-Use Assets, Net of Amortization	81,874
Capital Assets:	
Depreciable Assets	4,866,793
Accumulated Depreciation	<u>(2,245,873)</u>
	<u>2,620,920</u>
TOTAL ASSETS	<u>5,181,447</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Related Items	<u>2,683,470</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,683,470</u>
LIABILITIES:	
Accounts Payable	126,848
Accrued Interest	4,651
Long-Term Liabilities:	
Due Within One Year	201,629
Due Within More Than One Year	1,755,238
Net Pension Liability	<u>5,324,423</u>
TOTAL LIABILITIES	<u>7,412,789</u>
DEFERRED INFLOWS OF RESOURCES:	
Pension Related Items	<u>93,492</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>93,492</u>
NET POSITION:	
Net Investment in Capital Assets	744,437
Unrestricted (Deficit)	<u>(385,801)</u>
TOTAL NET POSITION	<u>\$ 358,636</u>

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

NEW LIFE ACADEMY OF EXCELLENCE, INC.

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 2,794,290	\$ -	\$ -	\$ -	\$ (2,794,290)
Support Services:					
Improvement of Instructional Services	58,566	-	-	-	(58,566)
Educational Media Services	56,473	-	-	-	(56,473)
General Administration	27,664	-	-	-	(27,664)
School Administration	1,143,732	-	-	-	(1,143,732)
Business Administration	142,438	-	-	-	(142,438)
Maintenance and Operation of Plant	436,053	-	-	136,466	(299,587)
Student Transportation Services	4,199	-	-	-	(4,199)
School Nutrition	137,559	-	188,455	-	50,896
Other Support Services	128,744	-	-	-	(128,744)
Unallocated Depreciation	267,721	-	-	-	(267,721)
Interest	91,741	-	-	-	(91,741)
Total Governmental Activities	<u>5,289,180</u>	<u>-</u>	<u>188,455</u>	<u>136,466</u>	<u>(4,964,259)</u>

General Revenues:

Funding from Gwinnett County Public Schools	5,034,406
Miscellaneous	<u>60,384</u>
Total General Revenues	<u>5,094,790</u>
Change in Net Position	130,531
Net Position, Beginning of Year	<u>228,105</u>
Net Position, End Of Year	<u>\$ 358,636</u>

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

NEW LIFE ACADEMY OF EXCELLENCE, INC.

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

	<u>General Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash	\$ 2,257,427	\$ 189,533	\$ 2,446,960
Due from other Fund	-	874	874
Prepaid Items and Deposits	<u>31,693</u>	<u>-</u>	<u>31,693</u>
Total Assets	<u>\$ 2,289,120</u>	<u>\$ 190,407</u>	<u>\$ 2,479,527</u>
LIABILITIES:			
Accounts Payable	\$ 126,848	\$ -	\$ 126,848
Due to other Fund	<u>874</u>	<u>-</u>	<u>874</u>
Total Liabilities	127,722	-	127,722
FUND BALANCE:			
Nonspendable for Prepaid Items and Deposits	31,693	-	31,693
Restricted - School Nutrition	-	190,407	190,407
Unassigned	<u>2,129,705</u>	<u>-</u>	<u>2,129,705</u>
Total Fund Balance	<u>2,161,398</u>	<u>190,407</u>	<u>2,351,805</u>
Total Liabilities and Fund Balance	<u>\$ 2,289,120</u>	<u>\$ 190,407</u>	<u>\$ 2,479,527</u>

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

NEW LIFE ACADEMY OF EXCELLENCE, INC.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET POSITION**

JUNE 30, 2023

Total Fund Balances - Governmental Funds	\$	2,351,805
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds.</p>		
Cost of Capital Assets		4,866,793
Less Accumulated Depreciation		(2,245,873)
<p>Right-to-use assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds.</p>		
Leased Building		222,232
Accumulated Amortization - Right-To-Use Assets		(140,358)
<p>The net pension liability is not a financial liability in governmental fund activities and therefore, not reported in governmental funds.</p>		
Net Pension Liability		(5,324,423)
Deferred Outflows Pension Related Items		2,683,470
Deferred Inflows Pension Related Items		(93,492)
<p>Long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities and related amounts at fiscal year-end consist of:</p>		
Loan Payable		(1,876,483)
Lease Liability Payable		(80,384)
Accrued Interest		(4,651)
Total Net Position - Governmental Activities	\$	358,636

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

NEW LIFE ACADEMY OF EXCELLENCE, INC.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Nonmajor Governmental Fund	Total Governmental Funds
REVENUES			
State and County QBE Revenues	\$ 5,034,406	\$ -	\$ 5,034,406
Federal revenues	-	188,455	188,455
State revenues	136,466	-	136,466
Miscellaneous	60,384	-	60,384
Total Revenues	<u>5,231,256</u>	<u>188,455</u>	<u>5,419,711</u>
EXPENDITURES			
Current:			
Instruction	2,566,936	-	2,566,936
Support Services:			
Improvement of Instructional Services	58,566	-	58,566
Educational Media Services	56,473	-	56,473
General Administration	27,664	-	27,664
School Administration	1,046,294	-	1,046,294
Business Administration	142,438	-	142,438
Maintenance and Operation of Plant Services	436,053	-	436,053
Student Transportation Services	4,199	-	4,199
School Nutrition	-	137,559	137,559
Other Support Services	128,610	-	128,610
Capital Outlay:			
Capital Outlay	328,004	-	328,004
Debt Service:			
Debt Service - Principal	123,291	-	123,291
Debt Service - Interest	92,048	-	92,048
Total Expenditures	<u>5,010,576</u>	<u>137,559</u>	<u>5,148,135</u>
Net Change in Fund Balance	<u>220,680</u>	<u>50,896</u>	<u>271,576</u>
Fund Balance - July 1, 2022	<u>1,940,718</u>	<u>139,511</u>	<u>2,080,229</u>
Fund Balance - June 30, 2023	<u>\$ 2,161,398</u>	<u>\$ 190,407</u>	<u>\$ 2,351,805</u>

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

NEW LIFE ACADEMY OF EXCELLENCE, INC.

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Net Change in Fund Balance - Governmental Funds	\$ 271,576
<p>Capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the useful lives as depreciation expense.</p>	
Capital Outlays	328,004
Depreciation Expense	(267,721)
Amortization Expense	(70,179)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>	
Principal Payments on Long Term Debt	123,291
Lease Liability Payments	70,044
<p>Interest expense reported in the Statement of Activities is recorded as incurred, whereas interest expense in the governmental fund statements is reported when paid.</p>	
	307
<p>Governmental funds recognized pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.</p>	
	<u>(324,791)</u>
Change in Net Position - Governmental Activities	<u>\$ 130,531</u>

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

NEW LIFE ACADEMY OF EXCELLENCE, INC.
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2023

	<u>Agency Fund</u>
ASSETS:	
Cash	<u>\$ 20,957</u>
LIABILITIES:	
Funds held for others	<u>\$ 20,957</u>

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

NEW LIFE ACADEMY OF EXCELLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 – DESCRIPTION OF SCHOOL AND REPORTING ENTITY

Reporting Entity

New Life Academy of Excellence, Inc. (NLAE) is a charter school established in 2006 and operated in the state of Georgia and funded by the Gwinnett County Public Schools. NLAE is organized exclusively for educational purposes. The current charter expires June 30, 2024. NLAE currently serves kindergarten to eighth grade.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard setting for establishing governmental accounting and financial reporting principles.

Government-Wide Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by direct revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include charges to students who purchase, use or directly benefit from goods and services provided and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Grants and other revenues not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

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

NEW LIFE ACADEMY OF EXCELLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Financial Statements - Continued

NLAE reports only one major governmental fund:

- The General Fund is NLAE's primary operating fund and it accounts for and reports all of the financial resources not accounted for and reported in another fund.

Additionally, NLAE reports the following non-major fund:

- The School Nutrition fund accounts for certain revenues and expenses relating to the school lunch program.

NLAE reports the following fiduciary fund type:

- The agency fund accounts for assets held by the School as an agent for a parents fundraising group.

Basis of Accounting

The basis of accounting determines when transactions are reported on the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The School uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental funds or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

NEW LIFE ACADEMY OF EXCELLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Accounting - Continued

The Governmental Fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. 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, NLAE considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds.

The Agency funds utilize the accrual basis of accounting, similar to government-wide statements, but do not have a measurement focus as they do not measure operations.

Cash and Cash Equivalents

NLAE's cash and cash equivalents consist of both cash on hand and demand deposits at FDIC-insured commercial banks. Official Code of Georgia Annotated ("O.C.G.A.") 45-8-14 authorizes the School to deposit its funds in one or more solvent banks or insured federal savings and loan associations.

Prepaid Items and Other Deposits

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and other deposits in both the government-wide and fund financial statements. Prepaid items and other deposits are recorded as expenditures at the time of consumption.

Intangible Right-to-Use Assets

NLAE has recorded a right-to-use lease asset as a result of implementing GASB 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability. The right-to-use lease asset is amortized on a straight line basis over the life of the related lease.

NEW LIFE ACADEMY OF EXCELLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Property and equipment are recorded at cost or, for donated assets, the fair market value at the date of donation. The cost of normal repairs and maintenance that does not add to the value of the asset or materially extend of the life of the asset is not capitalized.

Depreciation is computed on a straight-line basis over the assets' useful lives as follows:

Building and improvements	15 - 39 years
Equipment	5 - 10 years
Furniture and fixtures	7 years
Vehicles	5 years

Compensated Absences

Compensated absences for vacation, sick and personal time have not been accrued since this time cannot be carried over from one year to the next at NLAE. The School's policy is to recognize these costs when actually paid.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. NLAE reports deferred outflow related to pension activity, reported in the government-wide statement of net position. The deferred outflow related to pension activity is the result of changes of NLAE's proportionate share of the total plan from year to year, the difference between actual employer contributions and NLAE's proportionate share of total contributions, and actual contributions subsequent to measurement date.

NEW LIFE ACADEMY OF EXCELLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred Outflows/Inflows of Resources - Continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. NLAE reports deferred inflows related to pension activity, reported in the government-wide statement of net position. The deferred inflow is the result of projected versus actual investment earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Debt issuance costs are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Retirement System of Georgia (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by the TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Equity

In the fund financial statements, the governmental fund financial statements present fund balances based on classification that comprise a hierarchy that is based primarily on the extent to which NLAE is bound to honor constraints on the specific purposes for which amounts in the governmental fund can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable** – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

NEW LIFE ACADEMY OF EXCELLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Equity - Continued

- **Restricted** - includes fund balance amounts that are constrained for specific purposes which are externally approved by providers such as creditors or amounts contracted due to constitutional provisions or enabling legislation.
- **Committed** - includes fund balance amounts that are constrained for specific purposes that are internally imposed by formal action of the Board of Directors through the adoption of a resolution.
- **Assigned** - includes fund balance amounts that are constrained for specific purposes that are neither considered restricted nor committed. This intent can be expressed by the Board of Directors delegating the responsibility to management through the budgetary process.
- **Unassigned** - includes fund balance amounts that are not restricted, committed or assigned to a specific purpose in the General Fund.

Net Position

Net position represents the differences between assets and deferred outflows and liabilities and deferred inflows in the government-wide financial statements. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding of long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors or laws and regulations of the government. All other net positions are reported as unrestricted.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. NLAE's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor any exposure to unrelated business income tax. The Organization is no longer subject to federal and state tax examinations by either tax authority for years before year end June 30, 2020.

NEW LIFE ACADEMY OF EXCELLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates

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

New Accounting Pronouncement

The GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements provides guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. GASB Statement No. 96 was implemented for the fiscal year ending June 30, 2023. The implementation of GASB No. 96 did not result in a significant change to the School's financial statements.

NOTE 2 – DEPOSITS AND CASH EQUIVALENTS

As of June 30, 2023, NLAE has a cash and cash equivalent balance of \$2,446,960. The cash accounts are held at various commercial banks. Custodial credit risk for deposits is the risk, that in the event of the failure of a depository financial institution, the School will not be able to recover deposits. NLAE has its deposits covered by either federal deposit insurance or the State's Secure Deposit Program (SDP). As of June 30, 2023, NLAE's deposits were properly collateralized in accordance with state law and applicable GASB pronouncements. NLAE does not have a policy for custodial credit risk beyond the requirements of Georgia state law.

NEW LIFE ACADEMY OF EXCELLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

NLAE adopts an annual budget for its General Fund. For the fiscal year ended June 30, 2023, General Fund expenditures exceeded appropriations in the following functional areas:

Function	Overexpenditure
Improvement of Instructional Services	\$6,561
General Administration	\$10,064
Business Administration	\$19,562
Other Support Services	\$85,465
Capital Outlay	\$283,004

These overexpenditures were offset by underexpenditures in other functional areas within the same fund.

