

COLE ACADEMY

**REPORT ON FINANCIAL STATEMENTS
(with required supplementary and
additional supplementary information)**

YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Cole Academy

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Cole Academy, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Cole Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Cole Academy, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cole Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cole Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cole Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cole Academy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cole Academy's basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2022 on our consideration of Cole 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 Cole 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 Cole Academy's internal control over financial reporting and compliance.

Maney Costeiran PC

September 9, 2022

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Cole Academy’s (Academy) annual financial report presents our discussion and analysis of the Academy’s financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the Academy’s financial statements, which immediately follow this section.

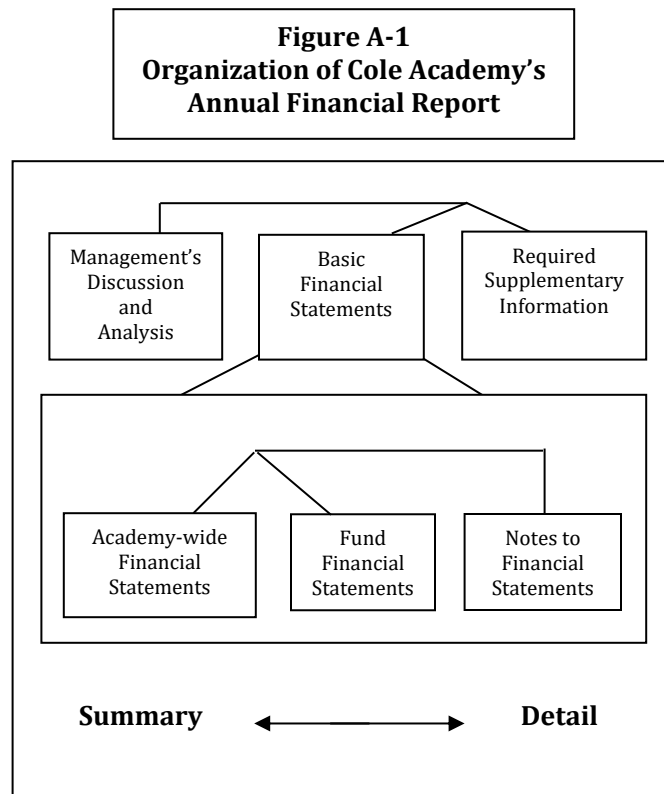
Financial Highlights

- Total revenue increased by 10.0% in 2021-22.
- The Academy had an increase in fund balance in the general fund of \$184,331 compared to a budgeted increase of \$117,969. This gives the Academy a fund balance of \$1,058,751 as of June 30, 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management’s discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Academy:

- The first two statements are *Academy-wide financial statements* that provide both *short-term* and *long-term* information about the Academy’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Academy, reporting the Academy’s operations *in more detail* than the Academy-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short-term* as well as what remains for future spending.
- The financial statements also include notes that explain some of the information in the statements and provide more detailed 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 Academy’s budget for the year. Figure A-1 shows how the various parts of the annual report are arranged and related to one another.



MANAGEMENT’S DISCUSSION AND ANALYSIS

Figure A-2 summarizes the major features of the Academy’s financial statements, including the portion of the Academy’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the Academy-wide and Fund Financial Statements

	Academy-wide Statements	Governmental Funds
Scope	Entire Academy	The activities of the Academy that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

Academy-wide Statements

The Academy-wide statements report information about the Academy as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Academy’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Academy-wide statements report the Academy’s net position and how they have changed. Net position - the difference between the Academy’s assets and liabilities, is one way to measure the Academy’s financial health or position.

- Over time, increases or decreases in the Academy’s net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Academy, you need to consider additional non-financial factors such as changes in the Academy’s enrollment, the condition of school buildings and other facilities, and the Academy’s ability to be competitive with other public school academies and area school districts.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities - The Academy's basic services are included in here, such as regular education and special education, transportation, and administration. State foundation aid finances most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Academy's funds, focusing on its more significant or "major" funds - not the Academy as a whole. Funds are accounting devices the Academy uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by debt agreements.
- The Academy establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like food services).

All of the Academy's basic services are included in governmental funds which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy's programs. Because this information does not encompass the additional long-term focus of the Academy-wide statements, we provide additional information with the governmental funds statement that explains the relationship (or difference) between them.

Financial Analysis of the Academy as a Whole

Net Position - the Academy's combined net position of \$2,429,765 increased by \$591,726 during the year, (see Figures A-3 and A-4).

Total revenues increased by 10.0%, or \$442,704, to \$4,877,508. One-time federal funding related to COVID-19 accounted for an increase in revenue. The remaining increase in the current year was due to the increase in pupil count and state funding. State aid foundation allowance included in revenue from state sources accounts for 68% of the Academy's revenues in 2022.

The total cost of instruction increased by 13.8%, or \$276,757, to \$2,286,791.

Total support service increased by 13.9%, or \$141,908, to \$1,161,484.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Academy Governmental Activities

Figure A-3		
Cole Academy's Net Position		
	<u>2022</u>	<u>2021</u>
ASSETS		
Current and other	\$ 1,803,153	\$ 1,676,114
Capital assets	<u>6,850,531</u>	<u>6,717,833</u>
TOTAL ASSETS	<u>8,653,684</u>	<u>8,393,947</u>
LIABILITIES		
Other liabilities	379,635	445,334
Long-term liabilities outstanding	<u>5,844,284</u>	<u>6,110,574</u>
TOTAL LIABILITIES	<u>6,223,919</u>	<u>6,555,908</u>
NET POSITION		
Net investment in capital assets	1,006,247	607,259
Restricted for debt service	361,377	351,865
Restricted for food service	93,290	88,095
Unrestricted	<u>968,851</u>	<u>790,820</u>
TOTAL NET POSITION	<u>\$ 2,429,765</u>	<u>\$ 1,838,039</u>

Figure A-4		
Changes in Cole Academy's Net Position		
	<u>2022</u>	<u>2021</u>
REVENUES		
Program revenues		
Federal and state categorical grants	<u>\$ 1,173,746</u>	<u>\$ 966,395</u>
Charges for services	<u>46,181</u>	<u>26,409</u>
General revenues		
State aid - unrestricted	3,301,824	3,117,953
Investment earnings	85	48
Other	<u>355,672</u>	<u>323,999</u>
Total general revenues	<u>3,657,581</u>	<u>3,442,000</u>
TOTAL REVENUES	<u>4,877,508</u>	<u>4,434,804</u>
EXPENSES		
Instruction	2,286,791	2,010,034
Support services	1,161,484	1,019,576
Community services	29,814	13,620
Food services	201,544	154,986
Interest and fees	355,009	409,704
Unallocated depreciation	<u>251,140</u>	<u>215,377</u>
TOTAL EXPENSES	<u>4,285,782</u>	<u>3,823,297</u>
Change in net position	<u>\$ 591,726</u>	<u>\$ 611,507</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Academy's Funds

The financial operation of the Academy is considered stable. The fund balance at June 30, 2022 is \$1,058,751 in the general fund. There was a 9.3% increase in general fund revenues. There was a 12.3% increase in expenditures for instructional programs and an increase of 14.8% in expenditures for support services.

General Fund Budgetary Highlights

Over the course of the year, the Academy revised the general fund annual operating budget when necessary. Changes were made in both revenue and expenditures which reflected anticipated increases in state aid and actual salary figures for staff.

The Academy's final budget for the general fund anticipated revenues would exceed expenditures and other financing uses by \$117,969. The actual results for the year showed revenues exceeded expenditures and other financing uses by \$184,331.

Actual revenues were \$49,132 less than budgeted, a 1.1% variance.

Actual expenditures were \$113,712 less than budgeted, a 2.6% variance.

Capital Asset and Debt Administration

Capital Assets

By the end of the year ended June 30, 2022, the Academy had invested \$6,850,531 in capital assets consisting primarily of land, buildings and improvements, equipment and furniture net of accumulated depreciation. This amount represents a net increase in capital assets of \$132,698 from the beginning of the year. More detailed information about capital assets can be found in Note 4 to the financial statements. Total depreciation expense for the year was \$251,140.

The Academy's capital assets are as follows:

	2022		2021	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Building	\$ 6,989,401	\$ 1,418,210	\$ 5,571,191	\$ 5,701,964
Improvements	321,103	153,192	167,911	45,196
Equipment	640,437	279,008	361,429	220,673
Land	750,000	-	750,000	750,000
Total	<u>\$ 8,700,941</u>	<u>\$ 1,850,410</u>	<u>\$ 6,850,531</u>	<u>\$ 6,717,833</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Administration

The Academy paid \$269,903 in principal and \$352,821 in interest on long-term debt during the year. More detailed information about long-term obligations can be found in Note 5 to the financial statements.

Economic Factors Bearing on the Academy's Future

At the time these financial statements were prepared and audited, the Academy was aware of existing circumstances that could significantly affect its financial health in the future.

- The Academy has adopted a general fund budget for 2022-2023 in which revenues exceed expenditures by \$109,907. The budget includes one-time federal revenues in the amount of \$359,623 from the Elementary & Secondary School Emergency Relief (ESSER) grant awards.
- The Academy has an operating fund balance of \$1,058,751, at the start of the 2022-2023 fiscal year which represents 25.1% of the projected operating expenditures for the year.

Contacting the Academy's Financial Management

This financial report is designed to provide our students, parents, and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional information, contact the Academy's office at 1915 West Mount Hope, Lansing, Michigan, 48910. Phone (517) 372-0038.

BASIC FINANCIAL STATEMENTS

**COLE ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2022**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 757,849
Intergovernmental receivable	697,479
Prepays	55,101
Restricted investments	292,724
Capital assets not being depreciated	750,000
Capital assets, net of accumulated depreciation	<u>6,100,531</u>
TOTAL ASSETS	<u>8,653,684</u>
LIABILITIES	
Accounts payable	110,915
Accrued interest	21,247
Accrued salaries and related items	197,414
Unearned revenues	50,059
Noncurrent liabilities:	
Due within one year	289,149
Due in more than one year	<u>5,555,135</u>
TOTAL LIABILITIES	<u>6,223,919</u>
NET POSITION	
Net investment in capital assets	1,006,247
Restricted for special revenue (food service)	93,290
Restricted for debt service	361,377
Unrestricted	<u>968,851</u>
TOTAL NET POSITION	<u><u>\$ 2,429,765</u></u>

**COLE ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 2,286,791	\$ -	\$ 805,408	\$ (1,481,383)
Support services	1,161,484	-	102,950	(1,058,534)
Community services	29,814	46,181	-	16,367
Food services	201,544	-	265,388	63,844
Interest and fees	355,009	-	-	(355,009)
Unallocated depreciation	251,140	-	-	(251,140)
Total governmental activities	<u>\$ 4,285,782</u>	<u>\$ 46,181</u>	<u>\$ 1,173,746</u>	<u>(3,065,855)</u>
General revenues				
Investment earnings				85
State sources - unrestricted				3,301,824
Local sources				31,564
ISD sources				<u>324,108</u>
Total general revenues				<u>3,657,581</u>
CHANGE IN NET POSITION				591,726
NET POSITION, beginning of year				<u>1,838,039</u>
NET POSITION, end of year				<u>\$ 2,429,765</u>

See notes to financial statements.

**COLE ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	Debt Service Fund	Special Revenue (Food Service)	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 757,849	\$ -	\$ -	\$ 757,849
Investments	-	292,724	-	292,724
Receivables				
Intergovernmental	688,364	-	9,115	697,479
Due from other funds	-	-	148,065	148,065
Prepays	55,101	-	-	55,101
	<u>55,101</u>	<u>-</u>	<u>-</u>	<u>55,101</u>
TOTAL ASSETS	<u>\$ 1,501,314</u>	<u>\$ 292,724</u>	<u>\$ 157,180</u>	<u>\$ 1,951,218</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 47,025	\$ -	\$ 63,890	\$ 110,915
Accrued salaries and related items	197,414	-	-	197,414
Unearned revenue	50,059	-	-	50,059
Due to other funds	148,065	-	-	148,065
	<u>148,065</u>	<u>-</u>	<u>-</u>	<u>148,065</u>
TOTAL LIABILITIES	<u>442,563</u>	<u>-</u>	<u>63,890</u>	<u>506,453</u>

See notes to financial statements.

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Special Revenue (Food Service)</u>	<u>Total Governmental Funds</u>
FUND BALANCES				
Nonspendable				
Prepaid expenditures	\$ 55,101	\$ -	\$ -	\$ 55,101
Restricted				
Debt service	89,900	292,724	-	382,624
Food service	-	-	93,290	93,290
Unassigned - general fund	<u>913,750</u>	<u>-</u>	<u>-</u>	<u>913,750</u>
TOTAL FUND BALANCES	<u>1,058,751</u>	<u>292,724</u>	<u>93,290</u>	<u>1,444,765</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,501,314</u>	<u>\$ 292,724</u>	<u>\$ 157,180</u>	<u>\$ 1,951,218</u>
Total governmental fund balances				\$ 1,444,765
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and are not reported in the funds:				
The cost of the capital assets is			\$ 8,700,941	
Accumulated depreciation is			<u>(1,850,410)</u>	6,850,531
Long-term liabilities are not due and payable in the current period and are not reported in the funds:				
Long-term debt				(5,844,284)
Accrued interest is not included as a liability in government funds, it is recorded when paid				<u>(21,247)</u>
Net position of governmental activities				<u>\$ 2,429,765</u>

See notes to financial statements.

**COLE ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	General Fund	Debt Service Fund	Special Revenue (Food Service)	Total Governmental Funds
REVENUES				
Local sources				
Investment earnings	\$ 31	\$ 54	\$ -	\$ 85
Other	77,745	-	-	77,745
Total local sources	77,776	54	-	77,830
State sources	3,650,801	-	6,908	3,657,709
Federal sources	559,381	-	258,480	817,861
Incoming transfers	324,108	-	-	324,108
TOTAL REVENUES	4,612,066	54	265,388	4,877,508
EXPENDITURES				
Instruction				
Basic programs	1,772,130	-	-	1,772,130
Added needs	586,190	-	-	586,190
Total instruction	2,358,320	-	-	2,358,320
Support services				
Pupil	190,986	-	-	190,986
Instructional staff	66,823	-	-	66,823
General administration	179,376	-	-	179,376
School administration	262,464	-	-	262,464
Business	47,048	-	-	47,048
Operation and maintenance	261,746	-	-	261,746

See notes to financial statements.

	General Fund	Debt Service Fund	Special Revenue (Food Service)	Total Governmental Funds
EXPENDITURES (continued)				
Support services (continued)				
Central support services	\$ 152,001	\$ -	\$ -	\$ 152,001
Total support services	<u>1,160,444</u>	<u>-</u>	<u>-</u>	<u>1,160,444</u>
Community services	29,814	-	-	29,814
Food services	-	-	201,544	201,544
Capital outlay	265,502	-	47,847	313,349
Debt service				
Principal retirement	149,903	120,000	-	269,903
Interest and fiscal charges	260,384	92,437	-	352,821
TOTAL EXPENDITURES	<u>4,224,367</u>	<u>212,437</u>	<u>249,391</u>	<u>4,686,195</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>387,699</u>	<u>(212,383)</u>	<u>15,997</u>	<u>191,313</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	10,802	214,170	-	224,972
Transfers out	<u>(214,170)</u>	<u>-</u>	<u>(10,802)</u>	<u>(224,972)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(203,368)</u>	<u>214,170</u>	<u>(10,802)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	184,331	1,787	5,195	191,313
FUND BALANCES				
Beginning of year	<u>874,420</u>	<u>290,937</u>	<u>88,095</u>	<u>1,253,452</u>
End of year	<u>\$ 1,058,751</u>	<u>\$ 292,724</u>	<u>\$ 93,290</u>	<u>\$ 1,444,765</u>

See notes to financial statements.

**COLE ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Net change in fund balances total governmental funds \$ 191,313

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

Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation:

Depreciation expense	(251,140)
Capital outlay	384,878
Loss on disposal of capital assets	(1,040)

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued interest payable, beginning of the year	22,672
Accrued interest payable, end of the year	(21,247)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net position. Also, governmental funds report the effect of bond discounts and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items are as follows:

Principal retirement - long-term obligations	269,903
Amortization of bond discount	(3,613)
	266,290

Change in net position of governmental activities \$ 591,726

**COLE ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of 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 nonfiduciary activities of the Academy. The Academy currently does not have fiduciary activities. *Governmental activities* normally are supported by intergovernmental revenues.

Reporting Entity

Cole Academy (the "Academy") is a public school academy as part of the Michigan Public School System under Public Act No. 362 of 1993. Central Michigan University is the authorizing governing body for the Academy and has contracted with the Academy to charter the public school through June 2032. Board members are approved by the authorizing governing body and have decision making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. The Academy receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the Academy is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. In addition, the Academy's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statements.

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the Academy's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Academy reports the following *Major Governmental Funds*:

The *General Fund* is the Academy's primary operating fund. It accounts for all financial resources of the Academy, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt.

The *Special Revenue Fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The Academy accounts for its food service activity in a special revenue fund.

COLE ACADEMY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

During the course of operations the Academy has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

State and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

**COLE ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to public school academies based on information supplied by the academies. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the foundation is provided primarily by a state education property tax millage of six mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

The Academy also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the Academy.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue fund.

The Academy follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Chief Administrative Officer submits to the Board of Directors a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Prior to July 1, the budget is legally adopted by Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

COLE ACADEMY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information

Budgetary Basis of Accounting (continued)

- c. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- d. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2022. The Academy does not consider these amendments to be significant.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

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 original maturities of three months or less from the date of acquisition.

Investments

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. 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.

State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, 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 Insurance 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. District or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, as summarized below are reported in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than \$1,000 and a useful life in excess of one year. Group purchases are evaluated on a case by case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

**COLE ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Land and construction in progress, if any, are not depreciated. Capital assets of the Academy are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives</u>
Building	39
Improvements	5 - 20
Equipment	3 - 20

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The Academy has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Academy has no items that qualify for reporting in this category.

Net Position Flow Assumption

Sometimes the Academy will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balance Flow Assumptions

Sometimes the Academy will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**COLE ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Academy itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Academy's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the Academy that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Academy for specific purposes but do not meet the criteria to be classified as committed. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates authority. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

COLE ACADEMY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND RESTRICTED INVESTMENTS

As of June 30, 2022, the Academy had the following investments subject to the following risks:

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, 2022, \$428,533 of the Academy's bank balance of \$780,108 was exposed to custodial credit risk.

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, brokers/dealers, intermediaries, and advisors with which the Academy will do business.

Interest Rate Risk

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.

Investment Type	Fair Value	Weighted Average Maturity (Years)
First American Funds Gov't Obligations Fund - class D	\$ 292,724	0.0027
Portfolio weighted average maturity		0.0027

One day maturity equals 0.0027, one year equals 1.00.

Investment Type	Fair Value	Rating	Rating Agency
First American Funds Gov't Obligations Fund - class D	\$ 292,724	AAAm	Standard & Poor's

COLE ACADEMY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND RESTRICTED INVESTMENTS (continued)

Interest Rate Risk

The Academy invests in external pooled investment funds which included government obligations. The government obligation reports as of June 30, 2022, the fair value of the Academy's investments is the same as the value of the pool shares. These investments are restricted under the terms of the revenue refunding bonds debt agreement for debt service.

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, 2022, the Academy did not have investments in commercial paper and corporate bonds.

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.

Foreign Currency Risk

The Academy is not authorized to invest in investments which have this type of risk.

Fair Value Measurement

The Academy is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Academy's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Academy does not have any investments subject to the fair value measurement.

COLE ACADEMY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2022 consist of the following:

Governmental units	
State aid	\$ 650,923
Federal revenue	<u>46,556</u>
	<u><u>\$ 697,479</u></u>

Amounts due from governmental units include amounts due from federal and state sources for various projects and programs.

Because of the Academy's favorable collection experience, no allowance for doubtful accounts has been recorded.

NOTE 4 - CAPITAL ASSETS

A summary of changes in the Academy's capital assets follows:

	Balance July 1, 2021	Additions and Transfers	Deletions and Transfers	Balance June 30, 2022
Governmental activities				
Capital assets, not being depreciated				
Land	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750,000</u>
Capital assets being depreciated				
Building	6,952,671	36,730	-	6,989,401
Improvements	181,394	139,709	-	321,103
Equipment	<u>433,298</u>	<u>208,439</u>	<u>1,300</u>	<u>640,437</u>
Total capital assets being depreciated	<u>7,567,363</u>	<u>384,878</u>	<u>1,300</u>	<u>7,950,941</u>
Accumulated depreciation				
Building	1,250,707	167,503	-	1,418,210
Improvements	136,198	16,994	-	153,192
Equipment	<u>212,625</u>	<u>66,643</u>	<u>260</u>	<u>279,008</u>
Total accumulated depreciation	<u>1,599,530</u>	<u>251,140</u>	<u>260</u>	<u>1,850,410</u>
Net capital assets being depreciated	<u>5,967,833</u>	<u>133,738</u>	<u>1,040</u>	<u>6,100,531</u>
Net governmental capital assets	<u><u>\$ 6,717,833</u></u>	<u><u>\$ 133,738</u></u>	<u><u>\$ 1,040</u></u>	<u><u>\$ 6,850,531</u></u>

**COLE ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - CAPITAL ASSETS (continued)

Depreciation for the fiscal year ended June 30, 2022 amounted to \$251,140. The Academy determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations activity for the Academy for the year ended June 30, 2022.

	General Obligation Bonds	Notes from Direct Borrowing and Direct Placements	Total
	<u> </u>	<u> </u>	<u> </u>
Balance, July 1, 2021	\$ 1,680,058	\$ 4,430,516	\$ 6,110,574
Principal repayments	(120,000)	(149,903)	(269,903)
Amortization of bond discount	<u>3,613</u>	<u>-</u>	<u>3,613</u>
Balance, June 30, 2022	1,563,671	4,280,613	5,844,284
Due within one year	<u>130,000</u>	<u>159,149</u>	<u>289,149</u>
Total due in more than one year	<u>\$ 1,433,671</u>	<u>\$ 4,121,464</u>	<u>\$ 5,555,135</u>

**COLE ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2022 consists of the following issues:

General Obligation Bonds

2013 Revenue refunding bonds due in annual installments of \$130,000 to \$370,000 through April 1, 2031 with interest ranging from 4.75% to 5.625%.	\$ 1,595,000
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Less discount on bond, net of amortization	<u>(31,329)</u>
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Total general obligation bonds	<u>1,563,671</u>
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Notes from Direct Borrowing and Direct Placements

Construction note payable - Construction of a new campus. The note bears an interest rate of 5.75%. Monthly principal and interest payments of \$25,736 are required until the note matures in March 2025, in which all remaining principal and interest is due.	3,467,060
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Construction note payable - Construction of a new campus. The note bears an interest rate of 6.375%. Monthly principal and interest payments of \$8,333 are required until the note matures in January 2024, in which all remaining principal and interest is due.	<u>813,553</u>
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Total notes from direct borrowing and direct placements	<u>4,280,613</u>
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Total general long-term obligations	<u>\$ 5,844,284</u>
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The Academy's outstanding notes from direct borrowings related to governmental activities of \$4,280,613 contain provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

**COLE ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize long-term obligations outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	General Obligation Bonds		Notes from Direct Borrowing and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2023	\$ 130,000	\$ 84,988	\$ 159,149	\$ 249,673	\$ 623,810
2024	135,000	78,812	879,604	221,141	1,314,557
2025	140,000	72,062	3,241,860	139,623	3,593,545
2026	145,000	65,062	-	-	210,062
2027	155,000	57,812	-	-	212,812
2028 - 2031	890,000	142,874	-	-	1,032,874
	1,595,000	501,610	4,280,613	610,437	6,987,660
Bond discount, net of amortization	(31,329)	-	-	-	(31,329)
	<u>\$ 1,563,671</u>	<u>\$ 501,610</u>	<u>\$ 4,280,613</u>	<u>\$ 610,437</u>	<u>\$ 6,956,331</u>

Interest expense (all funds) for the year ended June 30, 2022 was approximately \$352,800.

NOTE 6 - TRANSFERS

Transfers between the governmental funds were as follows:

Transfers Out		Transfers In	
General fund	\$ 214,170	Debt service fund	\$ 214,170
Special revenue fund	10,802	General fund	10,802
	<u>\$ 224,972</u>		<u>\$ 224,972</u>

The transfers to the debt service fund from the general fund were to pay the debt service principal and interest payments. Transfers to the general fund were made by the special revenue fund were to reimburse the general fund for costs incurred.

**COLE ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2022 are as follows:

Receivable Fund	Payable Fund
Special revenue fund <u>\$ 148,065</u>	General fund <u>\$ 148,065</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

NOTE 8 - OVERSIGHT FEES

The Academy pays an administrative oversight fee of 3% of its state school aid discretionary and Proposal A obligation payments to Central Michigan University, as set forth by contract, to reimburse the University Board for the cost of execution of its oversight responsibilities. These oversight responsibilities include the monitoring of the Academy’s compliance with the terms and conditions of the contract, and the review of its audited financial statements and periodic reports. During the year ended June 30, 2022, the Academy incurred expense of approximately \$99,000 for oversight fees.

NOTE 9 - LEASED EMPLOYEES

The Academy leases all of its employees from a professional employment organization (PEO). Salaries, retirement, social security, health insurance and unemployment taxes are the responsibility of the PEO. The Academy contributes 4% of the annual compensation each period for eligible employees to the PEO retirement plan resulting in retirement expense of approximately \$77,000 in 2022.

NOTE 10 - RISK MANAGEMENT

The Academy is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees’ and natural disasters. To minimize the risk, the Academy carries commercial insurance.

NOTE 11 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Academy expects such amounts, if any, to be immaterial.

COLE ACADEMY
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENT

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2022, the Academy implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

There was no material impact on the Academy's financial statement after the adoption of GASB Statement 87.

REQUIRED SUPPLEMENTARY INFORMATION

**COLE ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 54,000	\$ 38,600	\$ 77,776	\$ 39,176
State sources	3,594,658	3,663,670	3,650,801	(12,869)
Federal sources	576,914	655,621	559,381	(96,240)
Other and incoming transfers	317,687	303,307	324,108	20,801
TOTAL REVENUES	4,543,259	4,661,198	4,612,066	(49,132)
EXPENDITURES				
Instruction				
Basic programs	1,729,638	1,866,709	1,772,130	94,579
Added needs	616,131	632,064	586,190	45,874
Total instruction	2,345,769	2,498,773	2,358,320	140,453
Support services				
Pupil	169,000	191,500	190,986	514
Instructional staff	64,151	70,343	66,823	3,520
General administration	187,008	187,524	179,376	8,148
School administration	271,446	291,348	262,464	28,884
Business	48,360	48,360	47,048	1,312
Operation and maintenance	231,390	258,361	261,746	(3,385)
Pupil transportation services	2,965	2,965	-	2,965
Central support services	178,991	163,694	152,001	11,693
Total support services	1,153,311	1,214,095	1,160,444	53,651
Community services	25,099	31,174	29,814	1,360
Capital outlay	155,000	185,215	265,502	(80,287)
Debt service				
Principal retirement	150,000	150,000	149,903	97
Interest and fiscal charges	258,822	258,822	260,384	(1,562)
TOTAL EXPENDITURES	4,088,001	4,338,079	4,224,367	113,712
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	455,258	323,119	387,699	64,580
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	10,802	10,802
Transfers out	(211,150)	(205,150)	(214,170)	(9,020)
TOTAL OTHER FINANCING SOURCES (USES)	(211,150)	(205,150)	(203,368)	1,782
NET CHANGE IN FUND BALANCE	\$ 244,108	\$ 117,969	184,331	\$ 66,362
FUND BALANCE				
Beginning of year			874,420	
End of year			<u>\$ 1,058,751</u>	

ADDITIONAL SUPPLEMENTARY INFORMATION

**COLE ACADEMY
LONG TERM DEBT
BONDED DEBT
YEAR ENDED JUNE 30, 2022**

\$2,495,000 Revenue Refunding Bonds issued February 1, 2013:

Principal Due April 1	Interest Due		Debt Service Requirement for Fiscal Year	
	October 1	May 1	June 30,	Amount
\$ 130,000	\$ 42,494	\$ 42,494	2023	\$ 214,988
135,000	39,406	39,406	2024	213,812
140,000	36,031	36,031	2025	212,062
145,000	32,531	32,531	2026	210,062
155,000	28,906	28,906	2027	212,812
165,000	25,031	25,031	2028	215,062
170,000	20,391	20,391	2029	210,782
185,000	15,609	15,609	2030	216,218
370,000	10,406	10,406	2031	390,812
<u>\$ 1,595,000</u>	<u>\$ 250,805</u>	<u>\$ 250,805</u>		<u>\$ 2,096,610</u>

**COLE ACADEMY
LONG TERM DEBT
NOTE PAYABLE
YEAR ENDED JUNE 30, 2022**

\$3,640,000 Construction note issued on August 10, 2017:

Principal	Interest	June 30,	Amount
\$ 109,585	\$ 199,241	2023	\$ 308,826
115,615	193,211	2024	308,826
3,241,860	139,623	2025	3,381,483
\$ 3,467,060	\$ 532,075		\$ 3,999,135

**COLE ACADEMY
LONG TERM DEBT
NOTE PAYABLE
YEAR ENDED JUNE 30, 2022**

\$964,188 Construction note issued on August 10, 2017:

Principal	Interest	June 30,	Amount
\$ 49,564	\$ 50,432	2023	\$ 99,996
763,989	27,930	2024	791,919
\$ 813,553	\$ 78,362		\$ 891,915

COLE ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2022
U.S. Department of Agriculture								
Passed through Michigan Department of Education								
Child Nutrition Cluster								
Non-cash assistance (donated foods)								
Entitlement Donated Foods	10.555	N/A	\$ 9,235	\$ -	\$ -	\$ 9,235	\$ 9,235	\$ -
Cash Assistance								
COVID-19 - National School Lunch Program	10.555	220910	11,584	-	-	11,584	11,584	-
COVID-19 - National School Lunch Program	10.555	211961	26,073	-	-	26,073	26,073	-
COVID-19 - National School Lunch Program	10.555	221961	157,439	-	-	157,439	149,742	7,697
COVID-19 - National School Lunch Program	10.555	211965	796	-	-	796	796	-
COVID-19 - National School Lunch Program	10.555	211980	1,107	195	-	1,107	1,302	-
COVID-19 - National School Lunch Program	10.555	221980	8,497	-	-	8,497	8,139	358
Total ALN #10.555			205,496	195	-	205,496	197,636	8,055
COVID-19 - School Breakfast Program	10.553	221971	27,007	-	-	27,007	25,947	1,060
COVID-19 - Summer Food Service Program for Children	10.559	210904	16,742	15,545	-	16,742	32,287	-
Total cash assistance			249,245	15,740	-	249,245	255,870	9,115
Total Child Nutrition Cluster			258,480	15,740	-	258,480	265,105	9,115
Pandemic EBT Local Level Costs	10.649	210980	614	-	-	614	614	-
Total U.S. Department of Agriculture			259,094	15,740	-	259,094	265,719	9,115

COLE ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2022
U.S. Department of Education								
Passed through Michigan Department of Education								
Title I Grants to Local Educational Agencies	84.010	211530-2021	\$ 84,155	\$ 37,191	\$ 84,155	\$ -	\$ 37,191	\$ -
Title I Grants to Local Educational Agencies	84.010	221530-2122	<u>85,320</u>	<u>-</u>	<u>-</u>	<u>83,857</u>	<u>81,606</u>	<u>2,251</u>
Total ALN #84.010			<u>169,475</u>	<u>37,191</u>	<u>84,155</u>	<u>83,857</u>	<u>118,797</u>	<u>2,251</u>
Charter School Program Grant	84.282	190610	<u>362,398</u>	<u>7,347</u>	<u>212,701</u>	<u>107,144</u>	<u>94,646</u>	<u>19,845</u>
Supporting Effective Instruction State Grants	84.367	210520-2021	12,760	5,015	12,760	-	5,015	-
Supporting Effective Instruction State Grants	84.367	220520-2122	<u>15,860</u>	<u>-</u>	<u>-</u>	<u>14,335</u>	<u>11,748</u>	<u>2,587</u>
Total ALN #84.367			<u>28,620</u>	<u>5,015</u>	<u>12,760</u>	<u>14,335</u>	<u>16,763</u>	<u>2,587</u>
Student Support and Academic Enrichment	84.424	210750-2021	10,000	2,914	10,000	-	2,914	-
Student Support and Academic Enrichment	84.424	220750-2022	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>9,768</u>	<u>8,140</u>	<u>1,628</u>
Total ALN #84.424			<u>20,000</u>	<u>2,914</u>	<u>10,000</u>	<u>9,768</u>	<u>11,054</u>	<u>1,628</u>
Education Stabilization Fund								
COVID-19 Governor's Emergency Education Relief Funds (GEER)	84.425C	201200-2021	20,008	12,679	20,008	-	12,679	-
COVID-19 Governor's Emergency Education Relief Funds (GEER II Teacher and Support Staff Payments)	84.425C	211202-2122	16,750	-	-	16,750	16,750	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I Formula Funds)	84.425D	203710-1920	43,400	8,233	43,400	-	8,233	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Formula Funds)	84.425D	213712-2021	290,795	-	-	223,314	212,949	10,365
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Summer Program K-8)	84.425D	213722-2122	<u>70,950</u>	<u>-</u>	<u>-</u>	<u>69,990</u>	<u>69,225</u>	<u>765</u>
Total ALN #84.425 and Education Stabilization Fund			<u>441,903</u>	<u>20,912</u>	<u>63,408</u>	<u>310,054</u>	<u>319,836</u>	<u>11,130</u>
Total U.S. Department of Education			<u>1,022,396</u>	<u>73,379</u>	<u>383,024</u>	<u>525,158</u>	<u>561,096</u>	<u>37,441</u>

COLE ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2022
U.S. Department of Health and Human Services								
Passed through Ingham Intermediate School District:								
Medicaid Cluster								
Medical Assistance Program	93.778	N/A	\$ 3,081	\$ -	\$ 1,174	\$ 3,081	\$ 3,081	\$ -
Total U.S. Department of Health and Human Services			<u>3,081</u>	<u>-</u>	<u>1,174</u>	<u>3,081</u>	<u>3,081</u>	<u>-</u>
Federal Communications Commission								
Direct program								
Emergency Connectivity Fund	32.009	N/A	30,528	-	-	30,528	30,528	-
Total Federal Communications Commission			<u>30,528</u>	<u>-</u>	<u>-</u>	<u>30,528</u>	<u>30,528</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 1,315,099</u></u>	<u><u>\$ 89,119</u></u>	<u><u>\$ 384,198</u></u>	<u><u>\$ 817,861</u></u>	<u><u>\$ 860,424</u></u>	<u><u>\$ 46,556</u></u>

COLE ACADEMY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Cole Academy under programs of the federal government for the year ended June 30, 2022. 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 Cole Academy, it is not intended to and does not present the financial position or changes in net position of Cole Academy.

Management has utilized the NexSys, Cash Management System and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified 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 (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Cole Academy has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements June 30, 2022:

General fund	\$ 559,381
Special Revenue fund	<u>258,480</u>
Total federal revenue in the fund financial statements	<u><u>\$ 817,861</u></u>



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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 of
Cole Academy

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cole Academy, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Cole Academy's basic financial statements, and have issued our report thereon dated September 9, 2022.

Report on Internal Control Over Financial Reporting

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

Maney Costeiran PC

September 9, 2022



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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 of
Cole Academy

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cole 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 Cole Academy's major federal programs for the year ended June 30, 2022. Cole Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cole 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, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Cole 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 Cole 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 Cole Academy's federal programs.

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 Cole Academy's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cole Academy's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Cole Academy's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Cole 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 Cole 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 Cole Academy's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maney Costerian PC

September 9, 2022

**COLE ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified ? _____ Yes X None
- Significant deficiency(ies) identified that are not considered to be material weakness(es) ? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X None

Federal Awards

Internal control over major programs:

- Material weakness(es) identified: _____ Yes X None
- Significant deficiency(ies) identified that are not considered to be material weakness(es) ? _____ Yes X None reported

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

Unmodified

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

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Fund
10.553, 10.555 & 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B \$ 750,000

Auditee qualified as low-risk auditee? _____ Yes X No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Question Costs

None

**COLE ACADEMY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022**

The Academy was not required to be audited under the Uniform Guidance in the prior year.