

Audited Financial Statements

West Michigan Academy of Arts and Academics

Spring Lake, Michigan

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of West Michigan Academy of Arts and Academics

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 West Michigan Academy of Arts and Academics, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise West Michigan Academy of Arts and Academic'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 West Michigan Academy of Arts and Academics, 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 West Michigan Academy of Arts and Academics 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 10, 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 West Michigan Academy of Arts and Academics' 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 West Michigan Academy of Arts and Academics' 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 West Michigan Academy of Arts and Academics' 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 West Michigan Academy of Arts and Academics' basic financial statements. The accompanying 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 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 West Michigan Academy of Arts and Academics' 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 West Michigan Academy of Arts and Academics' 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 West Michigan Academy of Arts and Academics' internal control over financial reporting and compliance.



Croskey Lanni, PC

Rochester, Michigan
October 28, 2022

MANAGEMENT’S DISCUSSION AND ANALYSIS

West Michigan Academy of Arts & Academics (“ACADEMY”) is a Kindergarten through 8 grade Public School Academy located in Spring Lake, Michigan. This Management’s Discussion and Analysis, a requirement of GASB 34, is intended to be the West Michigan Academy of Arts & Academics 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	433.57	418.29
General Fund Balance Increase/(Decrease)	\$ (257,908)	\$ 5,023
General Fund Balance as Percent of Unrestricted State Aid Revenue	36%	48%

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 West MI Academy of Arts & Academics Annual Financial Report

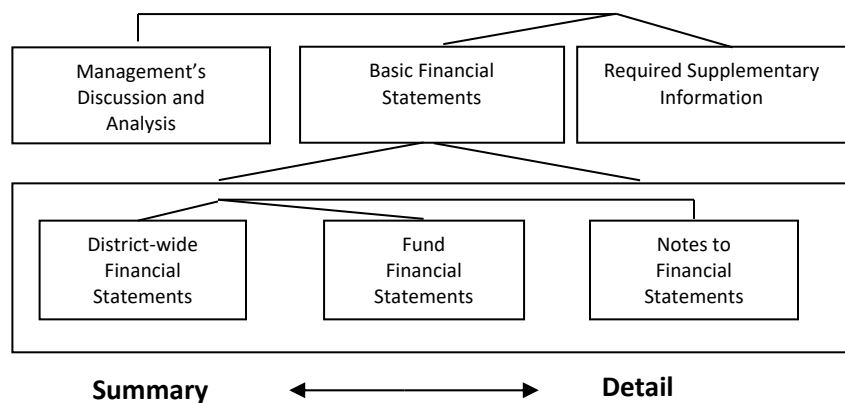


Figure A-2 summarizes the major features of the Academy’s financial statements, including the portion of the Academy’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents 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	\$ 1,468,371	\$ 1,726,279
Total General Fund Revenue	\$ 5,075,853	\$ 4,517,455
State Aid Foundation Allowance as percent of Academy Revenues	81%	78%
Total Cost of Instructional Programs	\$ 3,088,629	\$ 2,476,838
Instructional Expenditures as percent of Total Expenditures	58%	55%
Total Cost of Support/Operational Services	\$ 1,906,227	\$ 1,696,770
Support/Operational Services as percent of Total Expenditures	36%	38%
Total Expenditures transferred to Debt Service	\$ 338,905	\$ 338,824
Transfer to Debt Service as percent of Total Expenditures	6%	7%

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

	<u>2022</u>	<u>2021 *</u>
Assets		
Current Assets	\$ 2,385,883	\$ 2,712,699
Capital Assets	8,241,378	7,990,180
Less: Accumulated Depreciation	<u>(2,912,041)</u>	<u>(2,660,457)</u>
Capital Assets, Net Book Value	<u>5,329,337</u>	<u>5,329,723</u>
Total Assets and Deferred Outflows	<u>\$ 7,715,220</u>	<u>\$ 8,042,422</u>
Liabilities		
Current Liabilities	\$ 549,837	\$ 655,180
Long-term Liabilities	<u>3,947,192</u>	<u>4,053,101</u>
Total Liabilities and Deferred Inflows	<u>\$ 4,497,029</u>	<u>\$ 4,708,281</u>
Net Position		
Invested in Capital Assets, Net of Related Debt (Deficit)	\$ 1,256,866	\$ 1,166,622
Restricted for Debt Service / Food Service	548,337	452,840
Unrestricted	<u>1,412,988</u>	<u>1,714,679</u>
Total Net Position	<u>\$ 3,218,191</u>	<u>\$ 3,334,141</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	\$ 3,748,948	70.14%	\$ 3,410,117	72.75%
Other	51,193	0.96%	51,285	1.09%
Total General Revenue	3,800,141	71.10%	3,461,402	73.84%
Program Revenue:				
Charges for Services	19,731	0.37%	4,783	0.10%
Operating Grants - Federal and State	1,524,943	28.53%	1,221,326	26.06%
Total Program Revenue	1,544,674	28.90%	1,226,109	26.16%
Total Revenue	5,344,815	100.00%	4,687,511	100.00%
Expenses:				
Instruction and Instructional Services	3,088,629	56.56%	2,476,838	54.00%
Support Services	1,862,670	34.11%	1,651,195	36.00%
Community Services	27,047	0.50%	-	0.00%
Unallocated Depreciation / Amortization	251,584	4.61%	223,446	4.88%
Interest on Long-term Debt	230,835	4.23%	234,945	5.12%
Total Expenses	5,460,765	100.00%	4,586,424	100.00%
Change in Net Position	\$ (115,950)		\$ 101,087	

* 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 decreased by \$115,950 as compared to a net increase of \$5,023 in the prior fiscal year. This reflected use of fund balance for significant improvements in the school facility.

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. The West Michigan Academy of Arts & Academics foundation allowance was \$8,700, an increase of \$589 over the prior year.
- Student Enrollment: The Academy's student enrollment for the fall count of 2021-22 was 435 students. To calculate total state aid to be provided by the foundation allowance, a system (Section 25) where the funding follows the student was used. This means adjustments were made to the current year fall count when students enrolled or unenrolled until the current year winter count to calculate the adjusted fall count. A blend of 90% of the adjusted current year fall count and 10% of the prior year spring count is multiplied by the Academy's foundation allowance.

- Total Section 25 adjustment was 4.26FTE or \$37,062.
- The Academy continues to receive federal monies in the way of ESSER Act funding. These funds are to be used to deliver a continued high quality academic program and response to COVID-19. Additional federal funding is available during the 2022-23 fiscal year.
- 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 year end June 30, 2022, preliminary student enrollments for 2022-23 indicate that the 2022 fall student enrollment will be above the 2021-22 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 for changes 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 expenditures from General Fund operations exceeded revenue by \$257,908 for the fiscal year ended June 30, 2022.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Academy's net investment in capital assets decreased by \$24,947 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 and Improvements	\$ 7,651,347	\$ 206,945	\$ -	\$ 7,858,292
Equipment	211,118	7,182	-	218,300
Computer	85,150	12,510	-	97,660
Right to use assets	24,561	-	-	24,561
Non-Depreciable Capital Assets (Land)	42,565	-	-	42,565
Less: Accumulated Deprec. / Amort.	2,660,457	251,584	-	2,912,041
Net Investment in Capital Assets	\$ 5,354,284	\$ (24,947)	\$ -	\$ 5,329,337

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 \$251,584.

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

	<u>Balance</u> <u>6/30/2021</u>	<u>New</u> <u>Financings</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>6/30/2022</u>
Revenue Bond	\$ 4,265,000	\$ -	\$ 110,000	\$ 4,155,000
Direct borrowing - equipment	24,561	-	9,876	14,685
Total Long-Term Obligations	<u>\$ 4,289,561</u>	<u>\$ -</u>	<u>\$ 119,876</u>	<u>\$ 4,169,685</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. Few definite factors were known as the budget was being drafted, and others were unknown and needed to be projected with management's best estimates based on perceived interest from the community. Some key factors and estimates used in the 2022-23 budget preparation process include:

- Per pupil state aid foundation allowance of \$9,125
- 460 students enrolled
- Continued improvements to the land and building

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 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 17350 Hazel Street, Spring Lake, MI 49456.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

STATEMENT OF NET POSITION JUNE 30, 2022

ASSETS AND DEFERRED OUTFLOWS

Current Assets

Cash and cash equivalents	\$	759,471
Investments in debt service		453,358
Due from other governmental units		1,109,465
Prepaid expenses		63,589
		<hr/>
Total current assets		2,385,883

Capital Assets - Net of Accumulated Depreciation / Amortization

5,329,337

Total assets and deferred outflows

\$ 7,715,220

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current Liabilities

Accounts payable	\$	16,768
Unearned revenue		29,494
Other accrued expenses		378,296
Long-term debt - current portion		125,279
		<hr/>
Total current liabilities		549,837

Long-Term Debt - Long-Term Portion

3,947,192

Net Position

Net investment in capital assets		1,256,866
Restricted		548,337
Unrestricted		1,412,988
		<hr/>
Total net position		3,218,191

Total liabilities, deferred inflows and net position

\$ 7,715,220

See accompanying notes to financial statements

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense)
		<u>Charges for Services</u>	<u>Operating Grants</u>	Revenues and Changes in Net Position
				Government Type Activities
Functions				
Instruction				
Basic programs	\$ 2,383,219	\$ -	\$ 577,104	\$ (1,806,115)
Added needs	705,410	5,775	620,105	(79,530)
Support services				
Pupil support services	184,798	-	40,381	(144,417)
Instructional staff support services	7,180	-	7,180	-
General administration	327,439	-	-	(327,439)
School administration	388,349	-	23,451	(364,898)
Business support services	48,097	-	-	(48,097)
Operations and maintenance	335,910	-	-	(335,910)
Central support services	126,053	-	1,698	(124,355)
Other student activities	7,092	13,956	-	6,864
Food services	211,864	-	255,024	43,160
Community services	27,047			(27,047)
Site improvement services	225,888	-	-	(225,888)
Unallocated depreciation / amortization	251,584	-	-	(251,584)
Unallocated interest	230,835	-	-	(230,835)
Total primary government	<u>\$ 5,460,765</u>	<u>\$ 19,731</u>	<u>\$ 1,524,943</u>	<u>(3,916,091)</u>
General Purpose Revenues				
State school aid - unrestricted				3,748,948
Earnings on investments				100
Miscellaneous revenues				51,093
Total general purpose revenues				<u>3,800,141</u>
Change in net position				(115,950)
Net position - July 1, 2021				<u>3,334,141</u>
Net position - June 30, 2022				<u>\$ 3,218,191</u>

See accompanying notes to financial statements

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2022

ASSETS

	General	Debt Service	Non-Major	Total
Cash and cash equivalents	\$ 727,457	\$ -	\$ 32,014	\$ 759,471
Investments	-	453,358	-	453,358
Due from other governmental units	1,109,465	-	-	1,109,465
Due from other funds	-	145	62,820	62,965
Prepaid expenses	63,589	-	-	63,589
	<u>\$ 1,900,511</u>	<u>\$ 453,503</u>	<u>\$ 94,834</u>	<u>\$ 2,448,848</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 16,768	\$ -	\$ -	\$ 16,768
Due to other funds	62,965	-	-	62,965
Unearned revenue	29,494	-	-	29,494
Other accrued expenses	322,913	-	-	322,913
	<u>432,140</u>	<u>-</u>	<u>-</u>	<u>432,140</u>

Fund Balance

Nonspendable	63,589	-	-	63,589
Restricted	-	453,503	94,834	548,337
Assigned	839,145	-	-	839,145
Unassigned	565,637	-	-	565,637
	<u>1,468,371</u>	<u>453,503</u>	<u>94,834</u>	<u>2,016,708</u>
	<u>\$ 1,900,511</u>	<u>\$ 453,503</u>	<u>\$ 94,834</u>	<u>\$ 2,448,848</u>

See accompanying notes to financial statements

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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	\$ 2,016,708
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$8,241,378 and the accumulated depreciation / amortization is \$2,912,041.	5,329,337
Interest is not payable until due in governmental activities and, therefore, is not recorded in the funds.	(55,383)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(4,072,471)</u>
Net Position of Governmental Activities	<u><u>\$ 3,218,191</u></u>

See accompanying notes to financial statements

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

	General	Debt Service	Non-Major	Total
Revenues				
Local sources	\$ 56,886	\$ 82	\$ 13,956	\$ 70,924
State sources	4,099,780	-	3,143	4,102,923
Federal sources	600,702	-	251,781	852,483
Interdistrict sources	318,485	-	-	318,485
Total governmental fund revenues	5,075,853	82	268,880	5,344,815
Expenditures				
Instruction				
Basic program	2,383,219	-	-	2,383,219
Added needs	705,410	-	-	705,410
Support services				
Pupil support services	184,798	-	-	184,798
Instructional staff support services	7,180	-	-	7,180
General administration	327,439	-	-	327,439
School administration	388,349	-	-	388,349
Business support services	46,247	1,850	-	48,097
Operations and maintenance	335,910	-	-	335,910
Central support services	126,053	-	-	126,053
Other student activities	-	-	7,092	7,092
Food services	-	-	211,864	211,864
Community services	27,047	-	-	27,047
Site improvement services	225,888	-	-	225,888
Capital outlay	226,637	-	-	226,637
Debt principal and interest	10,679	336,619	-	347,298
Total governmental fund expenditures	4,994,856	338,469	218,956	5,552,281
Excess (deficiency) of revenues over expenditures	80,997	(338,387)	49,924	(207,466)
Other Financing Sources (Uses)				
Operating transfers in	-	338,905	-	338,905
Operating transfers out	(338,905)	-	-	(338,905)
Total other financing sources (uses)	(338,905)	338,905	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(257,908)	518	49,924	(207,466)
Fund balance - July 1, 2021	1,726,279	452,985	44,910	2,224,174
Fund balance - June 30, 2022	\$ 1,468,371	\$ 453,503	\$ 94,834	\$ 2,016,708

See accompanying notes to financial statements

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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 \$ (207,466)

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	\$	226,637	
Depreciation and amortization expense		(251,584)	(24,947)

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

Repayment of loan principal	\$	119,876	
Interest expense		(3,413)	116,463

Change in Net Position of Governmental Activities \$ (115,950)

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of West Michigan Academy of Arts and Academics (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

West Michigan Academy of Arts and Academics 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, on June 5, 1996, and began operation in July 1996.

In November 2007, the Academy entered into a seven-year contract with Grand Valley State University's Board of Trustees to charter a public school academy. The contract has been subsequently renewed through June 30, 2027. 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 Grand Valley State University's Board of Trustees three percent of State aid as administrative fees. Total administrative fees paid for the year ended June 30, 2022 were approximately \$111,600.

The Academy entered into an agreement with Partner Solutions through June 30, 2022. This agreement has been subsequently renewed to run concurrent with the authorizer agreement. Under the terms of this agreement, Partner Solutions will provide a variety of back office services including payroll, human resources, budget and accounting services. The Academy is obligated to pay Partner Solutions 3.70 percent of its gross pay for payroll services, with a minimum of \$40,000 for accounting services. The total paid for these services amounted to \$140,770 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.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation – Fund Accounting

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

Governmental Funds

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

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.

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, which the Academy does not currently maintain, 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.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- b. Payments for inventorable types of supplies, which are not significant at year end, are recorded as expenditures at the time of purchase.
- c. Principal and interest of general long-term debt are not recorded as expenditures until their due dates.
- d. The State of Michigan utilizes a foundation allowance funding approach, which provides for specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenue from state sources is primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with state law. A major portion of the Academy's revenue is derived from this state aid. As such, the Academy is considered to be economically dependent on this aid. The Academy's existence is dependent upon qualification for such aid.

Government-Wide Financial Statements

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

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.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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. 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.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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 their 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.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 appropriated revenues and expenditures versus actual for the year ended June 30, 2022 is detailed on page 21 of these financial statements.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

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			\$ 759,471
Investments:			
U.S. Treasury and agency obligations	AAAm	Various	<u>453,358</u>
Total deposits and investments			<u>\$ 1,212,829</u>

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

Deposits:			
Cash - General Fund			\$ 727,457
Cash - Special Revenue - Student Activities Fund			<u>32,014</u>
Subtotal			759,471
Investments:			
Investments - Debt Service Fund			<u>453,358</u>
Total deposits and investments			<u>\$ 1,212,829</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.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2022, 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 represents 100% of the Academy's total investments.

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, \$532,782 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.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

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.

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

State sources	\$ 733,173
Federal sources	<u>376,292</u>
Total	<u>\$ 1,109,465</u>

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

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 not subject to depreciation				
Land	\$ 42,565	\$ -	\$ -	\$ 42,565
Capital assets subject to depreciation / amortization				
Right to use - assets	24,561	-	-	24,561
Building	6,018,394	-	-	6,018,394
Improvements	1,632,953	206,945	-	1,839,898
Equipment	211,118	7,182	-	218,300
Computer	85,150	12,510	-	97,660
Total asset cost basis	8,014,741	226,637	-	8,241,378
Accumulated depreciation / amortization				
Right to use - assets	-	8,187	-	8,187
Building	2,158,378	150,130	-	2,308,508
Improvements	265,504	69,798	-	335,302
Equipment	154,345	19,888	-	174,233
Computer	82,230	3,581	-	85,811
Sub-total	2,660,457	251,584	-	2,912,041
Total net capital assets	<u>\$ 5,354,284</u>	<u>\$ (24,947)</u>	<u>\$ -</u>	<u>\$ 5,329,337</u>

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

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 6 – OTHER ACCRUED EXPENSES

Other accrued expenses may be summarized as follows:

	<u>Net Position</u>	<u>Funds</u>
Purchased services - payroll and benefits	\$ 272,232	\$ 272,232
Oversight and management fee	20,311	20,311
Other expenses	30,370	30,370
Interest expense	55,383	-
	<u> </u>	<u> </u>
Total other accrued expenses	<u>\$ 378,296</u>	<u>\$ 322,913</u>

NOTE 7 - LONG-TERM OBLIGATIONS PAYABLE

Long-term obligations as of June 30, 2022 can be summarized as follows:

<u>Loan Activity</u>	<u>As Restated Balance July 1, 2021</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
Direct borrowing - copiers	\$ 24,561	\$ -	\$ 9,876	\$ 14,685	\$ 10,279
Revenue bond	4,265,000	-	110,000	4,155,000	115,000
	<u>\$ 4,289,561</u>	<u>\$ -</u>	<u>\$ 119,876</u>	4,169,685	<u>\$ 125,279</u>
Less unamortized discount				<u>97,214</u>	
				<u>\$ 4,072,471</u>	

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 7 - 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	\$ 125,279	\$ 217,246
2024	124,406	211,572
2025	125,000	205,678
2026	130,000	199,584
2027	140,000	193,246
2028 - 2032	810,000	854,888
2033 - 2037	1,040,000	618,488
2038 - 2042	1,355,000	302,494
2043	320,000	14,486

NOTE 8 – 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>
Transfer In	\$ -	\$ 338,905
Transfer Out	338,905	-

As stipulated by the Academy's revenue bond agreement, which is described in Note 7, 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 above transactions account for the major activity in the Academy's interfund transfer accounts.

NOTE 9 - 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.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

NOTE 10 – 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	\$ 4,265,000	\$ 4,163,101
Adoption of GASB Statement 87	<u>24,561</u>	<u>24,561</u>
Balances as of July 1, 2021, as restated	<u>\$ 4,289,561</u>	<u>\$ 4,187,662</u>

SUPPLEMENTARY INFORMATION

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Local sources	\$ 35,020	\$ 46,696	\$ 56,886	\$ 10,190
State sources	3,704,184	4,117,002	4,099,780	(17,222)
Federal sources	417,854	536,018	600,702	64,684
Interdistrict sources	195,464	320,767	318,485	(2,282)
Total general fund revenues	4,352,522	5,020,483	5,075,853	55,370
Expenditures				
Instruction				
Basic programs	2,069,162	2,435,627	2,383,219	(52,408)
Added needs	533,039	775,715	705,410	(70,305)
Support services				
Pupil support services	137,952	204,281	184,798	(19,483)
Instructional staff support services	103,740	29,428	7,180	(22,248)
General administration	288,104	319,854	327,439	7,585
School administration	466,066	361,742	388,349	26,607
Business support services	32,116	33,884	46,247	12,363
Operations and maintenance	458,410	335,558	335,910	352
Pupil transportation services	100	100	-	(100)
Central support services	243,736	129,758	126,053	(3,705)
Community services	-	3,314	27,047	23,733
Site improvement services	-	222,498	225,888	3,390
Capital outlay	-	228,307	226,637	(1,670)
Debt principal and interest	-	10,658	10,679	21
Total general fund expenditures	4,332,425	5,090,724	4,994,856	(95,868)
Excess (deficiency) of revenues over expenditures	20,097	(70,241)	80,997	151,238
Other Financing Sources (Uses)				
Operating transfers out	(361,665)	(380,563)	(338,905)	41,658
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(341,568)	(450,804)	(257,908)	192,896
Fund balance - July 1, 2021	1,726,279	1,726,279	1,726,279	-
Fund balance - June 30, 2022	\$ 1,384,711	\$ 1,275,475	\$ 1,468,371	\$ 192,896

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

COMBINED 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	\$ -	\$ 32,014	\$ 32,014
Due from other funds	57,820	5,000	62,820
Total assets	<u>\$ 57,820</u>	<u>\$ 37,014</u>	<u>\$ 94,834</u>

LIABILITIES AND FUND BALANCE

Fund Balance			
Restricted	<u>\$ 57,820</u>	<u>\$ 37,014</u>	<u>\$ 94,834</u>

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

	<u>Special Revenue</u>		<u>Total</u>
	<u>Food Services</u>	<u>Student Activities</u>	
Revenues			
Local sources	\$ -	\$ 13,956	\$ 13,956
State sources	3,143	-	3,143
Federal sources	251,781	-	251,781
Total governmental fund revenues	254,924	13,956	268,880
Expenditures			
Support services			
Other student activities	-	7,092	7,092
Food services	211,864	-	211,864
Total governmental fund expenditures	211,864	7,092	218,956
Excess (deficiency) of revenues over expenditures	43,060	6,864	49,924
Fund balance - July 1, 2021	14,760	30,150	44,910
Fund balance - June 30, 2022	\$ 57,820	\$ 37,014	\$ 94,834

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

Local Sources

Authorizer grant	\$	846
Earnings on investments		18
Other local revenues		<u>56,022</u>
Total local sources		56,886

State Sources

At risk		277,736
Special education		73,096
State aid		<u>3,748,948</u>
Total state sources		4,099,780

Federal Sources

IDEA		126,930
Title I		132,319
Title II A		6,393
Other program revenue		<u>335,060</u>
Total federal sources		600,702

Interdistrict Sources

		<u>318,485</u>
Total general fund revenues	\$	<u>5,075,853</u>

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

Basic Programs

Purchased services	\$ 2,194,437
Rentals	1,968
Other purchased services	31,295
Supplies and materials	123,896
Non-depreciable capital assets	29,603
Other expenditures	2,020
	<hr/>
Total basic programs	2,383,219

Added Needs

Purchased services	701,095
Supplies and materials	4,315
	<hr/>
Total added needs	705,410

Pupil Support Services

Guidance services	39,891
Health services	15,043
Psychological services	8,323
Speech pathology and audiology	68,418
Social work services	53,123
	<hr/>
Total pupil support services	184,798

Instructional Staff Support Services

Purchased services	5,180
Supplies and materials	2,000
	<hr/>
Total instructional staff support services	7,180

General Administration

Purchased services	70,217
Management fees	140,765
University oversight	111,562
Other expenditures	4,895
	<hr/>
Total general administration	327,439

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

School Administration

Purchased services	365,628
Supplies and materials	8,540
Non-depreciable capital assets	2,465
Other expenditures	<u>11,716</u>
Total school administration	388,349

Business Support Services

Purchased services	45,651
Other expenditures	<u>596</u>
Total business support services	46,247

Operations and Maintenance

Purchased services	177,353
Repairs and maintenance	62,921
Supplies and materials	84,871
Non-depreciable capital assets	10,749
Other expenditures	<u>16</u>
Total operations and maintenance	335,910

Central Support Services

Purchased services	67,781
Repairs and maintenance	8,906
Other purchased services	14,653
Supplies and materials	9,110
Non-depreciable capital assets	<u>25,603</u>
Total central support services	126,053

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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

Community Services

Purchased services	18,077
Supplies and materials	1,198
Non-depreciable capital assets	<u>7,772</u>

Total community services 27,047

Site Improvement Services

225,888

Capital Outlay

226,637

Debt Principal and Interest

10,679

Total general fund expenditures \$ 4,994,856

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 West Michigan Academy of Arts and Academics**

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 West Michigan Academy of Arts and Academics, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise West Michigan Academy of Arts and Academics' 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 West Michigan Academy of Arts and Academics' 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 West Michigan Academy of Arts and Academics' internal control. Accordingly, we do not express an opinion on the effectiveness of West Michigan Academy of Arts and Academics' 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 West Michigan Academy of Arts and Academics' 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.



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 West Michigan Academy of Arts and Academics**

**Report on Compliance for Each Major Federal Program
*Opinion on Each Major Federal Program***

We have audited West Michigan Academy of Arts and Academics' 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 West Michigan Academy of Arts and Academics' major federal programs for the year ended June 30, 2022. West Michigan Academy of Arts and Academics' 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, West Michigan Academy of Arts and Academics 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 West Michigan Academy of Arts and Academics 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 West Michigan Academy of Arts and Academics' 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 West Michigan Academy of Arts and Academics' 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 West Michigan Academy of Arts and Academics' 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 West Michigan Academy of Arts and Academics' 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 West Michigan Academy of Arts and Academics' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of West Michigan Academy of Arts and Academics' 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 West Michigan Academy of Arts and Academics' 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 that reads "Croskey Lanni, PC". The signature is written in a cursive style.

Croskey Lanni, PC

Rochester, Michigan

October 28, 2022

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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 the Michigan Department of Education:										
Seamless Summer Option (SSO) - Breakfast 2021-22	211971/ 221971	10.553	\$ 59,580	\$ -	\$ -	\$ -	\$ 57,206	\$ 59,580	\$ 2,374	\$ -
COVID-19 - Seamless Summer Option (SSO) - Lunch 2021-2022	211961/ 221961	10.555	188,948	-	-	-	116,265	188,948	72,683	-
Extended Summer Food Service Program 2021-2022	210904	10.559	168,353	165,100	31,602	-	34,855	3,253	-	-
Total Child Nutrition Cluster			416,881	165,100	31,602	-	208,326	251,781	75,057	-
Special Education Cluster - U.S. Department of Education - Passed through the Ottawa Area ISD:										
IDEA Special Education – Formula Grants to ISDs:										
IDEA Flowthrough 2021	210450	84.027A	93,630	93,630	40,998	-	40,998	-	-	-
IDEA Flowthrough 2122	220450	84.027A	106,405	-	-	-	87,903	106,405	18,502	-
Total IDEA Flowthrough		84.027A	200,035	93,630	40,998	-	128,901	106,405	18,502	-
American Rescue Plan Individuals with Disabilities Education Act (ARP-IDEA):										
COVID-19 - ARP-IDEA 2122	221280	84.027X	20,525	-	-	-	-	20,525	20,525	-
IDEA Preschool Formula Grants:										
IDEA Preschool Formula Grants 2021	220460	84.173A	944	944	944	-	944	-	-	-
Total Special Education Cluster			221,504	94,574	41,942	-	129,845	126,930	39,027	-
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

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

**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 Treasury -										
Passed Through the Ottawa Area ISD:										
Coronavirus State & Local Fiscal Recovery Fund – ARP-GSRP:										
COVID-19 - ARP-GSRP 2122	N/A	21.027	80,104	-	-	-	80,104	80,104	-	-
U.S. Department of Education -										
Passed Through the Michigan Department of Education:										
Title I Part A:										
Title I Part A 2021	211530	84.010A	113,588	74,556	17,704	-	17,704	-	-	-
Title I Part A 2122	221530	84.010A	138,839	-	-	-	88,249	132,319	44,070	-
Total Title I Part A		84.010A	252,427	74,556	17,704	-	105,953	132,319	44,070	-
Title II, Part A, Supporting Effective Instruction:										
Title II Part A 2021	210520	84.367	26,284	10,256	9,456	-	9,456	-	-	-
Title II Part A 2122	220520	84.367	31,924	-	-	-	6,393	6,393	-	-
Total Title II Part A		84.367	58,208	10,256	9,456	-	15,849	6,393	-	-
Title IV, Part A, Student Support and Academic Enrichment:										
Title IV Part A 2021	210750	84.424A	10,950	3,225	3,225	-	3,225	-	-	-
Title IV Part A 2122	220750	84.424A	17,725	-	-	-	4,494	7,144	2,650	-
Total Title IV Part A		84.424A	28,675	3,225	3,225	-	7,719	7,144	2,650	-
Education Stabilization Fund:										
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER I) 1920	203710	84.425D	69,406	69,406	69,406	-	69,406	-	-	-
COVID-19 - GEER II – Section 23c(4a-b) Teacher and Support Staff Pay 2122	203720	84.425C	5,750	-	-	-	-	5,750	5,750	-
COVID-19 - Supplemental Elementary and Secondary School Emergency Relief (ESSER II) 2021	213722	84.425D	348,542	151,212	151,212	-	151,212	197,330	197,330	-
COVID-19 - ESSER II Discretionary – Section 23b(2a) Summer School 2122	213742	84.425D	12,408	-	-	-	-	12,408	12,408	-
Total Education Stabilization Fund		84.425	436,106	220,618	220,618	-	220,618	215,488	215,488	-
Total Federal Awards			<u>\$ 1,494,519</u>	<u>\$ 568,329</u>	<u>\$ 324,547</u>	<u>\$ -</u>	<u>\$ 769,028</u>	<u>\$ 820,773</u>	<u>\$ 376,292</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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	\$ 600,702
Special Revenue Fund - Food Services	<u>251,781</u>
Subtotal	852,483
Coronavirus Relief Fund – Child Care Relief Fund Grant not included on the schedule of expenditures of federal awards	<u>(31,710)</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><u>\$ 820,773</u></u>

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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 West Michigan Academy of Arts and Academics 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 West Michigan Academy of Arts and Academics, it is not intended to and does not present the financial position, changes in net assets, or cash flows of West Michigan Academy of Arts and Academics.

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

West Michigan Academy of Arts and Academics 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.

WEST MICHIGAN ACADEMY OF ARTS AND ACADEMICS

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)
84.010
84.425

Name of Federal Program or Cluster
Title I Part A
Education Stabilization Fund

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

\$750,000

Auditee qualified as low-risk auditee?

yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None