

Audited Financial Statements

Old Redford Academy

Detroit , Michigan

June 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Old Redford Academy

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2024, 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 accompanying 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, 2024, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' 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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 GAAS, 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 GAAS. In our opinion, the additional supplementary information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024, 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.

Marcum LLP

MARCUM LLP
Rochester, MI

October 30, 2024

Old Redford Academy

Management's Discussion and Analysis

For the Year Ended June 30, 2024

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, 2024. 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 auditors' 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, 2024

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, 2024, was \$6,655,311 Figure A-1 below shows a breakdown of the net position.

Figure A-1
ORA's Net Position

| | <u>2024</u> | <u>2023</u> |
|----------------------------------|----------------------------|----------------------------|
| Current and other assets | \$ 11,280,466 | \$ 10,208,465 |
| Capital assets | <u>18,763,161</u> | <u>20,507,503</u> |
| Total assets | 30,043,627 | 30,715,968 |
| Long-term debt outstanding | 18,949,233 | 20,239,110 |
| Other liabilities | <u>4,439,083</u> | <u>3,092,898</u> |
| Total liabilities | 23,388,316 | 23,332,008 |
| Net position | | |
| Net investment in capital assets | (1,475,949) | (983,332) |
| Restricted | (3,618) | 36,289 |
| Unrestricted | <u>8,134,878</u> | <u>8,331,003</u> |
| Total net position | <u><u>\$ 6,655,311</u></u> | <u><u>\$ 7,383,960</u></u> |

Old Redford Academy

Management's Discussion and Analysis

For the Year Ended June 30, 2024

Comments on Major Changes to Net Position

The net position of the School decreased by (\$728,649) during the 2023-24 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 \$17,084,083.

Figure A-2
Changes in ORA's Net Position

| | <u>2024</u> | <u>2023</u> |
|---|---------------------|-------------------|
| Revenues | | |
| Program revenues: | | |
| Federal and state operating grants | \$ 6,754,529 | \$ 6,840,248 |
| General revenues: | | |
| State aid - unrestricted | 9,377,973 | 9,030,529 |
| Miscellaneous | <u>222,932</u> | <u>148,025</u> |
| Total revenues | 16,355,434 | 16,018,802 |
| Expenses | | |
| Instruction | 5,666,975 | 5,457,602 |
| Support services | 8,955,643 | 8,131,642 |
| Community services | 86,901 | 6,353 |
| Unallocated interest | 630,222 | 667,129 |
| Unallocated depreciation / amortization | <u>1,744,342</u> | <u>1,748,346</u> |
| Total expenses | <u>17,084,083</u> | <u>16,011,072</u> |
| Change in net position | <u>\$ (728,649)</u> | <u>\$ 7,730</u> |

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 decreased in total by (\$236,032) during the 2023-24 year. The General Fund equity ended the year at \$8,130,280 which was a decrease of (\$196,125) 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 decrease of (\$183,995).

Old Redford Academy

Management's Discussion and Analysis

For the Year Ended June 30, 2024

General Fund Budgetary Highlights

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 7% increase \$967,668 in General Fund revenues from the original budget to the final budget.

- *State revenues* – This variance stems mainly from State Foundation Allowance as a result of conservative budgeting from an enrollment perspective for the original budget.

There was a 2.5% increase of \$415,130 in General Fund expenditures from the original budget to the final budget.

- This was primarily a result of conservative expenditure budgeting with the Original Budget.

Final budget to actual

- There was a 0.3% difference of \$51,211 between the final revenue budget and the actual revenue. This is a result of higher than anticipated revenues for the 31A grant and the Levy revenue from Wayne RESA.
- There was a .15% difference of \$24,002 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 Notes 5 and 7 to the financial statements respectively.

Factors Bearing on the School's Future

- 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.
- CS Partners will continue to be engaged through June 30, 2026 to provide management services to assist the school with academic performance, operations, and human resource management.

