



**HMONG AMERICAN PEACE ACADEMY,
LTD AND AFFILIATE**

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2024

The background of the lower half of the page features a complex, abstract geometric pattern of overlapping, semi-transparent lines and shapes in shades of gray and teal, creating a sense of depth and movement.

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HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hmong American Peace Academy Ltd and Affiliates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Hmong American Peace Academy, Ltd and Affiliate (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hmong American Peace Academy, Ltd and Affiliate (Organization) as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and additional supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and, except for that portion marked “unaudited”, was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for that portion marked “unaudited”, the information is fairly stated, in all material respects, in relation to the consolidated 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 November 22, 2024, on our consideration of the Organization’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 the Organization’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 the Organization’s internal control over financial reporting and compliance.

Sikich CPA LLC

Brookfield, Wisconsin
November 22, 2024

CONSOLIDATED FINANCIAL STATEMENTS

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2024

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 20,164,696
Grants receivable	7,586,285
Pledges receivable	30,000
Other assets	628,129
Total current assets	<u>28,409,110</u>
PROPERTY AND EQUIPMENT	
Property and equipment	55,109,034
Less: Accumulated depreciation	<u>(7,467,902)</u>
Net property and equipment	<u>47,641,132</u>
OTHER ASSETS	
Security deposit	18,750
Restricted cash - bond trust accounts	4,505,394
Operating right of use asset	470,612
Total other assets	<u>4,994,756</u>
TOTAL ASSETS	<u><u>\$ 81,044,998</u></u>

(This statement is continued on the following page.)

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As of June 30, 2024

LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 942,073
Accrued liabilities	2,290,801
Due to government agency	162,415
Current portion of operating lease liabilities	232,344
Current portion of bonds payable	<u>500,000</u>
Total current liabilities	<u>4,127,633</u>
LONG-TERM LIABILITIES	
Operating lease liabilities, net of current portion	244,231
Long term portion of bonds payable, net of unamortized bond issuance fees and unamortized premium	<u>25,355,199</u>
Total long-term liabilities	<u>25,599,430</u>
Total liabilities	<u>29,727,063</u>
NET ASSETS	
Without donor restrictions	51,223,727
With donor restrictions	<u>94,208</u>
Total net assets	<u>51,317,935</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 81,044,998</u></u>

See accompanying notes to consolidated financial statements.

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE**CONSOLIDATED STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Government grants and contracts			
MPS charter school	\$ 20,893,752	\$ -	\$ 20,893,752
Special education grant	168,582	-	168,582
Government grants	9,558,799	-	9,558,799
Other grants	290,227	-	290,227
Other contributions	265,637	285,400	551,037
Program service fees	114,011	-	114,011
Interest income	1,381,664	-	1,381,664
Loss on disposal of property and equipment	(15,420)	-	(15,420)
Net assets released from restrictions	266,108	(266,108)	-
Total support and revenue	32,923,360	19,292	32,942,652
EXPENSES			
Program services			
General education	18,521,410	-	18,521,410
Special Education (SPED)	613,472	-	613,472
Total program services	19,134,882	-	19,134,882
Support services			
General administration	3,340,436	-	3,340,436
Fundraising	80,597	-	80,597
Total support services	3,421,033	-	3,421,033
Total expenses	22,555,915	-	22,555,915
CHANGE IN NET ASSETS	10,367,445	19,292	10,386,737
NET ASSETS, BEGINNING OF YEAR	40,856,282	74,916	40,931,198
NET ASSETS, END OF YEAR	\$ 51,223,727	\$ 94,208	\$ 51,317,935

See accompanying notes to consolidated financial statements.

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2024

	Program Services			Supporting Services			Total
	General Education	SPED	Total Program Services	Administration	Fundraising	Total Supporting Services	
Salaries, benefits and related expenses	\$ 10,399,670	\$ 377,080	\$ 10,776,750	\$ 1,966,320	\$ 80,597	\$ 2,046,917	\$ 12,823,667
Athletics	28,485	-	28,485	-	-	-	28,485
Bank charges	-	-	-	8,340	-	8,340	8,340
Contracted services	81,674	75,612	157,286	-	-	-	157,286
Depreciation	1,713,074	-	1,713,074	192,055	-	192,055	1,905,129
Developmental activities	79,129	-	79,129	2,249	-	2,249	81,378
Educational media and supplies	2,524,850	160,780	2,685,630	-	-	-	2,685,630
Field trips and special events	338,189	-	338,189	-	-	-	338,189
Insurance	128,824	-	128,824	15,118	-	15,118	143,942
Interest expense	20,497	-	20,497	892,677	-	892,677	913,174
License and fees	188,044	-	188,044	20,894	-	20,894	208,938
Miscellaneous	-	-	-	21,926	-	21,926	21,926
Occupancy	835,264	-	835,264	92,807	-	92,807	928,071
Supplies	-	-	-	4,121	-	4,121	4,121
Postage	22,273	-	22,273	2,475	-	2,475	24,748
Printing and copying	66,666	-	66,666	-	-	-	66,666
Professional fees	421,050	-	421,050	67,068	-	67,068	488,118
Repairs and maintenance	383,809	-	383,809	42,645	-	42,645	426,454
Telephone	105,669	-	105,669	11,741	-	11,741	117,410
Transportation	1,184,243	-	1,184,243	-	-	-	1,184,243
TOTAL EXPENSES	\$ 18,521,410	\$ 613,472	\$ 19,134,882	\$ 3,340,436	\$ 80,597	\$ 3,421,033	\$ 22,555,915

See accompanying notes to consolidated financial statements.

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 10,386,737
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities	
Depreciation	1,905,129
Amortization of bond premium to interest expense	(149,897)
Amortization of bond issuance costs to interest expense	22,774
Non-cash operating lease expense	(25,748)
Loss on disposal of fixed asset	15,420
Decrease (increase) in	
Grants receivable	(3,636,314)
Pledges receivable	(30,000)
Other assets	(518,689)
Increase (decrease) in	
Accounts payable	(110,861)
Accrued liabilities	810,632
Net cash from operating activities	<u>8,669,183</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(10,149,485)</u>
Net cash (used) by investing activities	<u>(10,149,485)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on notes payable	<u>(480,000)</u>
Net cash (used in) financing activities	<u>(480,000)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(1,960,302)
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CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - BEGINNING OF YEAR	<u>26,630,392</u>
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CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	<u><u>\$ 24,670,090</u></u>
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(This statement is continued on the following page.)

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the Year Ended June 30, 2024

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW
INFORMATION**

Cash and cash equivalents	\$ 20,164,696
Cash - restricted	<u>4,505,394</u>
	<u>\$ 24,670,090</u>
Cash paid for interest	<u>\$ 1,045,950</u>

See accompanying notes to consolidated financial statements.

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Hmong American Peace Academy, Ltd (School) is a non-profit charter school pursuant to a contract with the Milwaukee Board of School Directors. The purpose of the Organization is to serve the Hmong community by providing elementary through high school services to students while preserving the Hmong culture and language but embracing American values to provide opportunities for success as American citizens.

The Hmong American Peace Academy Foundation, Inc. (Foundation) is a nonprofit organization whose mission is to enrich the experience of scholars, families, and staff, nurturing a culture of academic excellence, celebrating Hmong heritage, and building skills for lifelong success through community engagement, ambassadorship, and fundraising. The Foundation accomplishes its mission by raising, managing and distributing funds and other assets with Hmong American Peace Academy, Ltd to support its mission and educational goals.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Hmong American Peace Academy, Ltd., Hmong American Peace Academy Foundation, collectively referred to as “the Organization.” All significant inter-organizational transactions have been eliminated in the consolidated financial statements.

Method of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Assets, liabilities, revenues and expenses are recognized on the accrual basis method of accounting. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions or imposed stipulations by the Organization’s Board of Directors (the Board). The Organization has adopted the policy of recording donor-restricted contributions and investment income whose restrictions are met in the same reporting period as support without donor restrictions.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets With Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by the actions of the Organization or the passage of time. They may also be subject to donor-imposed restrictions that the contributions be maintained in perpetuity and neither expire with the passage of time nor can be removed by satisfying a specific purpose. The Organization does not have any net assets required to be held in perpetuity as of June 30, 2024.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents include amounts on deposit at financial institutions in checking, savings, money market and insured bank sweep accounts. The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

The Organization maintains its cash and cash equivalents at financial institutions which, at times, may exceed federally insured limits. On June 30, 2024, the Organization's cash balances exceeded these limits by approximately \$6,879,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Grants Receivable

Grants receivable are amounts due under cost reimbursable grants primarily from state and federal government agencies and are carried at the amount management expects to collect from outstanding balances. Grants receivable are reviewed periodically by management to determine the adequacy of the allowance for doubtful accounts. Based on management's evaluation, the Organization believes that an allowance for doubtful accounts is not considered necessary as of June 30, 2024; however, actual write-offs may occur. Outstanding grants receivable as of June 30, 2024 are expected to be collected in the following fiscal year.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable

Pledges receivable consist primarily of pledges from private organizations, corporations, and individual donors. Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at their fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized and is reported as contribution revenue. All pledges outstanding as of June 30, 2024 are expected to be collected in the following fiscal year. Management has determined an allowance for uncollectible pledges receivable is not deemed necessary as of June 30, 2024 and 2023; however, actual write-offs may occur.

Leases

The Organization has an operating lease for a building. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the consolidated statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligations to make lease payments rising from the lease. Operating ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives.

The lease terms may include options to extend or terminate the lease when it is reasonably certain that such options will be exercised. Lease expense for lease payments is recognized on straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive rights. This evaluation may require significant judgement.

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost or fair value if contributed. The Organization capitalizes property and equipment expenditures greater than \$5,000. Depreciation is computed on a straight-line basis over the following estimated useful lives.

	<u>Years</u>
Land improvements	10-20
Building and improvements	10-40
Furniture and equipment	3-20

Revenue Recognition

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date gift is deemed unconditional. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the time or use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying consolidated financial statements. There were no conditional contributions as of June 30, 2024.

Grant Revenue

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon incurrence of allowable qualifying expenses. Grant revenue consists of government and other grants on the consolidated statement of activities. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as a refundable grant advance in the consolidated statement of financial position; there were no amounts received in advance from cost-reimbursable grants for the year ended June 30, 2024. The Organization did not have any cost reimbursable grants that were not recognized as of June 30, 2024 because qualifying expenditures had not yet been incurred.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from Contacts with Customers

MPS Charter School Revenue and Special Education Grant

MPS charter school revenue and the special education grant is related to school services. These fees are nonrefundable and are comprised of an exchange element based on the value of benefits provided. Amounts received are recognized over time utilizing the time elapsed method of recognition as the services are provided over a day of attendance. Payments are due from Milwaukee Public Schools in installments throughout the academic year. Payments are received from the Milwaukee Public School in 4 installments based on 40%, 30%, 20% and 10% of the contract amount. The base contract amount is based on pupil count and is adjusted based on pupil counts performed on the 3rd Friday in September and 2nd Friday in January.

Program Service Fees

Revenue from program service fees is related to school activities and is composed of fees for fieldtrips, athletics, parking, technology, and other various school activities. These fees are nonrefundable and are comprised of an exchange element based on the value of benefits provided. Amounts received are recognized as revenue when the Organization has performed the services and is recognized over time as the services are provided. Payments are due from the students prior to commencement of activity at the beginning of the school year and throughout, as applicable, based on the activity. There were no advance payments (contract liability) or amounts due to the Organization (contract asset) as of June 30, 2024.

Significant Judgments and Estimates

There are no significant judgments or estimates involved in the recognition of revenue from contracts with customers.

Various economic factors could affect the recognition of revenues and cash flows, including the demand and ability to provide services as well as prompt payments from customers.

Functional Expense Classification

Costs of providing program and supporting service activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated amongst the program, management and general and fundraising. Costs are charged on a direct functional basis whenever practical. Salaries and wages, employee benefits, payroll taxes, supplies, administrative, insurance, and depreciation are allocated based on time and effort. Fundraising costs include direct costs and an allocation of certain management wages and fringe benefits based on estimated time and effort.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Internal Revenue Service has determined that Hmong American Peace Academy, Ltd. And Hmong American Peace Academy Foundation are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The organizations are classified as other than a private foundation. The organizations evaluate their uncertain tax positions on an annual basis, and there have been no recorded uncertain tax positions recorded in 2024, 2023, or 2022. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements. The Organizations file various federal or state non-profit tax returns. The Organizations are no longer subject to U.S. federal or state examinations by tax authorities for years prior to 2021.

New Accounting Pronouncements

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model.

Under the standard, disclosures are required to provide users of the consolidated financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to guidance in FASB ASC 326 were grants receivable. The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new/enhanced disclosures only.

2. LIQUIDITY AND AVAILABILITY

Growth in student enrollment and quality of educational opportunities for students is a significant goal of the Organization. To facilitate growth in enrollment and quality, particular emphasis has been made by management and the board of directors to grow working capital and resources. Growth in working capital is required to cover operational expenses in the event of a delay in the receipt of contract payments or other interruptions of cash flow. Minimally, the Organization expects to maintain cash and cash equivalents to cover 45 to 60 days of expenses. Ideally, the Organization will maintain cash and cash equivalents to cover three to six months of expenses. Working capital is generated through the receipt of quarterly allocations of per pupil aid funds as well as cost reimbursement funds during the course of the operational year.

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. LIQUIDITY AND AVAILABILITY (Continued)

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 20,164,696
Grants receivable	7,586,285
Pledges receivable	<u>30,000</u>
Total financial assets and liquid resources	27,780,981
Less: Donor Imposed Restrictions	<u>64,208</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u><u>\$ 27,716,773</u></u>

See Note 10 for outstanding commitment related to the construction contract expected to be completed during the year ending June 30, 2025.

3. RESTRICTED CASH - BOND TRUST ACCOUNTS

As discussed in Note 6, the bond proceeds were deposited into accounts at Computershare Corporate Trust Services, along with the setup of additional trust funds required by the loan agreement as follows:

Debt service reserve fund - Funds to be used to make up deficiencies in the interest and principal account in the event other amounts are insufficient to cover the amounts due at a payment date.	\$ 1,554,758
Repair and replacement fund - the Organization must deposit \$5,000 into this fund on the next business day after each charter contract debt payment until the fund is equal to or greater than \$100,000. This fund may be used upon a written acquisition to pay for maintenance of the project or capital expenditures related to the project.	95,744
Bond interest account - Funds to be used solely for the payment of the interest on the bonds as they become due.	523,024
Bond principal account - Funds to be used solely for the payment of principal on bonds as they become due.	<u>2,331,868</u>
TOTAL RESTRICTED CASH	<u><u>\$ 4,505,394</u></u>

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June, 30:

Land improvements	\$ 6,408,834
Building and improvements	39,609,319
Furniture and equipment	7,442,226
Construction in progress	<u>1,648,655</u>
Total property and equipment	55,109,034
Less: Accumulated depreciation	<u>(7,467,902)</u>
PROPERTY AND EQUIPMENT, NET	<u><u>\$ 47,641,132</u></u>

5. LEASES

The Organization has an operating lease for one of their facilities. The lease has a remaining lease term of two years.

The components of lease expense were as follows for the year ending June 30:

Operating lease costs	<u><u>\$ 247,915</u></u>
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Other information related to leases was as follows as of June 30:

Supplemental cash flow information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 248,646
--	------------

Weighted average remaining lease term (years)

Operating leases	2.0
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Weighted average discount rate

Operating leases	5.00%
------------------	-------

Future minimum lease payments under non-cancellable leases as of June 30, 2024 were as follows:

2025	\$ 250,896
2026	<u>250,896</u>
Total future undiscounted lease payments	501,792
Less: Interest	<u>(25,217)</u>
PRESENT VALUE OF LEASE LIABILITIES	<u><u>\$ 476,575</u></u>

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. BONDS PAYABLE

Wisconsin Health and Educational Facilities Authority Refunding Revenue Bonds, Series 2020, dated February 1, 2020 with a maturity on February 1, 2050, held directly by Computershare Corporate Trust Services and secured by a mortgage. Interest and principal payments are paid at a semi-annually on March 15 and September 15, with the remaining balance due on February 2050. Interest accrues at 4% up until 2041, at which point it increases to 5%.

