

Audited Financial Statements

Old Redford Academy

Detroit , Michigan

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Old Redford 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 Old Redford Academy, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Old Redford 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 Old Redford 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 Old Redford 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 Old Redford 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 Old Redford 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 Old Redford 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 Old Redford 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 26, 2023, on our consideration of Old Redford 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 Old Redford 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 Old Redford Academy's internal control over financial reporting and compliance.



Croskey Lanni, PC

Rochester, Michigan
October 26, 2023

Old Redford Academy Management's Discussion and Analysis For the Year Ended June 30, 2023

This discussion and analysis of Old Redford Academy's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to provide, in layman's terms, a look at the School's performance and current position. We encourage readers to consider the information presented here in conjunction with the financial statements and the notes to the financial statements.

GASB 34 (Governmental Accounting Standards Board's Statement No. 34) requires this information. GASB 34 requires the presentation of two basic types of financial statements; namely, School-wide Financial Statements and Fund Financial Statements.

Overview of the Financial Statements

This annual report consists of four parts: (1) the independent auditor's report, (2) management's discussion and analysis, (3) the basic financial statements, and (4) required supplementary information. The financial statements also include notes that explain some of the information in the statements and provide more detail 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 School's budget for the year.

School-wide Financial Statements

The school-wide statements provide a financial perspective of the School as a whole. These statements are on the "full accrual" basis of accounting and provide information about the School's overall financial status. They are used to help determine whether the School is better off or worse off as the result of the year's activities. There are two school-wide statements: the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* reports all of the School's assets, deferred inflows and outflows, and liabilities, both short-term and long-term, regardless if they are "currently available" or not. Capital assets and long-term obligations of the School are reported in this statement.

The *Statement of Activities* accounts for the current year's revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the information relative to funding received and expenditures made for School services.

The two school-wide statements report the School's net position and how they have changed. Net Position – the difference between the School's assets, deferred inflows and outflows, and liabilities – is one way to measure the School's financial health or position.

- Over time, increases or decreases in the School's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the School's overall health, one needs to consider additional non-financial factors such as the quality of the education provided.

In the school-wide statements, the School's activities are classified as *governmental activities*. This includes the School's basic services, such as regular and special education, technology support, and administration. State aid and federal grants typically finance most of these services.

**Old Redford Academy
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

Fund Financial Statements

The fund financial statements focus on individual parts of the School, reporting the School's operations in more detail than the school-wide statements. 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 School's major instructional and instructional support activities are reported in the *General Fund*. The primary funding sources for the General Fund are typically from state foundation grant per student and state categorical funding for specific programs. The School has no other funds.

Financial Analysis of the School as a Whole

The net position of the School as of June 30, 2023, was \$7,383,960 Figure A-1 below shows a breakdown of the net position.

Figure A-1
ORA's Net Position

	2023	2022
Current and other assets	\$ 10,208,465	\$ 9,304,258
Capital assets	20,507,503	22,230,129
Total assets	30,715,968	31,534,387
Long-term debt outstanding	20,239,110	21,490,835
Other liabilities	3,092,898	2,667,322
Total liabilities	23,332,008	24,158,157
Net position		
Net investment (deficit) in capital assets	(983,332)	(474,357)
Restricted	36,289	183,235
Unrestricted	8,331,003	7,667,352
Total net position	\$ 7,383,960	\$ 7,376,230

**Old Redford Academy
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

Comments on Major Changes to Net Position

The net position of the School increased by \$7,730 during the 2022-23 year. Figure A- 2 shows the breakdown of this change. The Statement of Activities presented later in the school-wide financial statements, provides greater detail on the School's annual activity. The cost of the School's governmental activities for the year was \$16,011,072.

Figure A-2
Changes in ORA's Net Position

	2023	2022
Revenues		
Program revenues:		
Federal and state operating grants	\$ 6,840,248	\$ 6,492,797
General revenues:		
State aid - unrestricted	9,030,529	10,538,040
Miscellaneous	148,025	149,710
Total revenues	16,018,802	17,180,547
Expenses		
Instruction	5,457,602	6,313,989
Support services	8,131,642	8,989,687
Community services	6,353	-
Unallocated interest	667,129	601,820
Unallocated depreciation / amortization	1,748,346	1,812,025
Total expenses	16,011,072	17,717,521
Change in net position	\$ 7,730	\$ (536,974)

Financial Analysis of the School's Funds

The financial performance of the School as a whole is reflected in its governmental funds as well. The governmental funds equity increased in total by \$558,171 during the 2022-23 year. The General Fund equity ended the year at \$8,326,405, which was an increase of \$705,177 from the prior year. The primary factors affecting the School's governmental funds' fund balance are listed below.

Factors Impacting Fund Equity

The School's final budget showed a fund equity increase of \$536,538.

General Fund Budgetary Highlights

Old Redford Academy Management's Discussion and Analysis For the Year Ended June 30, 2023

The Uniform Budget Act of the State of Michigan requires that the Board of Directors approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. When the budget is prepared each year, several unknown factors exist. Estimates are used for such major items as student count, service provider contracts, state aid, staffing, utilities, and repairs. As a matter of practice, the School amends its budget periodically during the year. These revisions are made in order to deal with unexpected changes in revenues and expenditures. The following analysis describes the reasons for changes in the budget during the year and the differences in actual and budget figures.

Original budget to final budget

There was a 1% decrease (\$184,493) in General Fund revenues from the original budget to the final budget.

- *Federal revenues* – There was more utilization in Federal Revenues, mainly ARP ESSER III, throughout the year than originally anticipated. This funding source spans multiple school years.

There was a 3.5% decrease (\$504,090) in General Fund expenditures from the original budget to the final budget.

- This was primarily a result of conservative budgeting, coupled with hiring difficulties noticed throughout the State.

Final budget to actual

- There was a 0.4% difference (\$71,381) between the final revenue budget and the actual revenue. The majority of this was due to unspent grant funds that are carried over into the next school year.
- There was a 1.6% difference (\$-239,960) between the final budgeted expenditures and actual expenditures. The majority of this was due to unspent grant funds and conservative budgeting.

Capital Asset and Long-term Debt Administration

The Academy had investment in assets that consisted mainly of leased facilities and related debt for the same. For more details related to these assets and related long-term debt please refer to refer to Notes 5 and 7 to the financial statements respectively.

Factors Bearing on the School's Future

- The school will fully utilize the remainder of the ARP ESSER III funds by the end of the year of approximately \$2.1MM
- The operating budget will be amended during the year to reflect updated foundation allowance information, actual student counts, changes to any legislation, and final staffing assignments.
- MAST Financial Group will continue to be engaged as the school's financial services provider.
- The Board engaged CS Partners effective July 1, 2023 through June 30, 2026 to provide management services to assist the school with academic performance, operations, and human resource management.

Requests for Information

Old Redford Academy
Management's Discussion and Analysis
For the Year Ended June 30, 2023

This financial report is designed to provide the School's parents, students, other stakeholders and creditors with a general overview of the School's finances, and to show how the School is accountable for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Old Redford Academy, 22122 W McNichols Rd, Detroit, MI 49055 or by calling (313) 880-1804.

OLD REDFORD ACADEMY

STATEMENT OF NET POSITION

JUNE 30, 2023

ASSETS AND DEFERRED OUTFLOWS

Current Assets

Cash and cash equivalents	\$ 6,998,326
Accounts receivable	9,190
Due from other governmental units	3,118,225
Prepaid expenses	78,126
Inventory	4,598
	<hr/>
Total current assets	10,208,465

Capital Assets - Net of Accumulated Depreciation / Amortization

20,507,503

Total assets and deferred outflows \$ 30,715,968

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current Liabilities

Accounts payable	\$ 287,441
Unearned revenue	684,834
Other accrued expenses	868,898
Long-term debt - current portion	1,251,725
	<hr/>
Total current liabilities	3,092,898

Long-Term Debt - Long-Term Portion

20,239,110

Net Position

Net investment in capital assets	(983,332)
Restricted for food service	36,289
Unrestricted	8,331,003
	<hr/>
Total net position	7,383,960
	<hr/>
Total liabilities, deferred inflows and net position	<u>\$ 30,715,968</u>

See accompanying notes to financial statements

OLD REDFORD ACADEMY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues		Net (Expense) Revenues and Changes in Position
	Expenses	Charges for Services	Operating Grants	Government Type Activities
Functions				
Instruction				
Basic programs	\$ 4,487,926	\$ -	\$ 4,446,460	\$ (41,466)
Added needs	969,676	-	813,696	(155,980)
Support services				
Pupil support services	534,938	-	534,543	(395)
Instructional staff support services	870,878	-	329,401	(541,477)
General administration	995,046	-	-	(995,046)
School administration	869,245	-	-	(869,245)
Business support services	695,924	-	-	(695,924)
Operations and maintenance	2,025,496	-	-	(2,025,496)
Pupil transportation services	189,865	-	-	(189,865)
Central support services	995,820	-	-	(995,820)
Athletic activities	117,056	-	-	(117,056)
Food services	837,374	-	716,148	(121,226)
Community services	6,353	-	-	(6,353)
Unallocated depreciation / amortization	1,748,346	-	-	(1,748,346)
Unallocated interest	667,129	-	-	(667,129)
Total primary government	\$ 16,011,072	\$ -	\$ 6,840,248	(9,170,824)
General Purpose Revenues				
State school aid - unrestricted				9,030,529
Miscellaneous revenues				148,025
Total general purpose revenues				9,178,554
Change in net position				7,730
Net position - July 1, 2022				7,376,230
Net position - June 30, 2023				\$ 7,383,960

See accompanying notes to financial statements

OLD REDFORD ACADEMY

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS

JUNE 30, 2023

	ASSETS		
	<u>General</u>	<u>Non-Major Special Revenue - Food Services</u>	<u>Total</u>
Cash and cash equivalents	\$ 6,998,326	\$ -	\$ 6,998,326
Accounts receivable	9,190	-	9,190
Due from other governmental units	3,118,225	-	3,118,225
Due from other funds	-	36,474	36,474
Inventory	-	4,598	4,598
Prepaid expenses	78,126	-	78,126
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 10,203,867</u>	<u>\$ 41,072</u>	<u>\$ 10,244,939</u>

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE

Liabilities

Accounts payable	\$ 287,256	\$ 185	\$ 287,441
Due to other funds	36,474	-	36,474
Unearned revenue	684,834	-	684,834
Other accrued expenses	868,898	-	868,898
	<hr/>	<hr/>	<hr/>
Total liabilities	1,877,462	185	1,877,647

Fund Balance

Nonspendable	78,126	4,598	82,724
Restricted	-	36,289	36,289
Assigned	782,707	-	782,707
Unassigned	7,465,572	-	7,465,572
	<hr/>	<hr/>	<hr/>
Total fund balance	8,326,405	40,887	8,367,292

Total liabilities, deferred inflows
and fund balance

<u>\$ 10,203,867</u>	<u>\$ 41,072</u>	<u>\$ 10,244,939</u>
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See accompanying notes to financial statements

OLD REDFORD 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	\$ 8,367,292
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$25,069,833 and the accumulated depreciation / amortization is \$4,562,330.	20,507,503
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(21,490,835)</u>
Net Position of Governmental Activities	<u>\$ 7,383,960</u>

See accompanying notes to financial statements

OLD REDFORD ACADEMY

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

	General	Non-Major Special Revenue - Food Services	Total
Revenues			
Local sources	\$ 148,025	\$ -	\$ 148,025
State sources	10,150,553	15,824	10,166,377
Federal sources	4,649,152	700,324	5,349,476
Interdistrict sources	396,390	-	396,390
	15,344,120	716,148	16,060,268
Expenditures			
Instruction			
Basic programs	4,487,926	-	4,487,926
Added needs	969,676	-	969,676
Support services			
Pupil support services	534,938	-	534,938
Instructional staff support services	870,878	-	870,878
General administration	995,046	-	995,046
School administration	869,245	-	869,245
Business support services	695,924	-	695,924
Operations and maintenance	2,025,496	-	2,025,496
Pupil transportation services	189,865	-	189,865
Central support services	995,820	-	995,820
Athletic activities	117,056	-	117,056
Food services	-	837,374	837,374
Community services	6,353	-	6,353
Capital outlay	-	25,720	25,720
Debt principal and interest	1,880,780	-	1,880,780
	14,639,003	863,094	15,502,097
Excess (deficiency) of revenues over expenditures	705,117	(146,946)	558,171
Fund balance - July 1, 2022	7,621,288	187,833	7,809,121
Fund balance - June 30, 2023	\$ 8,326,405	\$ 40,887	\$ 8,367,292

See accompanying notes to financial statements

OLD REDFORD 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

Net Change in Fund Balances - Total Governmental Funds \$ 558,171

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	\$ 25,720	
Depreciation and amortization expense	<u>(1,748,346)</u>	\$ (1,722,626)

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 (41,466)

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	<u>1,213,651</u>
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Change in Net Position of Governmental Activities \$ 7,730

OLD REDFORD ACADEMY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Old Redford 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

Old Redford 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, and began operation in July 1999.

The Academy extended its agreement with Central Michigan University's Board of Trustees to reauthorize a public school academy. 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 \$269,500.

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 operational or 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.

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.

OLD REDFORD ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 (Food Services) - The special revenue fund is used to account for the food service program operations. The special revenue fund is a subsidiary operation and is an obligation of the general fund. Therefore, any shortfall in the special revenue fund will be covered by an operating transfer from the general fund.

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.

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.

OLD REDFORD ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 no investments during the year ended June 30, 2023. 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.

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.

OLD REDFORD ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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 of regulations of other governments.

OLD REDFORD ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.
- 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

Leases and Subscription Based IT Arrangements (SBITA)

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

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.

OLD REDFORD ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

OLD REDFORD ACADEMY

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

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. During the year ended June 30, 2023 the Academy incurred expenditures in certain budgetary functions that were in excess of the amounts appropriated however total expenditures were less than total board appropriations, as detailed on page 18 of these financial statements.

NOTE 3 - DEPOSITS AND INVESTMENTS

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 held no investments.

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.

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, \$6,766,892 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.

OLD REDFORD 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.

OLD REDFORD 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:

Local sources	\$	14,678
State sources		2,022,456
Federal sources		<u>1,081,091</u>
Total	\$	<u><u>3,118,225</u></u>

NOTE 5 - CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2023</u>
Capital assets subject to depreciation / amortization				
Right to use - assets	\$ 23,929,224	\$ -	\$ -	\$ 23,929,224
Furniture and equipment	<u>1,114,889</u>	<u>25,720</u>	<u>-</u>	<u>1,140,609</u>
Sub-total	25,044,113	25,720	-	25,069,833
Accumulated depreciation / amortization				
Right to use - assets	1,732,604	1,732,604	-	3,465,208
Furniture and equipment	<u>1,081,380</u>	<u>15,742</u>	<u>-</u>	<u>1,097,122</u>
Sub-total	<u>2,813,984</u>	<u>1,748,346</u>	<u>-</u>	<u>4,562,330</u>
Total net capital assets	<u>\$ 22,230,129</u>	<u>\$ (1,722,626)</u>	<u>\$ -</u>	<u>\$ 20,507,503</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.

OLD REDFORD ACADEMY

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

NOTE 6 – OTHER ACCRUED EXPENSES

Other accrued expenses can be summarized as follows:

Purchased services - payroll and benefits	\$	546,748
University oversight fee		49,019
Other accrued expenses		<u>273,131</u>
Total other accrued expenses	<u>\$</u>	<u>868,898</u>

NOTE 7 – LONG-TERM OBLIGATIONS PAYABLE

Long-Term obligations as of June 30, 2023 can be summarized as follows:

Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
Direct borrowing - building	3.00%	July 2035	Facilities lease
Direct borrowing - building	3.00%	June 2041	Facilities lease

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>
Direct borrowing - building	\$ 7,609,632	\$ -	\$ 582,384	\$ 7,027,248	\$ 601,245
Direct borrowing - building	<u>15,094,854</u>	<u>-</u>	<u>631,267</u>	<u>14,463,587</u>	<u>650,480</u>
	<u>\$ 22,704,486</u>	<u>\$ -</u>	<u>\$ 1,213,651</u>	<u>\$ 21,490,835</u>	<u>\$ 1,251,725</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	\$ 1,251,725	\$ 630,222
2025	1,289,877	592,170
2026	1,330,542	552,953
2027	1,370,488	512,512
2028	1,412,607	470,855
2029 - 2033	7,846,788	1,683,987
2034 - 2038	4,656,893	718,263
2039 - 2041	2,331,915	89,301

OLD REDFORD ACADEMY

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

NOTE 8 – RELATED PARTY TRANSACTIONS

The C.R. Smith Foundation was established for the purpose of raising funds for non-profit educational institutions in the metropolitan Detroit area. The Foundation provides financial support to the Academy through securing financing for facilities, as well as cash contributions. The Academy had a balance in accounts payable of \$2,578 to the Foundation.

In December 2005, the Academy entered into a lease financing agreement with C.R. Smith Foundation for the construction and equipping of a new elementary school. The agreement called for the Foundation to finance the construction through issuance of limited obligation revenue bonds. These bonds are to be repaid over ten months annually starting in June 2006 and ending in June 2035 through Old Redford Academy by way of a “set-aside” of the Academy’s State School Aid, not to exceed 20%. These monies are held in trust by U.S. Bank until such time as principal and interest become due. In the event that there is insufficient funds held in trust to make the necessary bond payments, Old Redford Academy pledges to use any and all other available funds up to and including 97% of its State School Aid. The total amount paid under this agreement for the year ended June 20, 2023 was \$804,580.

In November 2010, the Academy entered into a lease financing agreement with C.R. Smith Foundation for the construction and equipping of a new middle school. The agreement called for the Foundation to finance the construction through issuance of limited obligation revenue bonds. These bonds are to be repaid over ten months annually starting in June 2012 and ending in June 2041 through Old Redford Academy by way of a “set-aside” of the Academy’s State School Aid, not to exceed 20%. These monies are held in trust by U.S. Bank until such time as principal and interest become due. In the event that there are insufficient funds held in trust to make the necessary bond payments, Old Redford Academy pledges to use any and all other available funds up to and including 97% of its State School Aid. The total amount paid under this agreement for the year ended June 20, 2023 was \$1,076,200.

Additional information regarding leases is described at Note 7.

NOTE 9 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (worker’s compensation), as well as medical benefits provided to employees. 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

OLD REDFORD ACADEMY

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Local sources	\$ 26,000	\$ 30,450	\$ 148,025	\$ 117,575
State sources	11,239,031	9,801,414	10,150,553	349,139
Federal sources	3,965,617	4,758,530	4,649,152	(109,378)
Interdistrict sources	<u>369,346</u>	<u>825,107</u>	<u>396,390</u>	<u>(428,717)</u>
Total general fund revenues	15,599,994	15,415,501	15,344,120	(71,381)
Expenditures				
Instruction				
Basic programs	5,283,225	4,668,526	4,487,926	(180,600)
Added needs	1,078,879	982,408	969,676	(12,732)
Support services				
Pupil support services	275,437	554,700	534,938	(19,762)
Instructional staff support services	910,754	893,353	870,878	(22,475)
General administration	989,229	998,319	995,046	(3,273)
School administration	1,050,407	911,953	869,245	(42,708)
Business support services	415,340	691,725	695,924	4,199
Operations and maintenance	4,327,582	2,059,336	2,025,496	(33,840)
Pupil transportation services	124,594	198,250	189,865	(8,385)
Central support services	805,074	918,085	995,820	77,735
Athletic activities	147,025	101,850	117,056	15,206
Community services	11,507	11,554	6,353	(5,201)
Debt principal and interest	<u>-</u>	<u>1,888,904</u>	<u>1,880,780</u>	<u>(8,124)</u>
Total general fund expenditures	<u>15,419,053</u>	<u>14,878,963</u>	<u>14,639,003</u>	<u>(239,960)</u>
Excess (deficiency) of revenues over expenditures	180,941	536,538	705,117	168,579
Fund balance - July 1, 2022	<u>7,621,288</u>	<u>7,621,288</u>	<u>7,621,288</u>	<u>-</u>
Fund balance - June 30, 2023	<u>\$ 7,802,229</u>	<u>\$ 8,157,826</u>	<u>\$ 8,326,405</u>	<u>\$ 168,579</u>

OLD REDFORD ACADEMY

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

Local Sources

Student activities	\$ 20,781
Other local revenues	127,244
	<hr/>
Total local sources	148,025

State Sources

At risk	534,543
Great start readiness program	411,551
Special education	173,930
State aid	9,030,529
	<hr/>
Total state sources	10,150,553

Federal Sources

IDEA	243,376
Title I	839,875
Title II A	27,485
Title IV	50,661
Other program revenue	3,487,755
	<hr/>
Total federal sources	4,649,152

Interdistrict Sources

	396,390
	<hr/>
Total general fund revenues	<u>\$ 15,344,120</u>

OLD REDFORD ACADEMY

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

Basic Programs

Purchased services	\$ 3,133,163
Other purchased services	9,267
Supplies and materials	1,328,297
Non-depreciable capital assets	<u>17,199</u>
Total basic programs	4,487,926

Added Needs

Purchased services	965,245
Supplies and materials	1,734
Non-depreciable capital assets	<u>2,697</u>
Total added needs	969,676

Pupil Support Services

Guidance services	166,991
Health services	22,597
Psychological services	17,975
Speech pathology and audiology	85,395
Social work services	<u>241,980</u>
Total pupil support services	534,938

Instructional Staff Support Services

Purchased services	827,479
Supplies and materials	<u>43,399</u>
Total instructional staff support services	870,878

General Administration

Purchased services	379,703
Management fees	302,117
University oversight	269,482
Supplies and materials	786
Other expenditures	<u>42,958</u>
Total general administration	995,046

OLD REDFORD ACADEMY

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

School Administration

Purchased services	735,757
Rentals	51,179
Supplies and materials	<u>82,309</u>
Total school administration	869,245

Business Support Services

Purchased services	501,279
Other expenditures	<u>194,645</u>
Total business support services	695,924

Operations and Maintenance

Purchased services	1,047,717
Repairs and maintenance	386,247
Rentals	168,487
Supplies and materials	418,685
Other expenditures	<u>4,360</u>
Total operations and maintenance	2,025,496

Pupil Transportation Services

Purchased services	184,965
Supplies and materials	<u>4,900</u>
Total pupil transportation services	189,865

Central Support Services

Purchased services	583,047
Other purchased services	78,000
Supplies and materials	11,475
Non-depreciable capital assets	108,658
Other expenditures	<u>214,640</u>
Total central support services	995,820

OLD REDFORD ACADEMY

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

Athletic Activities

Purchased services	81,493
Other purchased services	26,401
Supplies and materials	3,272
Other expenditures	5,890

Total athletic activities 117,056

Community Services

Purchased services	6,353
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Debt Principal and Interest

1,880,780

Total general fund expenditures \$ 14,639,003

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 Old Redford 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 Old Redford Academy, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Old Redford Academy's basic financial statements, and have issued our report thereon dated October 26, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Old Redford 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 Old Redford Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Old Redford 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 Old Redford 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 26, 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 Old Redford Academy**

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

We have audited Old Redford 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 Old Redford Academy's major federal programs for the year ended June 30, 2023. Old Redford 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, Old Redford 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 Old Redford 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 Old Redford 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 Old Redford 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 Old Redford 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 Old Redford 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 Old Redford 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 Old Redford 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 Old Redford 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.