Requests for Information

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, 2024

ASSETS

Current Assets

| | |
|-----------------------------------|--------------|
| Cash and cash equivalents | \$ 7,921,594 |
| Accounts receivable | 35,549 |
| Due from other governmental units | 3,249,406 |
| Prepaid expenses | 69,319 |
| Inventory | <u>4,598</u> |
| Total current assets | 11,280,466 |

Capital Assets - Net of Accumulated Depreciation / Amortization

18,763,161

| | |
|--------------|----------------------|
| Total assets | <u>\$ 30,043,627</u> |
|--------------|----------------------|

LIABILITIES AND NET POSITION

Current Liabilities

| | |
|----------------------------------|------------------|
| Accounts payable | \$ 586,867 |
| Unearned revenue | 1,702,512 |
| Other accrued liabilities | 859,827 |
| Long-term debt - current portion | <u>1,289,877</u> |
| Total current liabilities | 4,439,083 |

Long-Term Debt - Long-Term Portion

18,949,233

Net Position

| | |
|------------------------------------|----------------------|
| Net investment in capital assets | (1,475,949) |
| Restricted for food service | (3,618) |
| Unrestricted | <u>8,134,878</u> |
| Total net position | <u>6,655,311</u> |
| Total liabilities and net position | <u>\$ 30,043,627</u> |

See accompanying notes to financial statements

OLD REDFORD ACADEMY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

| | | Program Revenues | | Net (Expense) Revenues and Changes in Position |
|---|----------------------|-------------------------|---------------------|---|
| | Expenses | Charges for Services | Operating Grants | Government Type Activities |
| Functions | | | | |
| Instruction | | | | |
| Basic programs | \$ 4,589,366 | \$ - | \$ 3,121,395 | \$ (1,467,971) |
| Added needs | 1,077,609 | - | 1,070,498 | (7,111) |
| Support services | | | | |
| Pupil support services | 643,280 | - | 140,411 | (502,869) |
| Instructional staff support services | 839,522 | - | 756,033 | (83,489) |
| General administration | 1,678,454 | - | 56,467 | (1,621,987) |
| School administration | 921,279 | - | - | (921,279) |
| Business support services | 587,897 | - | 154,335 | (433,562) |
| Operations and maintenance | 2,327,752 | - | 431,930 | (1,895,822) |
| Pupil transportation services | 282,567 | - | 5,568 | (276,999) |
| Central support services | 762,388 | - | 236,145 | (526,243) |
| Athletic activities | 177,751 | - | - | (177,751) |
| Food services | 734,753 | - | 694,846 | (39,907) |
| Community services | 86,901 | - | 86,901 | - |
| Unallocated depreciation / amortization | 1,744,342 | - | - | (1,744,342) |
| Unallocated interest | 630,222 | - | - | (630,222) |
| Total primary government | <u>\$ 17,084,083</u> | <u>\$ -</u> | <u>\$ 6,754,529</u> | <u>(10,329,554)</u> |
| General Purpose Revenues | | | | |
| State school aid - unrestricted | | | | 9,377,973 |
| Miscellaneous revenues | | | | <u>222,932</u> |
| Total general purpose revenues | | | | <u>9,600,905</u> |
| Change in net position | | | | (728,649) |
| Net position - July 1, 2023 | | | | <u>7,383,960</u> |
| Net position - June 30, 2024 | | | | <u>\$ 6,655,311</u> |

See accompanying notes to financial statements

OLD REDFORD ACADEMY

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS

JUNE 30, 2024

ASSETS

| | General | Non-Major Special Revenue - Food Services | Total |
|-----------------------------------|----------------------|---|----------------------|
| Cash and cash equivalents | \$ 7,921,594 | \$ - | \$ 7,921,594 |
| Accounts receivable | 35,549 | - | 35,549 |
| Due from other governmental units | 3,246,726 | 2,680 | 3,249,406 |
| Due from other funds | 5,175 | - | 5,175 |
| Inventory | - | 4,598 | 4,598 |
| Prepaid expenses | 69,319 | - | 69,319 |
| Total assets | <u>\$ 11,278,363</u> | <u>\$ 7,278</u> | <u>\$ 11,285,641</u> |

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE

Liabilities

| | | | |
|---------------------------|------------|----------|------------|
| Accounts payable | \$ 585,744 | \$ 1,123 | \$ 586,867 |
| Due to other funds | - | 5,175 | 5,175 |
| Unearned revenue | 1,702,512 | - | 1,702,512 |
| Other accrued liabilities | 859,827 | - | 859,827 |
| Total liabilities | 3,148,083 | 6,298 | 3,154,381 |

Fund Balance

| | | | |
|---|----------------------|-----------------|----------------------|
| Nonspendable | 69,319 | 4,598 | 73,917 |
| Restricted | - | (3,618) | (3,618) |
| Unassigned | 8,060,961 | - | 8,060,961 |
| Total fund balance | <u>8,130,280</u> | <u>980</u> | <u>8,131,260</u> |
| Total liabilities, deferred inflows and fund balance | <u>\$ 11,278,363</u> | <u>\$ 7,278</u> | <u>\$ 11,285,641</u> |

See accompanying notes to financial statements

OLD REDFORD ACADEMY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2024

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

| | |
|--|---------------------|
| Total Governmental Fund Balances | \$ 8,131,260 |
| 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 \$6,306,672. | 18,763,161 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | <u>(20,239,110)</u> |
| Net Position of Governmental Activities | <u>\$ 6,655,311</u> |

OLD REDFORD ACADEMY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2024

| | General | Non-Major Special Revenue - Food Services | Total |
|---|--------------|---|--------------|
| Revenues | | | |
| Local sources | \$ 222,932 | \$ - | \$ 222,932 |
| State sources | 10,965,879 | 17,211 | 10,983,090 |
| Federal sources | 4,020,507 | 677,635 | 4,698,142 |
| Interdistrict sources | 451,270 | - | 451,270 |
| Total governmental fund revenues | 15,660,588 | 694,846 | 16,355,434 |
| Expenditures | | | |
| Instruction | | | |
| Basic programs | 4,589,366 | - | 4,589,366 |
| Added needs | 1,077,609 | - | 1,077,609 |
| Support services | | | |
| Pupil support services | 643,280 | - | 643,280 |
| Instructional staff support services | 839,522 | - | 839,522 |
| General administration | 1,678,454 | - | 1,678,454 |
| School administration | 921,279 | - | 921,279 |
| Business support services | 587,897 | - | 587,897 |
| Operations and maintenance | 2,327,752 | - | 2,327,752 |
| Pupil transportation services | 282,567 | - | 282,567 |
| Central support services | 762,388 | - | 762,388 |
| Athletic activities | 177,751 | - | 177,751 |
| Food services | - | 734,753 | 734,753 |
| Community services | 86,901 | - | 86,901 |
| Debt principal and interest | 1,881,947 | - | 1,881,947 |
| Total governmental fund expenditures | 15,856,713 | 734,753 | 16,591,466 |
| Excess (deficiency) of revenues over expenditures | (196,125) | (39,907) | (236,032) |
| Fund balance - July 1, 2023 | 8,326,405 | 40,887 | 8,367,292 |
| Fund balance - June 30, 2024 | \$ 8,130,280 | \$ 980 | \$ 8,131,260 |

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, 2024

| | |
|---|--------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ (236,032) |
|---|--------------|

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

| | |
|---------------------------------------|----------------|
| Depreciation and amortization expense | \$ (1,744,342) |
|---------------------------------------|----------------|

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>1,251,725</u> |
|-----------------------------|------------------|

| | |
|--|----------------------------|
| Change in Net Position of Governmental Activities | <u><u>\$ (728,649)</u></u> |
|--|----------------------------|

OLD REDFORD ACADEMY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024 were approximately \$274,700.

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, 2024

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 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, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The government-wide Statement of Activities presents a comparison between expenses and program revenues 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, 2024. 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

Accounts receivables and due from other governmental units at June 30, 2024 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 2024 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, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2024, 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 and amortization are 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 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 is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is displayed in the following three components: Net position represents the difference between assets, deferred outflows, 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, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation/amortization and reduced by any outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on the use of net position by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of Net investment in capital assets or Restricted.

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.

OLD REDFORD ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

OLD REDFORD ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Upcoming Accounting Pronouncements

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.

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This Statement establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;

OLD REDFORD ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. The Academy is required by law to adopt a general fund budget. During the year ended June 30, 2024 the budget was amended in a legally permissible manner. During the year ended June 30, 2024 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 19 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.

OLD REDFORD ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

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, 2024, 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, 2024, \$5,801,093 of the Academy's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of June 30, 2024.

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

OLD REDFORD ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

- 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.

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

| | |
|-----------------|---------------------|
| Local sources | \$ 14,982 |
| State sources | 2,167,766 |
| Federal sources | <u>1,066,658</u> |
| Total | <u>\$ 3,249,406</u> |

NOTE 5 - CAPITAL ASSETS

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

| | Balance July 1, 2023 | Additions | Disposals | Balance June 30, 2024 |
|---|-------------------------|-----------------------|-------------|--------------------------|
| Capital assets subject to depreciation / amortization | | | | |
| Right to use - assets | \$ 23,929,224 | \$ - | \$ - | \$ 23,929,224 |
| Furniture and equipment | <u>1,140,609</u> | <u>-</u> | <u>-</u> | <u>1,140,609</u> |
| Sub-total | 25,069,833 | - | - | 25,069,833 |
| Accumulated depreciation / amortization | | | | |
| Right to use - assets | 3,465,208 | 1,732,604 | - | 5,197,812 |
| Furniture and equipment | <u>1,097,122</u> | <u>11,738</u> | <u>-</u> | <u>1,108,860</u> |
| Sub-total | <u>4,562,330</u> | <u>1,744,342</u> | <u>-</u> | <u>6,306,672</u> |
| Total net capital assets | <u>\$ 20,507,503</u> | <u>\$ (1,744,342)</u> | <u>\$ -</u> | <u>\$ 18,763,161</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, 2024

NOTE 6 – OTHER ACCRUED EXPENSES

Other accrued expenses can be summarized as follows:

| | |
|---|-------------------|
| Purchased services - payroll and benefits | 609,801 |
| University oversight fee | 50,067 |
| Other accrued expenses | 199,959 |
| Total other accrued expenses | <u>\$ 859,827</u> |

NOTE 7 – LONG-TERM OBLIGATIONS PAYABLE

Long-Term obligations as of June 30, 2024 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, 2023</u> | <u>Additions</u> | <u>Retirements and Payments</u> | <u>Balance June 30, 2024</u> | <u>Due Within One Year</u> |
|-----------------------------|---------------------------------|------------------|-------------------------------------|----------------------------------|--------------------------------|
| Direct borrowing - building | \$ 7,027,248 | \$ - | \$ 601,244 | \$ 6,426,004 | \$ 620,829 |
| Direct borrowing - building | 14,463,587 | - | 650,481 | 13,813,106 | 669,048 |
| | <u>\$ 21,490,835</u> | <u>\$ -</u> | <u>\$ 1,251,725</u> | <u>\$ 20,239,110</u> | <u>\$ 1,289,877</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> |
|-------------|------------------|-----------------|
| 2025 | \$ 1,289,877 | \$ 592,170 |
| 2026 | 1,330,543 | 552,953 |
| 2027 | 1,370,488 | 512,512 |
| 2028 | 1,412,607 | 470,855 |
| 2029 | 1,453,963 | 427,921 |
| 2030 - 2034 | 7,267,459 | 1,454,633 |
| 2035 - 2039 | 4,800,130 | 576,690 |
| 2040 - 2041 | 1,314,043 | 32,307 |

OLD REDFORD ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024 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, 2024 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, 2024

