

Audited Financial Statements

Old Redford Academy

Detroit , Michigan

June 30, 2024

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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
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

	2024	2023
Current and other assets	\$ 11,280,466	\$ 10,208,465
Capital assets	18,763,161	20,507,503
Total assets	30,043,627	30,715,968
Long-term debt outstanding	18,949,233	20,239,110
Other liabilities	4,439,083	3,092,898
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	8,134,878	8,331,003
Total net position	\$ 6,655,311	\$ 7,383,960

**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

	2024	2023
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	222,932	148,025
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	1,744,342	1,748,346
Total expenses	17,084,083	16,011,072
Change in net position	\$ (728,649)	\$ 7,730

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 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		4,598
		<hr/>
Total current assets		11,280,466

Capital Assets - Net of Accumulated Depreciation / Amortization

18,763,161

Total assets \$ 30,043,627

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		1,289,877
		<hr/>
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		8,134,878
		<hr/>
Total net position		6,655,311
		<hr/>
Total liabilities and net position	\$	<u><u>30,043,627</u></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	\$ 17,084,083	\$ -	\$ 6,754,529	(10,329,554)
General Purpose Revenues				
State school aid - unrestricted				9,377,973
Miscellaneous revenues				222,932
Total general purpose revenues				9,600,905
Change in net position				(728,649)
Net position - July 1, 2023				7,383,960
Net position - June 30, 2024				\$ 6,655,311

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
	<u>\$ 11,278,363</u>	<u>\$ 7,278</u>	<u>\$ 11,285,641</u>
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
	<u>3,148,083</u>	<u>6,298</u>	<u>3,154,381</u>
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
	<u>8,130,280</u>	<u>980</u>	<u>8,131,260</u>
Total fund balance	8,130,280	980	8,131,260
	<u>\$ 11,278,363</u>	<u>\$ 7,278</u>	<u>\$ 11,285,641</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>

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, 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
	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
	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)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period

Depreciation and amortization expense	\$ (1,744,342)
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The governmental funds report loan proceeds as an other financing source, while repayment of loan principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general loan obligations is as follows:

Repayment of loan principal	<u>1,251,725</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (728,649)</u></u>
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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:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2024</u>
Capital assets subject to depreciation / amortization				
Right to use - assets	\$ 23,929,224	\$ -	\$ -	\$ 23,929,224
Furniture and equipment	1,140,609	-	-	1,140,609
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	1,097,122	11,738	-	1,108,860
Sub-total	4,562,330	1,744,342	-	6,306,672
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	<u>199,959</u>
Total other accrued expenses	<u><u>\$ 859,827</u></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	<u>14,463,587</u>	<u>-</u>	<u>650,481</u>	<u>13,813,106</u>	<u>669,048</u>
	<u><u>\$ 21,490,835</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,251,725</u></u>	<u><u>\$ 20,239,110</u></u>	<u><u>\$ 1,289,877</u></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	963,032	862,095	451,270	(410,825)
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	1,881,854	1,881,854	1,881,947	93
Total general fund expenditures	15,419,416	15,834,546	15,856,713	22,167
Excess (deficiency) of revenues over expenditures	(782,707)	(230,169)	(196,125)	34,044
Other Financing Sources (Uses)				
Operating transfers out	-	(46,174)	-	46,174
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	8,326,405	8,326,405	8,326,405	-
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	13,295

Total basic programs 4,589,366

Added Needs

Purchased services	1,076,536
Supplies and materials	1,073

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	347,088

Total pupil support services 643,280

Instructional Staff Support Services

Purchased services	837,958
Supplies and materials	1,564

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	388,341

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	83,878
	<hr/>
Total school administration	921,279

Business Support Services

Purchased services	394,050
Other expenditures	193,847
	<hr/>
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	4,708
	<hr/>
Total operations and maintenance	2,327,752

Pupil Transportation Services

Purchased services	273,094
Supplies and materials	9,473
	<hr/>
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	11,812
	<hr/>
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	<u>6,550</u>

Total athletic activities 177,751

Community Services

Purchased services	86,901
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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.



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>\$ 4,698,142</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 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 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 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?

yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported