

Audited Financial Statements

Huron Academy

Sterling Heights, Michigan

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Huron Academy

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Adoption of New Accounting Standard

As described in Note 11 to the financial statements, in 2022, the Academy adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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 Huron 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 Huron 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 Huron Academy's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Huron Academy's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedules of revenues and expenditures, and 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 combining and individual nonmajor fund financial statements, schedules of revenues and expenditures, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022, on our consideration of Huron 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 Huron 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 Huron Academy's internal control over financial reporting and compliance.



Croskey Lanni, PC

Rochester, Michigan
October 28, 2022

MANAGEMENT’S DISCUSSION AND ANALYSIS

Huron Academy is Preschool through 8th grade Public School Academy located in Sterling Heights, Michigan. This Management’s Discussion and Analysis, a requirement of GASB 34, is intended to be the Huron Academy administration’s discussion and analysis of the financial results for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS OF THE ACADEMY

Table 1 - Basic Financial Information

	Current Fiscal Year	Prior Fiscal Year
State Aid Funding Per Pupil	\$ 8,700	\$ 8,111
Enrollment	680.2	630.32
General Fund Balance Increase/(Decrease)	\$ 199,493	\$ 113,438
General Fund Balance as Percent of Unrestricted State Aid Revenue	23%	20%

OVERVIEW OF THE FINANCIAL STATEMENTS

U.S. generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: Academy-wide Financial Statements and Fund Financial Statements.

FUND FINANCIAL STATEMENTS

For the most part, the fund financial statements are comparable to general purpose financial statements. The primary difference is that the Account Groups: General Fixed Assets and General Long-Term Debt are no longer reported. The fund level statements are reported on a modified accrual basis. Only those assets that are “measurable” and “currently available” are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education’s “Accounting Manual.” In the State of Michigan, the Academy’s major instruction and instructional support activities are reported in the General Fund. Additional governmental activities are reported in their relevant Special Revenue Funds.

In the fund financial statement, capital assets purchased are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year’s payments of principal and interest on long-term obligations are recorded as expenditures. Future year’s debt obligations are not recorded.

The academy has one kind of fund:

Governmental fund – Most of the Academy’s basic services are included in governmental funds which generally focus on (1) how cash and other financial assets that 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 differences) between them.

ACADEMY - WIDE FINANCIAL STATEMENTS

The Academy-wide financial statements are maintained using the “full accrual” basis. They report all of the Academy’s assets and liabilities, both short and long term, regardless if they are “currently available” or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the Academy are reported in the Statement of Net Position of the Academy-wide financial statements.

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.

Figure A-1 Organization of Huron Academy’s Annual Financial Report

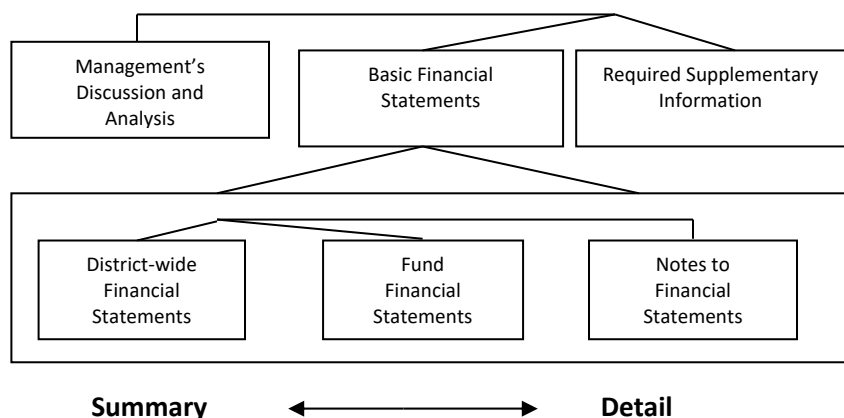


Figure A-2 summarizes the major features of the Academy’s financial statements, including the portion of the Academy’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents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

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

	Academy-wide statements	Fund Financial Statements
Scope	Entire academy (except fiduciary funds)	All activities of the academy that are not fiduciary
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

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

Table 2 - Financial Results

	Current Fiscal Year	Prior Fiscal Year
Ending General Fund Balance	\$ 1,343,138	\$ 1,143,645
Total General Fund Revenue	\$ 7,859,714	\$ 6,956,544
State Aid Foundation Allowance as percent of Academy Revenues	76%	80%
Total Cost of Instructional Programs	\$ 4,374,702	\$ 3,794,593
Instructional Expenditures as percent of Total Expenditures	59%	58%
Total Cost of Support/Operational Services	\$ 2,402,966	\$ 2,105,507
Support/Operational Services as percent of Total Expenditures	32%	32%
Total Expenditures transferred to Debt Service	\$ 648,744	\$ 649,763
Transfer to Debt Service as percent of Total Expenditures	9%	10%

ACADEMY GOVERNMENTAL ACTIVITIES

Summary of Net Position

The following summarizes the net position at fiscal year ended June 30, 2022 and 2021:

Table 3 - Net Position Detail

	2022	2021 *
Assets		
Current Assets	\$ 3,442,237	\$ 3,016,524
Capital Assets	11,893,220	11,479,880
Less: Accumulated Depreciation	(3,584,902)	(3,170,673)
Capital Assets, Net Book Value	8,308,318	8,309,207
Total Assets and Deferred Outflows	<u>\$ 11,750,555</u>	<u>\$ 11,325,731</u>
Liabilities		
Current Liabilities	\$ 926,602	\$ 909,620
Long-term Liabilities	7,811,947	7,748,774
Total Liabilities and Deferred Inflows	<u>\$ 8,738,549</u>	<u>\$ 8,658,394</u>
Net Position		
Invested in Capital Assets, Net of Related Debt (Deficit)	\$ 239,908	\$ 410,433
Restricted for Debt Service	1,511,140	552,608
Unrestricted	1,260,958	1,704,296
Total Net Position	<u>\$ 3,012,006</u>	<u>\$ 2,667,337</u>

* The 2021 figures have not been updated for the adoption of GASB 87

Results of Operations

For the fiscal year ended June 30, 2022 and 2021, the Academy wide results of operations were:

Table 4 - Change in Net Position

	2022		2021 *	
	Amount	% of Total	Amount	% of Total
General Revenue:				
State of Michigan Aid - All Sources	\$ 5,518,642	67.40%	\$ 5,175,577	72.18%
Other	13,858	0.17%	28,484	0.40%
Total General Revenue	5,532,500	67.57%	5,204,061	72.58%
Program Revenue:				
Charges for Services	248,916	3.04%	91,667	1.28%
Operating Grants - Federal and State	2,406,845	29.39%	1,873,786	26.14%
Total Program Revenue	2,655,761	32.43%	1,965,453	27.42%
Total Revenue	8,188,261	100.00%	7,169,514	100.00%
Expenses:				
Instruction and Instructional Services	4,374,702	55.78%	3,794,593	54.27%
Support Services	2,147,133	27.37%	2,016,345	28.83%
Food Service	223,174	2.85%	214,997	3.07%
Community Services	150,941	1.92%	114,722	1.64%
Unallocated Depreciation / Amortization	433,783	5.53%	346,903	4.96%
Interest on Long-term Debt	513,859	6.55%	505,872	7.23%
Total Expenses	7,843,592	100.00%	6,993,432	100.00%
Change in Net Position	<u>\$ 344,669</u>		<u>\$ 176,082</u>	

* The 2021 figures have not been updated for the adoption of GASB 87

During the fiscal year ended June 30, 2022, the Academy's net position increased by \$344,669 as compared to a net increase of \$176,082 in the prior fiscal year. Factors affecting this significant improvement of current year over prior year include growth in unrestricted state revenues, the addition of pandemic-related federal revenues, the addition of new county millage funding and continued spending controls. Additional factors affecting the change in net position during the year are discussed below.

State of Michigan Aid and Other Factors affecting Revenue

The State of Michigan aid is determined by the following variables:

- Per Student, Foundation Allowance: Annually, the State of Michigan sets the per student foundation allowance. Huron Academy's foundation allowance was \$8,700.
- Student Enrollment: The Academy's general education student enrollment blend for 2021-2022 was 630.15. To calculate total state aid, a blend of 90% of the adjusted current-year fall count of 635.00 and 10% of the prior-year spring count of 630.00 was multiplied by the Academy's foundation allowance.

- The academy was able to increase enrollment and associated state funding slightly by offering both in-person and virtual learning options in an area where some schools offered no choice due to the COVID-19 pandemic.
- The Academy continues to receive federal monies in the way of ESSER funding. These funds are to be used to deliver a continued high-quality academic program and a continued response to Covid-19.
- Additional federal funding was available during the 2021-22 fiscal years to supplement summer school programs, credit recovery, before/after school care. Federal dollars can be applied for to provide students/families with items necessary for remote connectivity and learning. This funding is expected to be available again in fiscal year 2022-23.

Subsequent to June 30, 2022, preliminary student enrollments for 2022-2023 indicated that the 2023 fall student enrollment would remain at or surpass 2022-2023 levels.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Uniform Budget Act of the State of Michigan requires that the local Board of Directors approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. Over the course of the year, the Academy revised the annual operating budget two times.

Changes were made in the second and fourth quarters to account change in student enrollment, federal funding, and changes in assumptions (e.g. staffing changes, instructional, transportation, food services and community services) since the original budget was adopted.

The Academy's revenues from General Fund operations exceeded expenditures by \$199,493 for the fiscal year ended June 30, 2022.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Academy's net investment in capital assets increased by \$80,173 during the fiscal year. This can be summarized as follows:

Table 5 - Capital Assets

	Beginning Balance 6/30/21	Additions	Disposals	Ending Balance 6/30/22
Building	\$ 10,748,341	\$ -	\$ -	\$ 10,748,341
Equipment	731,539	32,213	19,554	744,198
Right to use assets	352,721	47,960	-	400,681
Less: Accumulated Depreciation / Amortization	3,170,673	433,783	19,554	3,584,902
Net Investment in Capital Assets	\$ 8,661,928	\$ (353,610)	\$ -	\$ 8,308,318

Depreciation/Amortization Expense

GASB 34 requires Public School Academies to maintain a record of annual depreciation/amortization expense and accumulated depreciation/amortization. The net increase in accumulated depreciation/amortization expense is a

reduction in net assets in the entity wide financial statements. Depreciation/amortization is not recognized in the fund financial statements and has been noted as a reconciling item in the Academy's financial statements.

For fiscal year ended June 30, 2022, the net increase in accumulated depreciation/amortization was \$433,783.

Depreciation/amortization expense is recorded on a straight-line basis over the estimated useful lives of assets. In accordance with U.S. generally accepted accounting principles (GAAP), depreciation/amortization expense is recorded based on the original cost of the asset, less an estimated salvage value.

Debt, Principal Payments

A summary of long-term debt service activities is as follows.

Table 6 - Debt, Principal Payments

	Balance 6/30/2021	New Financings	Principal Payments	Balance 6/30/2022
Revenue Bond	\$ 7,970,000	\$ -	\$ 150,000	\$ 7,820,000
Notes and Lease Payable	352,721	47,960	86,959	313,722
Total Long-term Obligations	<u>\$ 8,322,721</u>	<u>\$ 47,960</u>	<u>\$ 236,959</u>	<u>\$ 8,133,722</u>

ECONOMIC FACTORS BEARING ON THE ACADEMY'S FUTURE

The Preliminary Budget for the 2022-23 fiscal year was adopted by the Board of Directors in June 2022. As funding information for 2022-2023 was generally still unknown during budget preparation, budget projections were estimated by management and school leadership conservatively knowing that more information about the 2022-2023 year would be released during summer 2022. Key factors affecting the 2022-2023 budget preparation process include:

- A decrease in enrollment to continue budgeting conservatively;
- A modest increase in foundation allowance of only \$250 per pupil;
- Continued county funding for the Macomb Millage Enhancement, which is understood to remain in effect for a total of ten years;
- Continued investment in staff retention with budgeted pay increases;
- Utilization of federal funding from the CARES Act (ESSER II) and ARP-ESSER (ESSER III) to preserve staff positions and to invest in acquiring and retaining the best staff possible.

Since the Academy's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to School Districts and Public School Academies. The State periodically holds revenue-estimating conferences to estimate what the State's available resources will be throughout the remainder of its fiscal year. In spite of the current economic uncertainties related to the COVID-19 pandemic, we remain cautiously confident that the State will find the resources to sufficiently fund current appropriations.

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 36301 Utica Road, Charter Twp. of Clinton, MI 48305.

HURON ACADEMY

STATEMENT OF NET POSITION JUNE 30, 2022

ASSETS AND DEFERRED OUTFLOWS

Current Assets

Cash and cash equivalents	\$ 706,494
Investments - restricted for debt service and capital projects	1,075,084
Due from other governmental units	1,535,217
Prepaid expenses	<u>125,442</u>
Total current assets	3,442,237

Capital Assets - Net of Accumulated Depreciation / Amortization

8,308,318

Total assets and deferred outflows	<u><u>\$ 11,750,555</u></u>
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LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current Liabilities

Accounts payable	\$ 29,634
Notes payable	72,724
Unearned revenue	492
Other accrued expenses	567,289
Long-term debt - current portion	<u>256,463</u>
Total current liabilities	926,602

Long-Term Debt - Long-Term Portion

7,811,947

Net Position

Net investment in capital assets	239,908
Restricted	1,511,140
Unrestricted	<u>1,260,958</u>
Total net position	<u>3,012,006</u>
Total liabilities, deferred inflows and net position	<u><u>\$ 11,750,555</u></u>

See accompanying notes to financial statements

HURON ACADEMY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

		Program Revenues		Net (Expense)
		Charges for	Operating	Revenues and
	Expenses	Services	Grants	Changes in
				Net Position
Functions				Government
Instruction				Type
Basic programs	\$ 3,562,920	\$ 124,831	\$ 1,090,039	Activities
Added needs	811,782	-	811,782	
Support services				
Pupil support services	160,170	-	160,170	-
Instructional staff support services	21,531	-	1,500	(20,031)
General administration	706,840	-	-	(706,840)
School administration	643,102	-	-	(643,102)
Business support services	9,273	-	-	(9,273)
Operations and maintenance	481,001	-	47,838	(433,163)
Pupil transportation services	355	-	-	(355)
Central support services	73,371	-	-	(73,371)
Other student activities	44,161	55,733	-	11,572
Food services	223,174	2,115	270,516	49,457
Community services	150,941	66,237	25,000	(59,704)
Payments to other school districts	7,329	-	-	(7,329)
Unallocated depreciation / amortization	433,783	-	-	(433,783)
Unallocated interest	513,859	-	-	(513,859)
Total primary government	<u>\$ 7,843,592</u>	<u>\$ 248,916</u>	<u>\$ 2,406,845</u>	<u>(5,187,831)</u>
General Purpose Revenues				
State school aid - unrestricted				5,518,642
Miscellaneous revenues				<u>13,858</u>
Total general purpose revenues				<u>5,532,500</u>
Change in net position				344,669
Net position - July 1, 2021				<u>2,667,337</u>
Net position - June 30, 2022				<u>\$ 3,012,006</u>

See accompanying notes to financial statements

HURON ACADEMY

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2022

ASSETS

	General	Debt Service	Capital Projects	Non-Major	Total
Cash and cash equivalents	\$ 655,990	\$ -	\$ -	\$ 50,504	\$ 706,494
Investments	-	907,574	167,510	-	1,075,084
Due from other governmental units	1,535,217	-	-	-	1,535,217
Due from other funds	3,356	-	339,451	49,457	392,264
Prepaid expenses	125,442	-	-	-	125,442
Total assets	<u>\$ 2,320,005</u>	<u>\$ 907,574</u>	<u>\$ 506,961</u>	<u>\$ 99,961</u>	<u>\$ 3,834,501</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 29,634	\$ -	\$ -	\$ -	\$ 29,634
Notes payable	72,724	-	-	-	72,724
Due to other funds	388,908	-	-	3,356	392,264
Unearned revenue	492	-	-	-	492
Other accrued expenses	485,109	-	-	-	485,109
Total liabilities	976,867	-	-	3,356	980,223

Fund Balance

Nonspendable	125,442	-	-	-	125,442
Restricted	-	907,574	506,961	96,605	1,511,140
Unassigned	1,217,696	-	-	-	1,217,696
Total fund balance	1,343,138	907,574	506,961	96,605	2,854,278
Total liabilities and fund balance	<u>\$ 2,320,005</u>	<u>\$ 907,574</u>	<u>\$ 506,961</u>	<u>\$ 99,961</u>	<u>\$ 3,834,501</u>

See accompanying notes to financial statements

HURON ACADEMY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2022

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

Total Governmental Fund Balances	\$ 2,854,278
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$11,893,220 and the accumulated depreciation / amortization is \$3,584,902.	8,308,318
Interest is not payable until due in governmental activities and, therefore, is not recorded in the funds.	(82,180)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(8,068,410)</u>
Net Position of Governmental Activities	<u>\$ 3,012,006</u>