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|------------------------|---------------------|---------------------|------------------|
| Revenues | | | | |
| Local sources | \$ 29,000 | \$ 60,500 | \$ 222,932 | \$ 162,432 |
| State sources | 9,667,565 | 10,693,952 | 10,965,879 | 271,927 |
| Federal sources | 3,977,112 | 3,987,830 | 4,020,507 | 32,677 |
| Interdistrict sources | <u>963,032</u> | <u>862,095</u> | <u>451,270</u> | <u>(410,825)</u> |
| Total general fund revenues | 14,636,709 | 15,604,377 | 15,660,588 | 56,211 |
| Expenditures | | | | |
| Instruction | | | | |
| Basic programs | 4,723,810 | 4,593,727 | 4,589,366 | (4,361) |
| Added needs | 1,042,656 | 1,099,700 | 1,077,609 | (22,091) |
| Support services | | | | |
| Pupil support services | 545,820 | 668,300 | 643,280 | (25,020) |
| Instructional staff support services | 979,076 | 865,236 | 839,522 | (25,714) |
| General administration | 1,680,811 | 1,693,328 | 1,678,454 | (14,874) |
| School administration | 928,162 | 949,128 | 921,279 | (27,849) |
| Business support services | 697,552 | 632,902 | 587,897 | (45,005) |
| Operations and maintenance | 2,031,935 | 2,256,702 | 2,327,752 | 71,050 |
| Pupil transportation services | 200,573 | 300,900 | 282,567 | (18,333) |
| Central support services | 573,892 | 619,325 | 762,388 | 143,063 |
| Athletic activities | 120,100 | 180,900 | 177,751 | (3,149) |
| Community services | 13,175 | 92,544 | 86,901 | (5,643) |
| Debt principal and interest | <u>1,881,854</u> | <u>1,881,854</u> | <u>1,881,947</u> | <u>93</u> |
| Total general fund expenditures | <u>15,419,416</u> | <u>15,834,546</u> | <u>15,856,713</u> | <u>22,167</u> |
| Excess (deficiency) of revenues over expenditures | (782,707) | (230,169) | (196,125) | 34,044 |
| Other Financing Sources (Uses) | | | | |
| Operating transfers out | <u>-</u> | <u>(46,174)</u> | <u>-</u> | <u>46,174</u> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other uses | (782,707) | (276,343) | (196,125) | 80,218 |
| Fund balance - July 1, 2023 | <u>8,326,405</u> | <u>8,326,405</u> | <u>8,326,405</u> | <u>-</u> |
| Fund balance - June 30, 2024 | <u>\$ 7,543,698</u> | <u>\$ 8,050,062</u> | <u>\$ 8,130,280</u> | <u>\$ 80,218</u> |

OLD REDFORD ACADEMY

SCHEDULE OF REVENUES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024

Local Sources

| | |
|----------------------|----------------|
| Student activities | \$ 33,567 |
| Other local revenues | <u>189,365</u> |
| Total local sources | 222,932 |

State Sources

| | |
|-------------------------------|------------------|
| At risk | 872,087 |
| Great start readiness program | 432,168 |
| Special education | 283,651 |
| State aid | <u>9,377,973</u> |
| Total state sources | 10,965,879 |

Federal Sources

| | |
|-----------------------|------------------|
| IDEA | 212,622 |
| Title I | 739,531 |
| Title II A | 47,075 |
| Title IV | 68,304 |
| Other program revenue | <u>2,952,975</u> |
| Total federal sources | 4,020,507 |

Interdistrict Sources

| | |
|-----------------------------|----------------------|
| | <u>451,270</u> |
| Total general fund revenues | <u>\$ 15,660,588</u> |

OLD REDFORD ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024

Basic Programs

| | |
|--------------------------------|---------------|
| Purchased services | \$ 4,151,446 |
| Other purchased services | 9,517 |
| Supplies and materials | 415,108 |
| Non-depreciable capital assets | <u>13,295</u> |
| Total basic programs | 4,589,366 |