A handwritten signature in blue ink, appearing to read "Croskey Lanni, PC".

Croskey Lanni, PC

Rochester, Michigan
October 26, 2023

OLD REDFORD 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
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture - Passed Through Michigan Department of Education:										
National School Lunch Program:										
Noncash Assistance (Commodities) -										
National School Lunch Program Commodities 2022-2023	N/A	10.555	\$ 42,492	\$ -	\$ -	\$ -	\$ 30,788	\$ 30,788	\$ -	\$ -
National School Lunch Program Bonus Commodities 2022-2023	N/A	10.555	964	-	-	-	964	964	-	-
Total National School Lunch Program Commodities Noncash Assistance		10.555	43,456	-	-	-	31,752	31,752	-	-
Cash Assistance -										
COVID-19 - Supply Chain Assistance 2022-2023	220910/230910	10.555	37,717	-	-	-	37,717	37,717	-	-
National School Lunch Program 2022-2023	221960/231960	10.555	466,245	-	-	-	466,245	466,245	-	-
COVID-19 - Seamless Summer Option (SSO) - Lunch 2021-2022	221961	10.555	391,863	391,863	37,184	-	37,184	-	-	-
Total National School Lunch Program Cash and Noncash Assistance		10.555	939,281	391,863	37,184	-	572,898	535,714	-	-
National School Breakfast Program:										
National School Breakfast Program 2022-2023	221970/231970	10.553	124,035	-	-	-	124,035	124,035	-	-
COVID-19 - Seamless Summer Option (SSO) - Breakfast 2021-2022	221971	10.553	138,262	138,262	11,108	-	11,108	-	-	-
Total National School Breakfast Program		10.553	262,297	138,262	11,108	-	135,143	124,035	-	-
Summer Food Service Program:										
Summer Food Service Program Operating 2022-2023	220900	10.559	8,837	-	-	-	8,837	8,837	-	-
Fresh Fruit and Vegetable Program:										
Fresh Fruit and Vegetable Program 2021-2022	220950	10.582	33,003	22,398	4,717	-	4,717	-	-	-
Fresh Fruit and Vegetable Program 2022-2023	230950	10.582	28,603	-	-	-	28,603	28,603	-	-
Total Fresh Fruit and Vegetable Program		10.582	61,606	22,398	4,717	-	33,320	28,603	-	-
Total Child Nutrition Cluster			1,272,021	552,523	53,009	-	750,198	697,189	-	-
Special Education Cluster - U.S. Department of Education - Passed Through the Wayne County RESA:										
IDEA Special Education – Formula Grants to ISDs:										
IDEA Flowthrough 2122	220450	84.027A	471,146	471,146	471,146	-	471,146	-	-	-
IDEA Flowthrough 2223	230450	84.027A	243,377	-	-	-	146,218	243,377	97,159	-
Total Special Education Cluster		84.027A	714,523	471,146	471,146	-	617,364	243,377	97,159	-

See accompanying notes to schedule of expenditures of federal awards

OLD REDFORD ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued 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
Other Federal Awards:										
U.S Department of Agriculture -										
Passed Through the Michigan Department of Education:										
Pandemic EBT Local Level Costs:										
COVID-19 - Pandemic EBT Local Level Costs 2022	220980	10.649	3,135	-	-	-	3,135	3,135	-	-
U.S Department of Treasury -										
Passed Through the Wayne County RESA:										
Coronavirus State & Local Fiscal Recovery - GSRP:										
COVID-19 - Coronavirus State & Local Fiscal Recovery - GSRP 2021-2022	N/A	21.027	133,632	85,855	28,276	-	76,054	47,778	-	-
U.S Department of Education -										
Passed Through the Michigan Department of Education:										
Title I, Part A: Improving Basic Programs Operated by LEAS:										
Title I Part A 2122	221530	84.010A	1,140,699	839,099	839,099	-	902,001	62,902	-	-
Title I Part A 2223	231530	84.010A	<u>1,052,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>529,831</u>	<u>776,973</u>	<u>247,142</u>	<u>-</u>
Total Title I Part A		84.010A	2,192,858	839,099	839,099	-	1,431,832	839,875	247,142	-
Title II, Part A, Supporting Effective Instruction:										
Title II Part A 2122	220520	84.367	171,739	145,497	145,497	-	145,497	-	-	-
Title II Part A 2223	230520	84.367	<u>98,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,485</u>	<u>27,485</u>	<u>5,000</u>	<u>-</u>
Total Title II Part A		84.367	270,054	145,497	145,497	-	167,982	27,485	5,000	-
Title IV, Part A, Student Support and Academic Enrichment:										
Title IV Part A 1920	200750	84.424A	9,784	9,784	9,784	(9,784)	-	-	-	-
Title IV Part A 2122	220750	84.424A	134,364	67,483	67,483	-	113,683	46,200	-	-
Title IV Part A 2223	230750	84.424A	<u>84,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,461</u>	<u>4,461</u>	<u>-</u>	<u>-</u>
Total Title IV Part A		84.424A	228,354	77,267	77,267	(9,784)	118,144	50,661	-	-
Education Stabilization Fund:										
COVID-19 - Governor's Emergency Education Relief (GEER) 2021	201201	84.425C	120,311	120,311	120,311	-	120,311	-	-	-
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER I) 1920	203711	84.425D	776,485	776,485	776,485	-	776,485	-	-	-
COVID-19 - Supplemental Elementary and Secondary School Emergency Relief (ESSER II) 2021	213712	84.425D	2,406,789	1,578,636	1,578,636	-	2,154,592	699,533	123,577	-
COVID-19 - ESSER III Formula - American Rescue Plan (ARP-ESSER) 2122	213713	84.425U	4,866,175	-	-	-	2,094,400	2,701,283	606,883	-
COVID-19 - ESSER II - Section 98c Per-Pupil Payments for Learning Loss 2223	213782	84.425D	<u>62,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,555</u>	<u>10,885</u>	<u>1,330</u>	<u>-</u>
Total Education Stabilization Fund		84.425	<u>8,231,847</u>	<u>2,475,432</u>	<u>2,475,432</u>	<u>-</u>	<u>5,155,343</u>	<u>3,411,701</u>	<u>731,790</u>	<u>-</u>
Total Federal Awards			<u>\$ 13,046,424</u>	<u>\$ 4,646,819</u>	<u>\$ 4,089,726</u>	<u>\$ (9,784)</u>	<u>\$ 8,320,052</u>	<u>\$ 5,321,201</u>	<u>\$ 1,081,091</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards

OLD REDFORD ACADEMY

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

Revenues to Expenditures

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

General Fund	\$ 4,649,152
Special Revenue Fund - Food Services	<u>700,324</u>
Subtotal	5,349,476
Prior year unavailable revenue collected	<u>(28,275)</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><u>\$ 5,321,201</u></u>

OLD REDFORD 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 Old Redford 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 Old Redford Academy, it is not intended to and does not present the financial position, changes in net position, or cash flows of Old Redford 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

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

NOTE 4 - 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.

NOTE 5 – ADJUSTMENTS AND TRANSFERS

During the fiscal year ended June 30, 2023, the Academy de-obligated \$9,784 of Title IV Part A expenditures incurred during the fiscal year ended June 30, 2020 and therefore, wrote-off the related receivable and unavailable revenue.

OLD REDFORD 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 programs 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



October 26, 2023

Old Redford Academy
22122 W. McNichols Road
Detroit, Michigan 48219

To Whom It May Concern:

Please be advised that there was not a separate management comment letter that was provided in connection with the audit of the financial statements for the year ended June 30, 2023.

Very truly yours,

A handwritten signature in blue ink that reads "Croskey Lanni; PC".

Croskey Lanni, PC