	<u>\$ 22,720,000</u>
Total principal amount	22,720,000
Less: Current portion	(500,000)
Less: Unamortized loan issuance costs	(408,235)
Add: Unamortized bond premium	<u>3,543,434</u>
TOTAL BONDS PAYABLE	<u><u>\$ 25,355,199</u></u>

The series 2020 Wisconsin Health and Educational Facilities Authority tax-exempt bonds have restrictive financial covenants and are privately held by Computershare Corporate Trust Services. The Organization believes they are in compliance with these covenants as of June 30, 2024. The series 2020 bonds have a final maturity date of February 1, 2050. The bonds maturing after March 15, 2040 are callable for early redemption by WHEFA in whole or part on or after March 15, 2030 at the direction of the Organization. The loan agreement and promissory note were entered into in order to acquire, construct, and equip a new school facility for grades 9-12.

The bond premium and bond issuance costs are being amortized over the life of the bonds payable using the effective interest rate method with a rate of 3.47%.

Future maturities of bonds and notes payable are as follows for the year ending June 30:

2025	\$ 500,000
2026	520,000
2027	540,000
2028	565,000
2029	585,000
Thereafter	<u>20,010,000</u>
TOTAL	<u><u>\$ 22,720,000</u></u>

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. NET ASSETS WITH DONOR RESTRICTIONS

The Organization's net assets with donor restrictions are comprised of the following at June 30:

Purpose restriction	
Dual enrollment program	\$ 64,008
Miscellaneous	200
Time restriction	30,000
	<hr/>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 94,208</u>

8. RETIREMENT PLAN

The Organization has established a 403(b) retirement plan for its employees. The Organization will contribute up to 5% of accrued annual compensation after one year of employment. After each five year period of employment, the Organization will contribute two times the current contribution percentage of accrued compensation into the plan. As of June 30, 2024, \$473,579 has been accrued and expensed for the 403(b) contribution.

9. CONCENTRATIONS

During the year ended June 30, 2024, the Organization received 93% of its total support from its charter school contract with the Milwaukee Board of School Directors. Should this support decline in the future, the Organization's program services may be negatively impacted.

10. RELATED-PARTY TRANSACTIONS

Members of the Organization's board of directors serve in management roles of corporations that provide goods and services to the Organization, causing these corporations to be related parties. Expenses paid to these corporations for the year ended June 30, 2024 were approximately \$12,000. The Organization received approximately \$14,000 in contributions during 2024 from these corporations and members of the board of directors.

11. COMMITMENTS AND CONTINGENCIES

The Organizations entered into a guaranteed maximum price agreement for capital renovations for a total amount of approximately \$10,620,000, including change orders. As of June 30, 2024, the outstanding commitment on the construction agreement was \$10,338,000.

12. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after year end but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including estimates inherent in the process of preparing the consolidated financial statements (that is, recognized subsequent events, or provide evidence about conditions that did not exist at year end but arose after that date (that is, non-recognized subsequent events).

The Organization has evaluated subsequent events through November 22, 2024, the date on which the consolidated financial statements were available to be issued, and determined that there were no significant non-recognized subsequent events through that date.

SUPPLEMENTARY INFORMATION

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

As of June 30, 2024

	Hmong American Peace Academy, Ltd	Hmong American Peace Academy Foundation	Eliminations	2024 Consolidated
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 16,786,045	\$ 3,378,651	\$ -	\$ 20,164,696
Grants receivable	7,586,285	-	-	7,586,285
Pledges receivable	-	30,000	-	30,000
Other assets	628,129	-	-	628,129
Due from affiliated organization	615	-	(615)	-
Total current assets	25,001,074	3,408,651	(615)	28,409,110
PROPERTY AND EQUIPMENT				
Property and equipment	55,109,034	-	-	55,109,034
Less: Accumulated depreciation	(7,467,902)	-	-	(7,467,902)
Net property and equipment	47,641,132	-	-	47,641,132
OTHER ASSETS				
Security deposit	18,750	-	-	18,750
Restricted cash - bond trust accounts	4,505,394	-	-	4,505,394
Operating right of use asset	470,612	-	-	470,612
Total other assets	4,994,756	-	-	4,994,756
TOTAL ASSETS	\$ 77,636,962	\$ 3,408,651	\$ (615)	\$ 81,044,998

(This statement is continued on the following page.)

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (Continued)

As of June 30, 2024

	Hmong American Peace Academy, Ltd	Hmong American Peace Academy Foundation	Eliminations	2024 Consolidated
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 942,073	\$ -	\$ -	\$ 942,073
Accrued liabilities	2,290,801	-	-	2,290,801
Due to affiliated organizations	-	615	(615)	-
Due to government agency	162,415	-	-	162,415
Current portion of operating lease liabilities	232,344	-	-	232,344
Current portion of bonds payable	500,000	-	-	500,000
Total current liabilities	4,127,633	615	(615)	4,127,633
LONG-TERM LIABILITIES				
Operating lease liabilities, net of current portion	244,231	-	-	244,231
Long term portion of bonds payable, net of unamortized bond issuance fees and unamortized premium	25,355,199	-	-	25,355,199
Total long-term liabilities	25,599,430	-	-	25,599,430
Total liabilities	29,727,063	615	(615)	29,727,063
NET ASSETS				
Without donor restrictions	47,909,899	3,313,828	-	51,223,727
With donor restrictions	-	94,208	-	94,208
Total net assets	47,909,899	3,408,036	-	51,317,935
TOTAL LIABILITIES AND NET ASSETS	\$ 77,636,962	\$ 3,408,651	\$ (615)	\$ 81,044,998

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the Year Ended June 30, 2024

	Hmong American Peace Academy, Ltd	Hmong American Peace Academy Foundation	Eliminations	2024 Consolidated
NET ASSETS WITHOUT DONOR RESTRICTIONS				
SUPPORT AND REVENUE				
Government grants and contracts				
MPS charter school	\$ 20,893,752	\$ -	\$ -	\$ 20,893,752
Special education grant	168,582	-	-	168,582
Government grants	9,558,799	-	-	9,558,799
Other grants	290,227	-	-	290,227
Other contributions	280,085	244,328	(258,776)	265,637
Program service fees	114,011	-	-	114,011
Interest income	1,250,775	130,889	-	1,381,664
Loss on sale of property and equipment	(15,420)	-	-	(15,420)
Net assets released from restrictions	-	266,108	-	266,108
Total support and revenue	32,540,811	641,325	(258,776)	32,923,360
EXPENSES				
Program services				
General education	18,521,410	258,776	(258,776)	18,521,410
SPED	613,472	-	-	613,472
Total program services	19,134,882	258,776	(258,776)	19,134,882
Support services				
General administration	3,318,247	22,189	-	3,340,436
Fundraising	-	80,597	-	80,597
Total support services	3,318,247	102,786	-	3,421,033
Total expenses	22,453,129	361,562	(258,776)	22,555,915
Change in net assets without donor restrictions	10,087,682	279,763	-	10,367,445
NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	-	285,400	-	285,400
Net assets released from restrictions	-	(266,108)	-	(266,108)
Change in net assets with donor restrictions	-	19,292	-	19,292
CHANGE IN NET ASSETS	10,087,682	299,055	-	10,386,737
NET ASSETS, BEGINNING OF YEAR	37,822,217	3,108,981	-	40,931,198
NET ASSETS, END OF YEAR	\$ 47,909,899	\$ 3,408,036	\$ -	\$ 51,317,935

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE

**SCHEDULE OF CONTRACT REVENUES AND EXPENSES – MILWAUKEE
PUBLIC SCHOOLS**

For the Year Ended June 30, 2024

	Contract Budget (unaudited)	Actual	Variance
REVENUES			
MPS charter school	\$ 20,975,471	\$ 20,893,752	\$ (81,719)
EXPENSES			
Instructional and instructional support			
Salaries	4,441,155	4,658,281	217,126
Benefits	2,460,612	1,965,574	(495,038)
Purchased services	329,068	269,619	(59,449)
Supplies	585,279	1,145,297	560,018
Total expenses - instructional and instructinoal support	<u>7,816,114</u>	<u>8,038,771</u>	<u>222,657</u>
Non-instructional support			
Salaries	2,389,994	1,857,216	(532,778)
Benefits	1,020,987	648,234	(372,753)
Purchased services	2,995,847	3,653,057	657,210
Supplies	2,819,326	2,097,126	(722,200)
Other	153,581	143,138	(10,443)
Total expenses - Non-instructional support	<u>9,379,735</u>	<u>8,398,771</u>	<u>(980,964)</u>
Total expenses	<u>17,195,849</u>	<u>16,437,542</u>	<u>(758,307)</u>
REVENUES IN EXCESS OF EXPENDITURES	<u>\$ 3,779,622</u>	<u>\$ 4,456,210</u>	<u>\$ 676,588</u>
Capital expenditures	<u>3,779,622</u>	<u>4,456,210</u>	<u>* 676,588</u>
TOTAL (OVER) UNDER BUDGET	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*Remainder of capital expenditures incurred for the year ending June 30, 2024 were paid for with other grant funds and operating reserves

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2024

<u>Federal Grantor/ Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass through Number</u>	<u>Expenditures</u>
FEDERAL EXPENDITURES			
U.S. Department of Education			
Wisconsin Department of Public Instruction:			
Milwaukee Public Schools			
MPS Kids Get Ahead - Covid 19	21.027	N/A	\$ 30,596
Title I Grants to Local Agencies	84.010*	N/A	1,118,453
Special Education - Grants to States (IDEA, Part B) - Special Education Cluster	84.027	N/A	62,050
English Language Acquisition State Grant	84.365	N/A	3,270
Elementary and Secondary School Emergency Relief Fund - Covid 19	84.425*	N/A	<u>8,302,105</u>
Total U.S. Department of Education			<u>9,516,474</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 9,516,474</u></u>

* Denotes major program

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

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2024

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Hmong American Peace Academy, Ltd. under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Note B - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded as liabilities when incurred. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. Pass through entity numbers are presented where available.

Note C - Non-Cash Assistance, Loans, and Insurance

Hmong American Peace Academy, Ltd did not receive any federal non-cash assistance, federal loans or federal insurance for the year ended June 30, 2024.

Note D - Subrecipients

Hmong American Peace Academy, Ltd did not provide federal awards to subrecipients during the year ended June 30, 2024.

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

To the Board of Directors
Hmong American Peace Academy, Ltd and Affiliate

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Hmong American Peace Academy, Ltd (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 22, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 a material weakness. However, material weaknesses or significant deficiencies may exist that were not identified.

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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Organization's consolidated 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 consolidated 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich CPA LLC

Brookfield, Wisconsin
November 22, 2024

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

To the Board of Directors
Hmong American Peace Academy, Ltd and Affiliate

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hmong American Peace Academy, Ltd.'s (Organization) 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 the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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 of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 the Organization'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 the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *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 the Organization'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 the Organization'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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

Sikich CPA LLC

Brookfield, Wisconsin
November 22, 2024

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2024

I. Summary of Auditor’s Results

Financial Statements

Type of Auditors Report Issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None Reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? Yes X No

Identification of major federal programs:

<u>Assistance Listing</u> <u>Number</u>	<u>Name of Federal Program or Cluster</u>
84.425	Elementary and Secondary School Emergency Relief Fund - COVID 19
84.010	Title I Grants to Local Educational Agencies

Dollar threshold to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

II. Financial Statement Findings

None

III. Findings and Questioned Costs for Federal Awards

None

HMONG AMERICAN PEACE ACADEMY, LTD AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2024

IV. Other Issues

Does the auditor have substantial doubt as to the auditee's
ability to continue as a going concern? Yes X No

Was a management letter or other document conveying
audit comments issued as a result of this audit? Yes X No

Name and Signature of Director



Ashley Johnson, CPA
November 22, 2024