NOTE 4 – INTANGIBLE RIGHT-TO-USE ASSET

NLAE has recorded one right-to-use asset. The asset is a right-to-use asset for a building. The lease is further described in Note 9. Intangible right-to-use asset activity for the year ended June 30, 2023, is as follows:

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
Right-to-Use Asset:				
Leased building	\$222,232	\$ -	\$ -	\$222,232
Total right-to-use asset	222,232	-	-	222,232
Less Accumulated Amortization:				
Leased building	(70,179)	(70,179)	-	(140,358)
Total accumulated amortization	(70,179)	(70,179)	-	(140,358)
Total right-to-use asset, net	\$152,053	\$ (70,179)	\$ -	\$81,874

NEW LIFE ACADEMY OF EXCELLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, is as follows:

	<u>Balance</u> <u>6/30/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2023</u>
Governmental Activities:				
Depreciable Assets:				
Building and building improvements	\$3,129,389	\$ 31,012	\$ -	\$3,160,401
Equipment	869,823	73,731	-	943,554
Furniture and Fixtures	508,355	223,261	-	731,616
Vehicles	31,222	-	-	31,222
Total depreciable assets	<u>4,538,789</u>	<u>328,004</u>	<u>-</u>	<u>4,866,793</u>
	<u>Balance</u> <u>6/30/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2023</u>
Less Accumulated Depreciation:				
Building and building improvements	(1,027,812)	(108,217)	-	(1,136,029)
Equipment	(603,108)	(94,472)	-	(697,580)
Furniture and Fixtures	(316,010)	(65,032)	-	(381,042)
Vehicles	(31,222)	-	-	(31,222)
Total accumulated depreciation	<u>(1,978,152)</u>	<u>(267,721)</u>	<u>-</u>	<u>(2,245,873)</u>
Total capital assets, net	<u>\$2,560,637</u>	<u>\$ 60,283</u>	<u>\$ -</u>	<u>\$2,620,920</u>

Depreciation expense of \$267,721 for the year ended June 30, 2023 is recorded as unallocated depreciation in the statement of activities.

NOTE 6 – LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES

Changes in long-term liabilities of the governmental activities during the fiscal year were as follows:

	<u>Balance</u> <u>6/30/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2023</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Loan Payable	\$ 1,999,775	\$ -	\$ (123,292)	\$ 1,876,483	\$ 132,234
Lease Liability	150,429	-	(70,045)	80,384	69,395
Net Pension Liability	1,461,614	3,862,809	-	5,324,423	-
Total	<u>\$3,611,818</u>	<u>\$3,862,809</u>	<u>(\$193,337)</u>	<u>\$7,281,290</u>	<u>\$201,629</u>

NEW LIFE ACADEMY OF EXCELLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 6 – LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES – CONT.

Loan payable consists of the following as of June 30, 2023:

Loan payable to a financial institution due in monthly installments of principal and interest of \$17,254 over term of loan, including principal and interest at 4.25%, maturity date of November 2024 when a balloon payment is due, secured by 4725 River Green Parkway; \$1,876,483

The following is a schedule of future minimum principal and interest:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 132,234	\$ 74,814	\$ 207,048
2025	1,744,249	26,584	1,770,833
Total	<u>\$ 1,876,483</u>	<u>\$ 101,398</u>	<u>\$ 1,977,881</u>

The loan agreement contains several financial and non-financial covenants. NLAE was in compliance with all such covenants as of June 30, 2023.

NOTE 7 – LINE OF CREDIT

NLAE entered into a line of credit agreement with a local bank for the amount of \$100,000 which is collateralized by the business assets of NLAE. The line of credit bears interest at the bank's prime rate plus 2.5% and expired in March 2023. NLAE then signed a new line of credit agreement for the same amount and the same terms in July 2023. There were no borrowings during the fiscal year on the line of credit.

NOTE 8 – RETIREMENT PLAN

Teachers Retirement System

Plan Description: All teachers of NLAE as defined in Section 47-3-60 of the *Official Code of Georgia Annotated* (O.C.G. A.) and certain other support personnel as defined in Section 47-3-63 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost sharing multiple employer defined benefit pension plan, is administered by the TRS Board of Trustees. Title 47 of the O.C.G.A. assigns authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at www.trsga.com/publications.

NEW LIFE ACADEMY OF EXCELLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 8 – RETIREMENT PLAN – CONTINUED

Benefits Provided: TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired at the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. Section 47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during the fiscal year 2023. NLAE's contractually required contribution rate for the year ended June 30, 2023 was 19.98% of annual payroll. NLAE contributions to TRS were \$473,590 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related To Pensions

At June 30, 2023, NLAE reported a liability of \$5,324,423 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard roll forward techniques. NLAE's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2022. At June 30, 2022, NLAE's proportion was .016397% which was a decrease of .000129% from its proportion measured at June 30, 2021.

NEW LIFE ACADEMY OF EXCELLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 8 – RETIREMENT PLAN – CONTINUED

For the year ended June 30, 2023, NLAE recognized pension expense of \$798,382. At June 30, 2023, NLAE reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$221,018	\$27,715
Changes of assumptions	801,496	-
Net difference between projected and actual earnings on pension plan investments	1,046,098	-
Changes in proportion and differences between NLAE contributions and proportionate share	141,268	65,777
NLAE contributions subsequent to measurement date	473,590	-
Total	\$2,683,470	\$93,492

NLAE contributions subsequent to the measurement date amounted to \$473,590 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended
June 30,

2024	\$597,863
2025	431,876
2026	327,797
2027	758,852
2028	0
Thereafter	0

NEW LIFE ACADEMY OF EXCELLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 8 – RETIREMENT PLAN – CONTINUED

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

Inflation	2.50%
Salary Increases	3.00 – 8.75%, average, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Post-retirement benefit inc.	1.50% semi-annually

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018 with the exception of the investment rate of return and payroll growth assumption.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NEW LIFE ACADEMY OF EXCELLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 8 – RETIREMENT PLAN – CONTINUED

The target allocation and best estimates of arithmetic real rates of returns for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return*</u>
Fixed income	30.00%	20.00%
Domestic large equities	46.30%	9.40%
Domestic small equities	1.20%	13.40%
International developed market equities	12.30%	9.40%
International emerging market equities	5.20%	11.40%
Alternatives	5.00%	10.50%
Total	<u>100.00%</u>	

* Rates shown are net of inflation

Discount Rate: The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contributions rates and member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of NLAE's proportionate share of the net pension liability to changes in the discount rate: The following presents NLAE's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.90%) or 1-percentage point higher (7.90%) than the current rate:

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
NLAE's proportionate share of the net pension liability	\$8,032,791	\$5,324,423	\$3,112,682

NEW LIFE ACADEMY OF EXCELLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 8 – RETIREMENT PLAN – CONTINUED

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

Payable to the Pension Plan: For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are remitted electronically on a monthly basis. Accrued retirement contributions as of June 30, 2023 were remitted in July 2023. Accrued retirement contributions as of June 30, 2023 amounted to \$50,959 which is included in Accounts Payable in both the Government-Wide and Fund Financial Statements.

NOTE 9 – LEASE OBLIGATIONS

NLAE leases space at one location. The lease agreement qualifies as other than short-term leases under GASB 87, and therefore, has been recorded at the present value of the future minimum lease payments. The original lease agreement was executed in July 2017 and was set to expire in April 2022 when an extension was signed that carries the lease until August 2024. The lease requires monthly payments which increases each year between 3% and 5% as outlined in the lease agreement. The lease liability is measured at a discount rate 5.75% which is NLAE’s implicit borrowing rate. As a result of the lease, NLAE recorded a right-to-use asset which has a book value of \$81,874 as of June 30, 2023, as further described in Note 4.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 69,395	\$ 12,636	\$ 82,031
2025	11,019	2,762	13,781
Total	\$ 80,414	\$ 15,398	\$ 95,812

NEW LIFE ACADEMY OF EXCELLENCE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 10 – SUBSEQUENT EVENTS

In July 2023, NLAE purchased property at 3425 Corporate Way Duluth, GA 30096 for \$4,150,000. This real estate purchase was financed by a loan through a local bank for \$4,700,000 which includes funds to renovate the property so it can serve as NLAE's middle school. The loan agreement has several financial and non-financial covenants for NLAE to be in compliance with each fiscal year.

Management has evaluated subsequent events through September 16, 2023 the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

NEW LIFE ACADEMY OF EXCELLENCE, INC.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
School's proportion of the net pension liability	0.016397%	0.016526%	0.015678%	0.016335%	0.015102%
School's proportionate share of the net pension liability	\$ 5,324,423	\$ 1,461,614	\$ 3,797,825	\$ 3,512,467	\$ 2,803,255
School's covered employee payroll during measurement period	\$ 2,370,320	\$ 2,223,733	\$ 2,150,152	\$ 2,021,301	\$ 1,996,407
School's proportionate share of the net pension liability as a percentage of its covered employee payroll	224.63%	65.73%	176.63%	173.77%	140.42%
Plan's fiduciary net position as a percentage of the total pension liability	72.85%	92.03%	77.01%	78.56%	80.27%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
School's proportion of the net pension liability	0.015996%	0.015518%	0.015196%	0.015396%	
School's proportionate share of the net pension liability	\$ 2,972,906	\$ 3,201,536	\$ 2,313,440	\$ 1,945,082	
School's covered employee payroll during measurement period	\$ 1,801,916	\$ 1,837,386	\$ 1,801,916	\$ 1,837,386	
School's proportionate share of the net pension liability as a percentage of its covered employee payroll	164.99%	174.24%	128.39%	105.86%	
Plan's fiduciary net position as a percentage of the total pension liability	79.33%	76.06%	81.44%	84.03%	

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

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

NEW LIFE ACADEMY OF EXCELLENCE, INC.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 473,590	\$ 440,523	\$ 409,819	\$ 427,303	\$ 417,249
Contributions in relation to the contractually required contribution	<u>\$ 473,590</u>	<u>\$ 440,523</u>	<u>\$ 409,819</u>	<u>\$ 427,303</u>	<u>\$ 417,249</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School covered-employee payroll	\$2,370,320	\$2,223,733	\$2,150,152	\$2,021,301	\$1,996,407
Contributions as a percentage of covered-employee payroll	19.98%	19.81%	19.06%	21.14%	20.90%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 302,902	\$ 262,195	\$ 242,866	\$ 210,924	\$ 191,728
Contributions in relation to the contractually required contribution	<u>\$ 302,902</u>	<u>\$ 262,195</u>	<u>\$ 242,866</u>	<u>\$ 210,924</u>	<u>\$ 191,728</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Line of Credit Accrued Capital Expenses					
School covered-employee payroll	\$1,801,916	\$1,837,386	\$1,701,934	\$1,603,985	\$1,561,303
Contributions as a percentage of covered-employee payroll	16.81%	14.27%	14.27%	13.15%	12.28%

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

NEW LIFE ACADEMY OF EXCELLENCE, INC.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2023

Changes of Assumptions:

On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

On May 15, 2019, the Board adopted recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table from the RP-2000 Mortality Tables. In 2019, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

On May 11, 2022, the Board adopted recommended changes to the long-term assumed rate of return and payroll growth assumption utilized by the System. The long-term assumed rate of return was changed from 7.25% to 6.90%, and the payroll growth assumption was changed from 3.00% to 2.50%.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Unaudited)**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Local and County Revenues	\$ 4,703,991	\$ 4,703,991	\$ 5,034,406	\$ 330,415
State Revenues	-	-	136,466	136,466
Miscellaneous	66,000	66,000	60,384	(5,616)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	4,769,991	4,769,991	5,231,256	461,265
EXPENDITURES				
Current:				
Instruction	2,676,008	2,676,008	2,566,936	109,072
Support Services:				
Pupil Services	15,000	15,000	-	15,000
Improvement of Instructional Services	52,005	52,005	58,566	(6,561)
Educational Media Services	60,000	60,000	56,473	3,527
General Administration	17,600	17,600	27,664	(10,064)
School Administration	1,049,623	1,049,623	1,046,294	3,329
Business Administration	122,876	122,876	142,438	(19,562)
Maintenance and Operation of Plant Services	444,126	444,126	436,053	8,073
Student Transportation Services	25,000	25,000	4,199	20,801
Other Support Services	43,145	43,145	128,610	(85,465)
	<hr/>	<hr/>	<hr/>	<hr/>
Capital Outlay:				
Capital Outlay	45,000	45,000	328,004	(283,004)
	<hr/>	<hr/>	<hr/>	<hr/>
Debt Service:				
Debt Service - Principal	125,000	125,000	123,291	1,709
Debt Service - Interest	95,000	95,000	92,048	2,952
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	4,770,383	4,770,383	5,010,576	(240,193)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(392)	(392)	220,680	221,072
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance - July 1, 2022			1,940,718	
			<hr/>	
Fund Balance - June 30, 2023			\$ 2,161,398	
			<hr/>	

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

**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
New Life Academy of Excellence, Inc.
Duluth, Georgia

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, the major fund, and aggregate remaining fund information of the New Life Academy of Excellence, Inc. as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the New Life Academy of Excellence, Inc.'s basic financial statements and have issued our report thereon dated September 16, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or 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 of 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.



CERTIFIED PUBLIC ACCOUNTANTS

September 16, 2023
Duluth, Georgia