See accompanying notes to financial statements

HURON ACADEMY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	General	Debt Service	Capital Projects	Non-Major	Total
Revenues					
Local sources	\$ 204,743	\$ 153	\$ 30	\$ 57,848	\$ 262,774
State sources	5,935,202	-	-	4,603	5,939,805
Federal sources	1,329,307	-	-	265,913	1,595,220
Interdistrict sources	390,462	-	-	-	390,462
Total governmental fund revenues	7,859,714	153	30	328,364	8,188,261
Expenditures					
Instruction					
Basic programs	3,562,920	-	-	-	3,562,920
Added needs	811,782	-	-	-	811,782
Support services					
Pupil support services	160,170	-	-	-	160,170
Instructional staff support services	21,531	-	-	-	21,531
General administration	705,340	-	1,500	-	706,840
School administration	643,102	-	-	-	643,102
Business support services	9,273	-	-	-	9,273
Operations and maintenance	481,001	-	-	-	481,001
Pupil transportation services	355	-	-	-	355
Central support services	44,429	-	28,942	-	73,371
Other student activities	-	-	-	44,161	44,161
Food services	-	-	-	223,174	223,174
Community services	150,941	-	-	-	150,941
Payments to other school districts	7,329	-	-	-	7,329
Capital outlay	80,173	-	-	-	80,173
Debt principal and interest	99,322	646,832	-	-	746,154
Total governmental fund expenditures	6,777,668	646,832	30,442	267,335	7,722,277
Excess (deficiency) of revenues over expenditures	1,082,046	(646,679)	(30,412)	61,029	465,984
Other Financing Sources (Uses)					
Proceeds from leases	47,960	-	-	-	47,960
Operating transfers in	-	648,744	281,769	-	930,513
Operating transfers out	(930,513)	-	-	-	(930,513)
Total other financing sources (uses)	(882,553)	648,744	281,769	-	47,960
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	199,493	2,065	251,357	61,029	513,944
Fund balance - July 1, 2021	1,143,645	905,509	255,604	35,576	2,340,334
Fund balance - June 30, 2022	\$ 1,343,138	\$ 907,574	\$ 506,961	\$ 96,605	\$ 2,854,278

See accompanying notes to financial statements

HURON ACADEMY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

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

Net Change in Fund Balances - Total Governmental Funds	\$	513,944
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.

Capital outlay	\$	80,173	
Depreciation and amortization expense		<u>(433,783)</u>	(353,610)

The governmental funds report loan proceeds as an other financing source, while repayment of loan principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general loan obligations is as follows:

Proceeds from long-term debt	\$	(47,960)	
Repayment of loan principal		236,959	
Interest expense		<u>(4,664)</u>	<u>184,335</u>

Change in Net Position of Governmental Activities	\$	<u>344,669</u>
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HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Huron Academy (the "Academy") conform to generally accepted accounting principles applicable to public school academies. The following is a summary of the significant accounting policies:

Reporting Entity

Huron Academy was formed as a public school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994. The Academy filed articles of incorporation as a nonprofit corporation pursuant to the provisions of the Michigan Nonprofit Corporation Act of 1982, as amended, in June 1999, and began operation in July 1999.

In May 1999, the Academy initially entered into a contract with the Ferris State University Board of Trustees to charter a public school academy. The contract has been renewed through the year ending June 30, 2023. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State constitution. The University's Board of Trustees is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws. The Academy pays the Ferris State University Board of Trustees three percent of state aid as administrative fees. Total administrative fees paid for the year ended June 30, 2022 were approximately \$163,150.

In July 2011, the Academy renewed its agreement with CS Partners, "CSP" which has been renewed through June 2023. Under the terms of this agreement, CSP provides a variety of management services including the support of the Academy's instructional and operational systems, as well as human resource functions. The Academy is obligated to pay CSP nine percent of its state aid. The total paid for these services amounted to approximately \$498,870 for the year ended June 30, 2022.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the public school academy. Based on application of criteria, the Academy does not contain component units.

Fund Financial Statements

Fund financial statements report detailed information about the Academy. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Basis of Presentation – Fund Accounting

The accounts of the Academy are organized on the basis of funds. The operations of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. Government resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the combined financial statements in this report, into generic fund types in two broad fund categories.

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental Funds

A governmental fund is a fund through which most Academy functions typically are financed. The acquisition, use and balances of the Academy's expendable financial resources and the related current liabilities, are accounted for through a governmental fund.

General Fund - The general fund is used to record the general operations of the Academy pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Fund (Food Service) - The special revenue fund, is used to account for the food service program operations. The special revenue fund is a subsidiary operation and is an obligation of the general fund. Therefore, any shortfall in the special revenue fund will be covered by an operating transfer from the general fund. The special revenue fund does not maintain its own assets and liabilities; accordingly, no balance sheet is presented for this fund.

Special Revenue Fund (Student Activities) – The Academy presently maintains an activity fund to record the transactions of student groups for school and school-related purposes. The student activity fund is a subsidiary operation and is an obligation of the general fund. Therefore, any shortfall in the student activity fund will be covered by an operating transfer from the general fund.

Debt Service Fund - The debt service fund is used to record certain revenue and the payment of interest, principal and other expenditures on long-term debt.

Capital Projects Fund - The capital projects fund accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities.

Governmental and agency funds utilize the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

- a. Revenue that is both measurable and available for use to finance operations is recorded as revenue when earned. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within sixty days of the end of the current fiscal period.
- b. Payments for inventorable types of supplies, which are not significant at year end, are recorded as expenditures at the time of purchase.
- c. Principal and interest of general long-term debt are not recorded as expenditures until their due dates.

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- d. The State of Michigan utilizes a foundation allowance funding approach, which provides for specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenue from state sources is primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with state law. A major portion of the Academy's revenue is derived from this state aid. As such, the Academy is considered to be economically dependent on this aid. The Academy's existence is dependent upon qualification for such aid.

Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationships between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the Academy and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. The Academy does not allocate indirect expenses to programs. In creating the government-wide financial statements the Academy has eliminated inter-fund transactions. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or function is self-financing or draws from the general revenues of the Academy. When both restricted and unrestricted resources are available for use, it is the Academy's policy to use restricted resources first.

Net position should be reported as restricted when constraints placed on net position's use is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Academy first utilizes restricted resources to finance qualifying activities.

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Cash and Cash Equivalents

The Academy's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition. The Academy reports its investments in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and GASB No. 40, Deposit and Investment Risk Disclosures. Under these standards, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Academy intends to hold the investment until maturity. The Academy held investments in mutual funds that invest solely in U.S. Treasury obligations. The funds are held in trust for debt service and capital projects. State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, saving accounts, deposit accounts, and or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Corporation or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Academy is also authorized to invest in U.S. Government or Federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Receivables

Receivables at June 30, 2022 consist primarily of state school aid due from the State of Michigan and the federal government. All receivables are expected to be fully collected in July and August of 2022 and are considered current for the purposes of these financial statements.

Prepaid Assets

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

Capital Assets and Depreciation

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions or retirements during the year. The Academy follows the policy of not capitalizing assets with a useful life of less than one year. The Academy does not possess any infrastructure assets.

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Right to use assets of the Academy are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. Depreciation is computed using the straight-line method over the following useful lives:

Building and improvements	10 – 50 years
Furniture and equipment	5 – 15 years
Computers and software	3 – 10 years

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of capital leases that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Net Position

Net position represents the difference between assets, deferred outflows and liabilities, and deferred inflows. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws of regulations of other governments.

Fund Equity

The Academy has adopted GASB 54 as part of its fiscal year reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Academy's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. This category typically includes prepaid items and inventories.

In addition to nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- a. *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- b. *Committed fund balance* – amounts constrained to specific purposes by the Board; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.
- c. *Assigned fund balance* – amounts the Board intends to use for a specific purpose; intent can be expressed by the Board or by an official or committee to which the Board delegates the authority.
- d. *Unassigned fund balance* – amounts that are available for any purpose; these amounts are reported only in the general fund.

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The Academy follows the policy that restricted, committed, or assigned amounts will be considered to have been spent when an expenditure is incurred for purposes for which both unassigned and restricted, committed, or assigned fund balances are available. There are no governmental funds with a deficit.

Leases

At the commencement of a lease, the Academy initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the Academy determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Academy uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Academy generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Academy is reasonably certain to exercise.

The Academy monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Upcoming Accounting Pronouncements

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 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. The Academy is required by law to adopt general and special revenue fund budgets. During the year ended June 30, 2022 the budget was amended in a legally permissible manner. A comparison of amounts appropriated to actual expenditures is included on page 21 of these financial statements.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

<u>Type</u>	<u>S&P Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			\$ 706,494
Investments:			
U.S. Treasury and agency obligations	AAAm	Various	<u>1,075,084</u>
Total deposits and investments			<u>\$ 1,781,578</u>

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS - Continued

The above amounts are reported in the financial statements as follows:

Deposits:

Cash - General Fund	\$ 655,990
Cash - Special Revenue - Student Activities Fund	<u>50,504</u>
Subtotal	706,494

Investments:

Investments - Debt Service Fund	907,574
Investments - Capital Projects Fund	<u>167,510</u>
Subtotal	<u>1,075,084</u>
Total deposits and investments	<u><u>\$ 1,781,578</u></u>

Interest Rate Risk

In accordance with its investment policy, the Academy will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Academy's cash requirements.

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2022, the Academy's investments were rated AAAM by Standards & Poor's and Aaa by Moody's Investors Service.

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. More than 5% of the Academy's investments are in pooled investment accounts which represent 100% of the Academy's total investments.

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

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, \$499,506 of the Academy's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of June 30, 2022.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Academy will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Academy will do business.

Foreign Currency Risk

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

Fair Value

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Academy has the ability to access.
- b. Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- c. Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The observable inputs should be developed based on the best information available in the circumstances and may include the Academy's own data.)

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

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

State sources	\$ 1,070,860
Federal sources	<u>464,357</u>
Total	<u><u>\$ 1,535,217</u></u>

NOTE 5 - CAPITAL ASSETS

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

	As Restated Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
Capital assets subject to depreciation and amortization				
Building	\$ 10,748,341	\$ -	\$ -	\$ 10,748,341
Right to use - copiers	19,554	47,960	19,554	47,960
Right to use - land	333,167	-	-	333,167
Equipment	<u>731,539</u>	<u>32,213</u>	<u>-</u>	<u>763,752</u>
Subtotal	11,832,601	80,173	19,554	11,893,220
Accumulated depreciation / amortization				
Building	2,550,002	343,521	-	2,893,523
Right to use - copiers	-	20,220	19,554	666
Right to use - land	-	66,633	-	66,633
Equipment	<u>620,671</u>	<u>3,409</u>	<u>-</u>	<u>624,080</u>
Subtotal	<u>3,170,673</u>	<u>433,783</u>	<u>19,554</u>	<u>3,584,902</u>
Total net capital assets	<u><u>\$ 8,661,928</u></u>	<u><u>\$ (353,610)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,308,318</u></u>

Depreciation expense was not charged to activities as the Academy considers its assets to impact multiple activities and allocation is not practical.

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 – NOTES PAYABLE

Notes payable as of June 30, 2022 may be summarized as follows:

Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
SAAN 20-21	4.25%	August, 2021	Paid in full
SAAN 21-22	3.75%	August, 2022	Issued to provide funds to Academy to finance school operation; Secured by future state aid payments

Loan Activity

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2022</u>
SAAN 20-21	\$ 90,914	\$ -	\$ 90,914	\$ -
SAAN 21-22	-	400,000	327,276	72,724
	<u>\$ 90,914</u>	<u>\$ 400,000</u>	<u>\$ 418,190</u>	<u>\$ 72,724</u>

NOTE 7 – OTHER ACCRUED EXPENSES

Other accrued expenses may be summarized as follows:

	<u>Net Position</u>	<u>Funds</u>
Purchased services - payroll and benefits	\$ 451,295	\$ 451,295
University oversight fee	33,643	33,643
Interest	82,351	171
Total other accrued expenses	<u>\$ 567,289</u>	<u>\$ 485,109</u>

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 8 - LONG-TERM OBLIGATIONS PAYABLE

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

Loan Information

	Interest Rate	Maturity Date	Other
Direct borrowing - land	4.50%	August, 2025	25 year lease paid monthly. The lease is currently expected to be renewed in 2025.
Direct borrowing - copiers	4.50%	April, 2027	5 year lease paid monthly. The prior copier lease is included and will mature March of 2023.
Revenue Bond	5.00%	November, 2045	Interest payable twice a year, principal payable annually. Secured by facilities and pledge for 20% of state school aid payments.

Loan Activity

	As Restated Balance July 1, 2021	Additions	Retirements and Payments	Balance June 30, 2022	Due Within One Year
Direct borrowing - land	\$ 333,167	\$ -	\$ 74,369	\$ 258,798	\$ 84,111
Direct borrowing - copiers	19,554	47,960	12,590	54,924	17,352
Revenue Bond	7,970,000	-	150,000	7,820,000	155,000
Totals	<u>\$ 8,322,721</u>	<u>\$ 47,960</u>	<u>\$ 236,959</u>	\$ 8,133,722	<u>\$ 256,463</u>
Less unamortized discount				<u>65,312</u>	
				<u>\$ 8,068,410</u>	

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 8 - LONG-TERM OBLIGATIONS PAYABLE - Continued

Following are maturities of long-term obligations for principal and interest for the next five years and in total:

	<u>Principal</u>	<u>Interest</u>
2023	\$ 256,463	\$ 501,329
2024	255,545	489,190
2025	269,705	476,531
2026	204,608	464,553
2027	192,401	454,762
2028 - 2032	1,135,000	2,087,006
2033 - 2037	1,525,000	1,681,959
2038 - 2042	2,080,000	1,109,344
2043 - 2046	<u>2,215,000</u>	<u>311,344</u>
Total	<u>\$ 8,133,722</u>	<u>\$ 7,576,018</u>

NOTE 9 - INTERFUND TRANSFERS

During the normal course of the school year the Academy transferred amounts between its funds as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Transfer In	\$ -	\$ 648,744	\$ 281,769
Transfer Out	930,513	-	-

As stipulated by the Academy's revenue bond agreement as described in Note 8, the Academy must transfer 20% of its state aid to a trustee. The trustee retains the required portion for debt service and returns the remainder to the Academy. The general fund also subsidizes the Special Revenue Funds lunch activities. These above transactions account for the major activity in the Academy's interfund transfer accounts.

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED JUNE 30, 2022

NOTE 10 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions. The Academy has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 11 – 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.

The restatement of the beginning of the year balances had no impact on net position. The changes to capital assets and long-term obligations is as follows:

	<u>Capital Assets</u>	<u>Long Term Obligations</u>
Balances as of July 1, 2021, as previously stated	\$ 8,309,207	\$ 7,970,000
Adoption of GASB Statement 87	<u>352,721</u>	<u>352,721</u>
Balances as of July 1, 2021, as restated	<u>\$ 8,661,928</u>	<u>\$ 8,322,721</u>

SUPPLEMENTARY INFORMATION

HURON ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local sources	\$ 123,000	\$ 188,870	\$ 204,743	\$ 15,873
State sources	5,450,076	5,904,110	5,935,202	31,092
Federal sources	715,795	1,280,557	1,329,307	48,750
Interdistrict sources	353,479	380,725	390,462	9,737
Total general fund revenues	6,642,350	7,754,262	7,859,714	105,452
Expenditures				
Instruction				
Basic programs	3,164,548	3,397,834	3,562,920	165,086
Added needs	803,807	890,492	811,782	(78,710)
Support services				
Pupil support services	132,293	141,562	160,170	18,608
Instructional staff support services	32,982	22,786	21,531	(1,255)
General administration	643,939	704,552	705,340	788
School administration	500,989	621,995	643,102	21,107
Business support services	13,700	13,700	9,273	(4,427)
Operations and maintenance	511,660	533,396	481,001	(52,395)
Pupil transportation services	-	250	355	105
Central support services	65,250	104,000	44,429	(59,571)
Community services	107,958	163,960	150,941	(13,019)
Payments to other school districts	14,000	-	7,329	7,329
Capital outlay	-	-	80,173	80,173
Debt principal and interest	-	150,000	99,322	(50,678)
Total general fund expenditures	5,991,126	6,744,527	6,777,668	33,141
Excess (deficiency) of revenues over expenditures	651,224	1,009,735	1,082,046	72,311
Other Financing Sources (Uses)				
Proceeds from leases	-	-	47,960	47,960
Operating transfers out	(706,224)	(945,735)	(930,513)	15,222
Total other financing sources (uses)	(706,224)	(945,735)	(882,553)	63,182
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(55,000)	64,000	199,493	135,493
Fund balance - July 1, 2021	1,143,645	1,143,645	1,143,645	-
Fund balance - June 30, 2022	\$ 1,088,645	\$ 1,207,645	\$ 1,343,138	\$ 135,493

HURON ACADEMY

COMBINING BALANCE SHEET - NON-MAJOR FUNDS JUNE 30, 2022

ASSETS

	<u>Special Revenue</u>		<u>Total</u>
	<u>Food Services</u>	<u>Student Activities</u>	
Cash and cash equivalents	\$ -	\$ 50,504	\$ 50,504
Due from other funds	49,457	-	49,457
Total assets	<u>\$ 49,457</u>	<u>\$ 50,504</u>	<u>\$ 99,961</u>

LIABILITIES AND FUND BALANCE

Liabilities

Due to other funds	\$ -	\$ 3,356	3,356
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Fund Balance

Restricted	<u>49,457</u>	<u>47,148</u>	<u>96,605</u>
Total liabilities and fund balance	<u>\$ 49,457</u>	<u>\$ 50,504</u>	<u>\$ 99,961</u>

HURON ACADEMY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – NON-MAJOR FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue		Total
	Food Services	Student Activities	
Revenues			
Local sources	\$ 2,115	\$ 55,733	\$ 57,848
State sources	4,603	-	4,603
Federal sources	265,913	-	265,913
Total governmental fund revenues	272,631	55,733	328,364
Expenditures			
Support services			
Other student activities	-	44,161	44,161
Food services	223,174	-	223,174
			-
Total governmental fund expenditures	223,174	44,161	267,335
Excess (deficiency) of revenues over expenditures	49,457	11,572	61,029
Fund balance - July 1, 2021	-	35,576	35,576
Fund balance - June 30, 2022	\$ 49,457	\$ 47,148	\$ 96,605

HURON ACADEMY

SCHEDULE OF REVENUES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2022

Local Sources

Other local revenues	\$ 204,743
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State Sources

At risk	353,265
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Special education	63,295
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State aid	<u>5,518,642</u>
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Total state sources	5,935,202
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Federal Sources

IDEA	116,163
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Title I	223,828
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Title II A	31,908
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Title III	20,901
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Other program revenue	<u>936,507</u>
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Total federal sources	1,329,307
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Interdistrict Sources

<u>390,462</u>

Total general fund revenues	<u><u>\$ 7,859,714</u></u>
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HURON ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2022

Basic Programs

Purchased services	\$ 3,364,122
Rentals	7,639
Supplies and materials	174,638
Non-depreciable capital assets	16,115
Other expenditures	<u>406</u>
Total basic programs	3,562,920

Added Needs

Purchased services	804,172
Supplies and materials	<u>7,610</u>
Total added needs	811,782

Pupil Support Services

Guidance services	54,670
Psychological services	14,708
Speech pathology and audiology	54,191
Social work services	<u>36,601</u>
Total pupil support services	160,170

Instructional Staff Support Services

Purchased services	21,531
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General Administration

Purchased services	690,220
Other expenditures	<u>15,120</u>
Total general administration	705,340

School Administration

Purchased services	622,733
Supplies and materials	<u>20,369</u>
Total school administration	643,102

HURON ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND - CONTINUED FOR THE YEAR ENDED JUNE 30, 2022

Business Support Services

Other expenditures	9,273
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Operations and Maintenance

Purchased services	245,370
Repairs and maintenance	150,425
Rentals	5
Supplies and materials	85,201

Total operations and maintenance	481,001
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Pupil Transportation Services

Repairs and maintenance	355
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Central Support Services

Purchased services	36,036
Supplies and materials	8,393

Total central support services	44,429
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Community Services

Purchased services	150,633
Supplies and materials	308

Total community services	150,941
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Payments to Other School Districts

7,329

Capital Outlay

80,173

Debt Principal and Interest

99,322

Total general fund expenditures	\$ 6,777,668
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APPENDIX

Federal Awards Report



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

**To the Board of Directors
of Huron 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 Huron Academy, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Huron Academy's basic financial statements, and have issued our report thereon dated October 28, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Huron 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 Huron Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Huron 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 Huron Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, reading "Croskey Lanni, PC".

Croskey Lanni, PC

Rochester, Michigan
October 28, 2022



**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 Huron Academy**

We have audited Huron 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 Huron Academy's major federal programs for the year ended June 30, 2022. Huron 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, Huron 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 Huron 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 Huron 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 Huron 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 Huron 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 Huron 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 Huron 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 Huron 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 Huron Academy's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in blue ink, reading "Croskey Lanni, PC". The signature is fluid and cursive, with the initials "CL" visible at the end.

Croskey Lanni, PC

Rochester, Michigan
October 28, 2022

HURON ACADEMY

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

Program Title/Project Number Subrecipient Name	Grant/ Project Number	Federal ALN	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2021	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2022	Current Year Cash Transferred To Subrecipient
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture -										
Passed Through Michigan Department of Education:										
Noncash Assistance (Commodities) -										
National School Lunch Program Commodities 2021-2022	N/A	10.555	\$ 19,132	\$ -	\$ -	\$ -	\$ 16,572	\$ 16,572	\$ -	\$ -
Cash Assistance:										
COVID-19 - Seamless Summer Option (SSO) - Lunch 2021-2022	211961/221961	10.555	223,710	-	-	-	223,710	223,710	-	-
COVID-19 - Emergency Operations - SNP Meals 2021	211965	10.555	1,872	-	-	-	1,872	1,872	-	-
COVID-19 - Supply Chain Assistance 2022	220910	10.555	15,841	-	-	-	15,841	15,841	-	-
Total Cash and Noncash Assistance		10.555	260,555	-	-	-	257,995	257,995	-	-
COVID-19 - Seamless Summer Option (SSO) - Breakfast 2021-2022	211971/221971	10.553	7,304	-	-	-	7,304	7,304	-	-
COVID-19 - Extended Summer Food Service Program 2020-2021	210904	10.559	142,696	142,696	12,979	-	12,979	-	-	-
Total Child Nutrition Cluster			410,555	142,696	12,979	-	278,278	265,299	-	-
Special Education Cluster - U.S. Department of Education -										
Passed through the Macomb ISD:										
IDEA Special Education – Formula Grants to ISDs:										
IDEA Flowthrough 2021	210450	84.027A	85,967	85,967	48,247	-	48,247	-	-	-
IDEA Flowthrough 2122	220450	84.027A	95,077	-	-	-	54,870	95,077	40,207	-
Total IDEA Flowthrough		84.027A	181,044	85,967	48,247	-	103,117	95,077	40,207	-
American Rescue Plan Individuals with Disabilities Education Act (ARP-IDEA):										
COVID-19 - ARP-IDEA 2122	221280	84.027X	21,086	-	-	-	21,086	21,086	-	-
Total Special Education Cluster			202,130	85,967	48,247	-	124,203	116,163	40,207	-
Other Federal Awards:										
U.S. Department of Agriculture -										
Passed Through the Michigan Department of Education:										
Pandemic EBT Local Level Costs:										
COVID-19 - Pandemic EBT Local Level Costs 2021	210980	10.649	614	-	-	-	614	614	-	-

See accompanying notes to schedule of expenditures of federal awards

HURON ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued FOR THE YEAR ENDED JUNE 30, 2022

Program Title/Project Number Subrecipient Name	Grant/ Project Number	Federal ALN	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2021	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2022	Current Year Cash Transferred To Subrecipient
Other Federal Awards (Continued):										
U.S. Department of Education -										
Passed Through the Michigan Department of Education:										
Title I, Part A: Improving Basic Programs Operated by LEAS:										
Title I Part A 2021	211530	84.010A	226,204	226,204	126,277	-	126,277	-	-	-
Title I Part A 2122	221530	84.010A	<u>223,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,061</u>	<u>223,828</u>	<u>72,767</u>	<u>-</u>
Total Title I Part A		84.010A	450,032	226,204	126,277	-	277,338	223,828	72,767	-
Title III, Part A: English Language Acquisition:										
Title III Part A 2021	210570	84.365	2,172	2,172	1,491	-	1,491	-	-	-
Title III Part A 2021	210580	84.365	18,523	18,523	11,025	-	11,025	-	-	-
Title III Part A 2122	220570	84.365	2,364	-	-	-	1,314	2,364	1,050	-
Title III Part A 2122	220580	84.365	<u>18,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,608</u>	<u>18,537</u>	<u>6,929</u>	<u>-</u>
Total Title III Part A		84.365	41,596	20,695	12,516	-	25,438	20,901	7,979	-
Title II, Part A, Supporting Effective Instruction:										
Title II Part A 2021	210520	84.367	36,956	31,684	16,545	-	16,545	-	-	-
Title II Part A 2122	220520	84.367	<u>31,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,245</u>	<u>31,908</u>	<u>10,663</u>	<u>-</u>
Total Title II Part A		84.367	68,864	31,684	16,545	-	37,790	31,908	10,663	-
Title IV, Part A, Student Support and Academic Enrichment:										
Title IV Part A 2021	210750	84.424A	14,920	14,920	9,139	-	9,139	-	-	-
Title IV Part A 2122	220750	84.424A	<u>16,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,338</u>	<u>16,468</u>	<u>8,130</u>	<u>-</u>
Total Title IV Part A		84.424A	31,388	14,920	9,139	-	17,477	16,468	8,130	-
Education Stabilization Fund:										
COVID-19 - Governor's Emergency Education Relief (GEER) Fund 2021	201200	84.425C	56,474	56,474	23,624	-	23,624	-	-	-
COVID-19 - Education Equity (ESSER) 1920	203720	84.425D	25,103	25,103	25,103	-	25,103	-	-	-
COVID-19 - GEER II – Section 23c(4a-b) Teacher and Support Staff Pay 2122	211202	84.425C	23,750	-	-	-	23,750	23,750	-	-
COVID-19 - Supplemental Elementary and Secondary School Emergency Relief (ESSER II) 2021	213712	84.425D	781,639	-	-	-	457,028	781,639	324,611	-
COVID-19 - ESSER II Discretionary – Section 23b(2a) Summer School 2122	213722	84.425D	89,650	-	-	-	89,650	89,650	-	-
COVID-19 - ESSER II Discretionary – Section 23b(2c) Before/After/Before-and-After School 2122	213752	84.425D	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
Total Education Stabilization Fund		84.425	<u>1,001,616</u>	<u>81,577</u>	<u>48,727</u>	<u>-</u>	<u>644,155</u>	<u>920,039</u>	<u>324,611</u>	<u>-</u>
Total Federal Awards			<u>\$2,206,795</u>	<u>\$ 603,743</u>	<u>\$ 274,430</u>	<u>\$ -</u>	<u>\$1,405,293</u>	<u>\$1,595,220</u>	<u>\$ 464,357</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards

HURON ACADEMY

RECONCILIATION OF BASIC FINANCIAL STATEMENTS FEDERAL REVENUE AND RECEIVABLES WITH SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

Revenues to Expenditures

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

General Fund	\$ 1,329,307
Special Revenue Fund	<u>265,913</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 1,595,220</u>

HURON ACADEMY

NOTES TO 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 Huron 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 Huron Academy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Huron Academy.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 - NONCASH ASSISTANCE

The value of the noncash assistance received was determined in accordance with the provisions of Uniform Guidance.

NOTE 5 - GRANT AUDITOR REPORT

Management has utilized the Grant Auditor report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

HURON ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF THE AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

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

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

☐ yes ☒ no

Identification of major programs:

Assistance Listing Number(s)
84.425

Name of Federal Program or Cluster
Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs as described in 2 CFR section 200.518(b):

\$750,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None