Added Needs

| | |
|------------------------|--------------|
| Purchased services | 1,076,536 |
| Supplies and materials | <u>1,073</u> |
| Total added needs | 1,077,609 |

Pupil Support Services

| | |
|--------------------------------|----------------|
| Guidance services | 140,411 |
| Health services | 24,206 |
| Psychological services | 15,775 |
| Speech pathology and audiology | 115,800 |
| Social work services | <u>347,088</u> |
| Total pupil support services | 643,280 |

Instructional Staff Support Services

| | |
|--|--------------|
| Purchased services | 837,958 |
| Supplies and materials | <u>1,564</u> |
| Total instructional staff support services | 839,522 |

General Administration

| | |
|------------------------------|----------------|
| Purchased services | 137,926 |
| Management fees | 876,633 |
| University oversight | 274,677 |
| Supplies and materials | 877 |
| Other expenditures | <u>388,341</u> |
| Total general administration | 1,678,454 |

OLD REDFORD ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND - CONTINUED FOR THE YEAR ENDED JUNE 30, 2024

School Administration

| | |
|-----------------------------|---------------|
| Purchased services | 775,131 |
| Rentals | 62,270 |
| Supplies and materials | <u>83,878</u> |
| Total school administration | 921,279 |

Business Support Services

| | |
|---------------------------------|----------------|
| Purchased services | 394,050 |
| Other expenditures | <u>193,847</u> |
| Total business support services | 587,897 |

Operations and Maintenance

| | |
|----------------------------------|--------------|
| Purchased services | 1,176,404 |
| Repairs and maintenance | 571,844 |
| Rentals | 165,375 |
| Other purchased services | 125 |
| Supplies and materials | 407,668 |
| Non-depreciable capital assets | 1,628 |
| Other expenditures | <u>4,708</u> |
| Total operations and maintenance | 2,327,752 |

Pupil Transportation Services

| | |
|-------------------------------------|--------------|
| Purchased services | 273,094 |
| Supplies and materials | <u>9,473</u> |
| Total pupil transportation services | 282,567 |

Central Support Services

| | |
|--------------------------------|---------------|
| Purchased services | 495,297 |
| Other purchased services | 36,250 |
| Supplies and materials | 78,465 |
| Non-depreciable capital assets | 140,564 |
| Other expenditures | <u>11,812</u> |
| Total central support services | 762,388 |

OLD REDFORD ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND - CONTINUED FOR THE YEAR ENDED JUNE 30, 2024

Athletic Activities

| | |
|--------------------------|--------|
| Purchased services | 97,263 |
| Other purchased services | 57,844 |
| Supplies and materials | 16,094 |
| Other expenditures | 6,550 |

| | |
|---------------------------|---------|
| Total athletic activities | 177,751 |
|---------------------------|---------|

Community Services

| | |
|--------------------|--------|
| Purchased services | 86,901 |
|--------------------|--------|

Debt Principal and Interest

| |
|-----------|
| 1,881,947 |
|-----------|

| | |
|---------------------------------|---------------|
| Total general fund expenditures | \$ 15,856,713 |
|---------------------------------|---------------|

APPENDIX

Federal Awards Report

**INDEPENDENT AUDITORS' 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 (*Government Auditing Standards*), 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, 2024, 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 30, 2024.

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.

A handwritten signature in black ink that reads "Marcum LLP". The script is cursive and fluid.

MARCUM LLP
Rochester, MI

October 30, 2024

**INDEPENDENT AUDITORS' 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, 2024. Old Redford Academy's major federal programs are identified in the summary of Auditors' 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditors' 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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 Auditors' 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.

Marcum LLP

MARCUM LLP
Rochester, MI

October 30, 2024

OLD REDFORD ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2024

| 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, 2023 | Adjustments and Transfers | Federal Funds/ Payments In-kind Received | Expenditures | Accrued (Deferred) Revenue at June 30, 2024 | 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 2023-2024 | N/A | 10.555 | \$ 38,415 | \$ - | \$ - | \$ - | \$ 30,469 | \$ 30,469 | \$ - | \$ - |
| Cash Assistance - | | | | | | | | | | |
| National School Lunch Program 2023-2024 | 231960/ 241960 | 10.555 | 459,028 | - | - | - | 459,028 | 459,028 | - | - |
| COVID-19 - Supply Chain Assistance 2024 | 240910 | 10.555 | 20,970 | - | - | - | 20,970 | 20,970 | - | - |
| Total National School Lunch Program Cash and Noncash Assistance | | 10.555 | 518,413 | - | - | - | 510,467 | 510,467 | - | - |
| National School Breakfast Program: | | | | | | | | | | |
| National School Breakfast Program 2023-2024 | 231970/ 241970 | 10.553 | 130,363 | - | - | - | 130,363 | 130,363 | - | - |
| Summer Food Service Program: | | | | | | | | | | |
| Summer Food Service Program Operating 2023-2024 | 230900 | 10.559 | 13,413 | - | - | - | 13,413 | 13,413 | - | - |
| Fresh Fruit and Vegetable Program: | | | | | | | | | | |
| Fresh Fruit and Vegetable Program 2024-1 | 240950 | 10.582 | 20,520 | - | - | - | 20,520 | 20,520 | - | - |
| Total Child Nutrition Cluster | | | 682,709 | - | - | - | 674,763 | 674,763 | - | - |
| Special Education Cluster - U.S. Department of Education - Passed Through the Wayne County RESA: | | | | | | | | | | |
| IDEA Special Education – Formula Grants to ISDs: | | | | | | | | | | |
| IDEA Flowthrough 2223 | 230450 | 84.027A | 243,377 | 243,377 | 97,159 | - | 97,159 | - | - | - |
| IDEA Flowthrough 2324 | 240450 | 84.027A | 212,622 | - | - | - | 158,824 | 212,622 | 53,798 | - |
| Total Special Education Cluster | | 84.027A | 455,999 | 243,377 | 97,159 | - | 255,983 | 212,622 | 53,798 | - |
| Other Federal Awards: | | | | | | | | | | |
| U.S Department of Treasury - Passed Through the Michigan Department of Education: | | | | | | | | | | |
| Grow Your Own – Federal, Coronavirus State and Local Fiscal Recovery Fund: | | | | | | | | | | |
| COVID-19 - ARP Grow Your Own Program 20231 | 232423 | 21.027 | 286,941 | - | - | - | - | 10,715 | 10,715 | - |
| U.S Department of Agriculture - Passed Through the Michigan Department of Education: | | | | | | | | | | |
| Child and Adult Care Food Program: | | | | | | | | | | |
| Child and Adult Care Food Program 2023-2024 | 241920 | 10.558 | 2,686 | - | - | - | 2,686 | 2,686 | - | - |
| Child and Adult Care Food Program - Cash in Lieu 2023-2024 | 242010 | 10.558 | 186 | - | - | - | 186 | 186 | - | - |
| Total Child and Adult Care Food Program | | 10.558 | 2,872 | - | - | - | 2,872 | 2,872 | - | - |

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, 2024

| 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, 2023 | Adjustments and Transfers | Federal Funds/ Payments In-kind Received | Expenditures | Accrued (Deferred) Revenue at June 30, 2024 | Current Year Cash Transferred To Subrecipient |
|---|-----------------------------|----------------|------------------------------|---|---|---------------------------------|---|--------------|--|--|
| Other Federal Awards (Continued): | | | | | | | | | | |
| 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 | 231530 | 84.010A | 1,052,159 | 776,973 | 247,142 | - | 247,142 | - | - | - |
| Title I Part A 2223 | 241530 | 84.010A | 894,807 | - | - | - | 493,668 | 739,531 | 245,863 | - |
| Title I Part A Subtotal | | 84.010A | 1,946,966 | 776,973 | 247,142 | - | 740,810 | 739,531 | 245,863 | - |
| Passed through the Wayne County RESA: | | | | | | | | | | |
| Title I, Part A: Regional Assistance Grant (RAG): | | | | | | | | | | |
| Title I Part A RAG 2022-2023 | N/A | 84.010A | 470,473 | - | - | - | - | 98,235 | 98,235 | - |
| Passed through the Calhoun ISD: | | | | | | | | | | |
| Title I, Part A: Technical Assistance Grant (TAG): | | | | | | | | | | |
| Title I Part A TAG 2223 | 231580 | 84.010A | 20,000 | - | - | - | 19,050 | 19,050 | - | - |
| Total Title I Part A | | | 2,437,439 | 776,973 | 247,142 | - | 759,860 | 856,816 | 344,098 | - |
| Title II, Part A: Supporting Effective Instruction: | | | | | | | | | | |
| Title II Part A 2223 | 230520 | 84.367 | 98,315 | 27,485 | 5,000 | - | 5,000 | - | - | - |
| Title II Part A 2324 | 240520 | 84.367 | 126,054 | - | - | - | 47,075 | 47,075 | - | - |
| Total Title II Part A | | 84.367 | 224,369 | 27,485 | 5,000 | - | 52,075 | 47,075 | - | - |
| Title IV, Part A: Student Support and Academic Enrichment: | | | | | | | | | | |
| Title IV Part A 2223 | 230750 | 84.424A | 84,206 | 4,461 | - | - | 60,968 | 60,968 | - | - |
| Title IV Part A 2324 | 240750 | 84.424A | 81,542 | - | - | - | - | 7,336 | 7,336 | - |
| Total Title IV Part A | | 84.424A | 165,748 | 4,461 | - | - | 60,968 | 68,304 | 7,336 | - |
| Education Stabilization Fund: | | | | | | | | | | |
| COVID-19 - Supplemental Elementary and Secondary School Emergency Relief (ESSER II) 2021 | | | | | | | | | | |
| | 213712 | 84.425D | 2,406,790 | 2,278,169 | 123,577 | - | 252,198 | 128,621 | - | - |
| COVID-19 - ESSER III Formula – American Rescue Plan (ARP-ESSER) 2122 | | | | | | | | | | |
| | 213713 | 84.425U | 5,409,151 | 2,701,283 | 606,883 | - | 2,603,073 | 2,646,901 | 650,711 | - |
| COVID-19 - ESSER II – Section 98c Per-Pupil Payments for Learning Loss 2223 | | | | | | | | | | |
| | 213782 | 84.425D | 62,087 | 10,885 | 1,330 | - | 50,783 | 49,453 | - | - |
| Total Education Stabilization Fund | | 84.425 | 7,878,028 | 4,990,337 | 731,790 | - | 2,906,054 | 2,824,975 | 650,711 | - |
| Total U.S. Department of Education | | | 10,705,584 | 5,799,256 | 983,932 | - | 3,778,957 | 3,797,170 | 1,002,145 | - |
| Total Federal Awards | | | \$ 12,134,105 | \$ 6,042,633 | \$ 1,081,091 | \$ - | \$ 4,712,575 | \$ 4,698,142 | \$ 1,066,658 | \$ - |

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, 2024

Revenues to Expenditures

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

| | |
|---|----------------------------|
| General Fund | \$ 4,020,507 |
| Special Revenue Fund - Food Services | <u>677,635</u> |
| Federal expenditures per the schedule of expenditures of federal awards | <u><u>\$ 4,698,142</u></u> |

OLD REDFORD ACADEMY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024. 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.

OLD REDFORD ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF THE AUDITORS' RESULTS

Financial Statements

Type of auditors' 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 X no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? ___yes X none reported
- Noncompliance material to financial statements noted? ___yes X no

Federal Awards

Internal control over major programs:

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

Type of auditors' 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 X no

Identification of major programs:

Assistance Listing Number(s)

84.010A

84.425D, 84.425U

Name of Federal Program or Cluster

Title I, Part A

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?

X yes ___no

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported