

Audited Financial Statements

Ivywood Classical Academy

Plymouth, Michigan

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Ivywood Classical 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 the Ivywood Classical Academy, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Ivywood Classical 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 the Ivywood Classical 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 the Ivywood Classical 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 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 the Ivywood Classical 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 the Ivywood Classical 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 the Ivywood Classical 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 the Ivywood Classical Academy's basic financial statements. The accompanying schedules of revenues and expenditures 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 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 the Ivywood Classical 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 the Ivywood Classical 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 Ivywood Classical Academy's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Croskey Lanni, PC". The signature is written in a cursive, flowing style.

Croskey Lanni, PC

Rochester, Michigan

October 28, 2022



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



Croskey Lanni, PC

Rochester, Michigan
October 28, 2022

MANAGEMENT’S DISCUSSION AND ANALYSIS

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

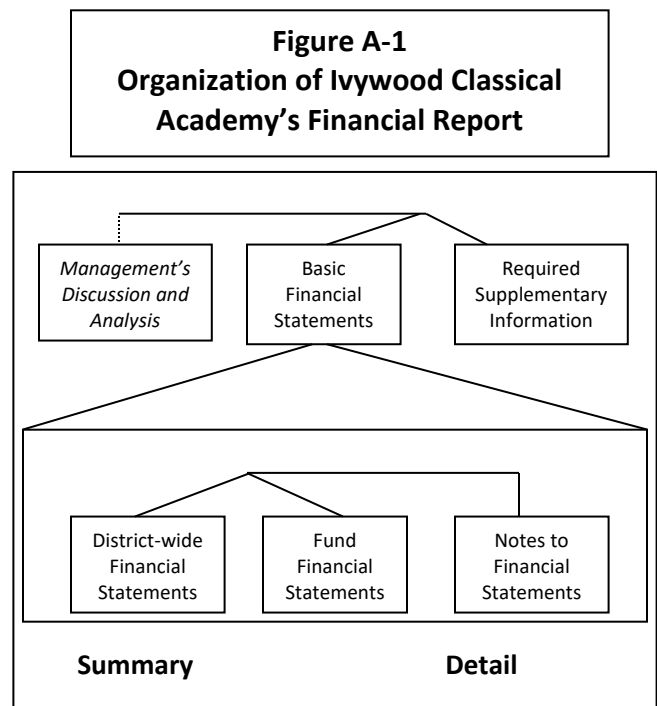
Financial Highlights

- The Academy’s general fund revenues exceeded expenditures by \$628,412 for the period ended June 30, 2022, compared to a budgeted increase of \$420,531. This gives the Academy a fund balance in the General Fund of \$1,055,547.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are academy-wide *financial statements* that provide both short-term and long-term information about the Academy’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Academy, reporting the Academy’s operations in more detail than the academy-wide statements.
- The *governmental funds* statements tell how basic services like regular and special education were financed in the short-term as well as what remains for future spending.



The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Academy’s budget for the year. Figure A-1 shows how the various parts of the annual report are arranged and related to one another.

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

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

	Academy-wide statements	Governmental funds
Scope	Entire academy (except fiduciary funds)	All activities of the academy that are not fiduciary
Required financial statements	<ul style="list-style-type: none"> * Statement of net position * Statement of activities 	<ul style="list-style-type: none"> * 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

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

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

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

Fund Financial Statements

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

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

The Academy has only governmental funds - 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.

Financial Analysis of the Academy as a Whole

The total general fund revenues and proceeds from long term debt were \$5,113,183. State aid foundation allowance included in total revenue from State Sources accounts for approximately 81% of the Academy's revenue.

The total general fund cost of instruction was \$2,014,794. The total general fund support services cost was \$1,759,138.

Financial Analysis of The Academy's Funds

The financial operation of the Academy is considered stable. The general fund balance on June 30, 2022 is \$1,055,547.

General Fund Budgetary Highlights

Over the course of the year, the Academy revised the general fund annual operating budget to stay within its budgetary plan. The Academy's final budget for the general fund anticipated revenues to be greater than expenditures by \$420,531 while the actual results for the year showed an increase in fund balance of \$628,412.

Actual revenues were \$9,081 less than budgeted, and actual expenditures were \$58,576 less than budgeted. The additional increase in general fund balance is attributable to a reduction in operating transfers to other funds which came in \$158,386 below budget. Capital improvement expenses were delayed until fiscal year 2022/2023.

Academy Governmental Activities

Figure A-3		
Ivywood Classical Academy's Net Position		
	2022	2021 *
Current assets and deferred outflows	\$ 1,575,462	\$ 1,037,824
Capital assets, net	1,319,810	406,061
Total assets and deferred outflows	2,895,272	1,443,885
Current liabilities	1,057,706	734,951
Long-term debt, long-term portion	518,969	318,896
Total liabilities and deferred inflows	1,576,675	1,053,847
Net position:		
Net investments in capital assets	263,050	(78,112)
Unrestricted	1,055,547	468,150
Total net position	\$ 1,318,597	\$ 390,038

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

Figure A-4
Changes in Ivywood Classical Academy's Net Position

	2022	2021 *
Revenues:		
Program revenues:		
Federal and state categorical grants	\$ 642,032	\$ 544,622
Charges for service	-	-
Total program revenues	<u>642,032</u>	<u>544,622</u>
General revenues:		
State aid - unrestricted	4,146,326	2,435,219
Other	<u>313,963</u>	<u>79,912</u>
Total general revenues	<u>4,460,289</u>	<u>2,515,131</u>
Total revenues	<u>5,102,321</u>	<u>3,059,753</u>
Expenses:		
Instruction	2,014,794	1,366,710
Support services	1,760,682	1,284,280
Community services	-	499
Unallocated depreciation / amortization	356,686	29,593
Unallocated interest	<u>41,600</u>	<u>1,297</u>
Total expenses	<u>4,173,762</u>	<u>2,682,379</u>
Change in net position	<u>\$ 928,559</u>	<u>\$ 377,374</u>

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

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2022, the Academy had invested \$1,319,810 in capital assets net of accumulated depreciation as summarized in Figure A-5. Total depreciation and amortization expense for the current year was \$356,686. More detailed information about capital assets can be found in Note 5 to the financial statements.

The Academy's capital assets are as follows:

Figure A-5
Ivywood Classical Academy's Capital Assets

	Balance June 30, 2022	Balance June 30, 2021 *
Improvements	\$ 550,403	\$ 333,587
Equipment	50,259	39,397
Computers	51,060	51,060
Other	30,017	30,017
Right to use assets	<u>1,042,757</u>	<u>-</u>
Total cost	1,724,496	454,061
Less accumulated depreciation / amortization	<u>404,686</u>	<u>48,000</u>
Net book value	<u><u>\$ 1,319,810</u></u>	<u><u>\$ 406,061</u></u>

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

Long-Term Obligations

The Academy implemented GASB Statement No. 87 for Leases during fiscal 2022 which created a long-term obligation for the Academy's building lease. As of June 30, 2022 the Academy has long-term obligations totaling \$1,056,760. See Note 8 to the financial statements for more information.

Factors Bearing on the Academy's Future

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

- The Academy has adopted a general fund budget for 2022/2023 in which revenues exceed expenditures by \$111,223 which was conservative at the time based on estimates from the State of Michigan. Subsequently, the State increased the minimum per pupil foundation allowance to \$9,150 resulting in an additional \$150 per pupil beyond original budget projections.
- The Academy received an ESSER II allocation of \$42,211 Academy, and an ESSER III allocation of \$94,800 in fiscal year 2021. As of June 30, 2022, approximately 72% of that funding remains to be allocated thru September 2024. The 2022/2023 adopted Academy general fund budget includes ESSER projected spending of all of the remaining funds. The projected uses of funds are to address learning loss, make sure the school can routinely operate in a clean & safe environment, and overcome the impacts of the Covid 19 pandemic.

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. Questions about this report and requests for additional information can be sent to the Academy's management company by mail at Choice Schools Associates LLC, 5251 Clyde Park Ave. SW, Wyoming, MI 49509 or via phone at (616) 785-8440.

IVYWOOD CLASSICAL ACADEMY

STATEMENT OF NET POSITION JUNE 30, 2022

ASSETS

Current Assets

Cash and cash equivalents	\$	395,464
Accounts receivable		1,020
Deposits		100,000
Due from other governmental units		876,128
Prepaid expenses		202,850
		<hr/>
Total current assets		1,575,462

Capital Assets - Net of Accumulated Depreciation / Amortization

1,319,810

Total assets and deferred outflows

\$ 2,895,272

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$	103,566
Notes payable		44,439
Unearned revenue		101,790
Other accrued expenses		270,120
Long-term debt - current portion		537,791
		<hr/>
Total current liabilities		1,057,706

Long-Term Debt - Long-Term Portion

518,969

Net Position

Net investment in capital assets		263,050
Unrestricted		1,055,547
		<hr/>
Total net position		1,318,597
		<hr/>
Total liabilities and net position	\$	<u>2,895,272</u>

See accompanying notes to financial statements

IVYWOOD CLASSICAL ACADEMY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

		Program Revenues		Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Government Type Activities
Functions				
Instruction				
Basic programs	\$ 1,769,709	\$ -	\$ 385,846	\$ (1,383,863)
Added needs	245,085	-	140,680	(104,405)
Support services				
Pupil support services	152,684	-	111,758	(40,926)
Instructional staff support services	99,108	-	-	(99,108)
General administration	713,632	-	-	(713,632)
School administration	247,121	-	-	(247,121)
Business support services	9,186	-	950	(8,236)
Operations and maintenance	370,072	-	2,798	(367,274)
Central support services	138,322	-	-	(138,322)
Athletic activities	30,557	-	-	(30,557)
Unallocated depreciation / amortization	356,686	-	-	(356,686)
Unallocated interest	41,600	-	-	(41,600)
Total primary government	<u>\$ 4,173,762</u>	<u>\$ -</u>	<u>\$ 642,032</u>	<u>(3,531,730)</u>
General Purpose Revenues				
State school aid - unrestricted				4,146,326
Earnings on investments				149
Miscellaneous revenues				<u>313,814</u>
Total general purpose revenues				<u>4,460,289</u>
Change in net position				928,559
Net position - July 1, 2021				<u>390,038</u>
Net position - June 30, 2022				<u>\$ 1,318,597</u>

See accompanying notes to financial statements

IVYWOOD CLASSICAL ACADEMY

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2022

ASSETS

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
Cash and cash equivalents	\$ 395,464	\$ -	\$ 395,464
Accounts receivable	1,020	-	1,020
Deposits	-	100,000	100,000
Due from other governmental units	876,128	-	876,128
Due from other funds	98,568	-	98,568
Prepaid expenses	202,850	-	202,850
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 1,574,030</u>	<u>\$ 100,000</u>	<u>\$ 1,674,030</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 102,134	\$ 1,432	\$ 103,566
Notes payable	44,439	-	44,439
Due to other funds	-	98,568	98,568
Unearned revenue	101,790	-	101,790
Other accrued expenses	270,120	-	270,120
	<hr/>	<hr/>	<hr/>
Total liabilities	518,483	100,000	618,483

Fund Balance

Nonspendable	202,850	-	202,850
Unassigned	852,697	-	852,697
	<hr/>	<hr/>	<hr/>
Total fund balance	1,055,547	-	1,055,547
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 1,574,030</u>	<u>\$ 100,000</u>	<u>\$ 1,674,030</u>

See accompanying notes to financial statements

IVYWOOD CLASSICAL 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	\$ 1,055,547
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$1,724,496 and the accumulated depreciation / amortization is \$404,686.	1,319,810
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,056,760)</u>
Net Position of Governmental Activities	<u><u>\$ 1,318,597</u></u>

IVYWOOD CLASSICAL ACADEMY

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

	<u>General</u>	<u>Capital Projects</u>	<u>Non-Major Debt Service</u>	<u>Total</u>
Revenues				
Local sources	\$ 337,256	\$ -	\$ -	\$ 337,256
State sources	4,341,185	-	-	4,341,185
Federal sources	423,880	-	-	423,880
Total governmental fund revenues	5,102,321	-	-	5,102,321
Expenditures				
Instruction				
Basic programs	1,769,709	-	-	1,769,709
Added needs	245,085	-	-	245,085
Support services				
Pupil support services	152,684	-	-	152,684
Instructional staff support services	99,108	-	-	99,108
General administration	713,632	-	-	713,632
School administration	247,121	-	-	247,121
Business support services	7,641	1,545	-	9,186
Operations and maintenance	370,073	-	-	370,073
Central support services	138,322	-	-	138,322
Athletic activities	30,557	-	-	30,557
Capital outlay	10,862	216,816	-	227,678
Debt principal and interest	445,940	-	76,691	522,631
Total governmental fund expenditures	4,230,734	218,361	76,691	4,525,786
Excess (deficiency) of revenues over expenditures	871,587	(218,361)	(76,691)	576,535
Other Financing Sources (Uses)				
Proceeds from leases and long-term debt	10,862	-	-	10,862
Operating transfers in	-	177,346	76,691	254,037
Operating transfers out	(254,037)	-	-	(254,037)
Total other financing sources (uses)	(243,175)	177,346	76,691	10,862
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	628,412	(41,015)	-	587,397
Fund balance - July 1, 2021	427,135	41,015	-	468,150
Fund balance - June 30, 2022	\$ 1,055,547	\$ -	\$ -	\$ 1,055,547

See accompanying notes to financial statements

IVYWOOD CLASSICAL 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	\$	587,397
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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	\$	227,678	
Depreciation and amortization expense		<u>(356,686)</u>	(129,008)

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	\$	(10,862)	
Repayment of loan principal		<u>481,032</u>	<u>470,170</u>

Change in Net Position of Governmental Activities	\$	<u>928,559</u>
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IVYWOOD CLASSICAL ACADEMY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Ivywood Classical 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

Ivywood Classical Academy was formed as a public school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994. The Academy filed articles of incorporation as a nonprofit corporation pursuant to the provisions of the Michigan Nonprofit Corporation Act of 1982, as amended, and began operation in July 2019.

In April 2019, the Academy entered into a five-year contract with Central Michigan University's Board of Trustees to charter a public school academy. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State constitution. The University's Board of Trustees is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws. The Academy pays Central Michigan University's Board of Trustees three percent of State aid as administrative fees. Total administrative fees paid for the year ended June 30, 2022 were approximately \$124,000.

In April 2019, the Academy entered into a five-year agreement with Choice Schools Associates, “Choice”. Under the terms of this agreement, Choice provides a variety of services including human resources, educational programs, and consulting. The annual management fee is equal to 12 percent of all gross revenues received beginning in the 2020-2021 school year. Total fees paid for the year ended June 30, 2022 were approximately \$524,170.

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.

IVYWOOD CLASSICAL 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.

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 inventorial 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

IVYWOOD CLASSICAL ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

Cash and Cash Equivalents

The Academy's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition. The Academy reports its investments in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and GASB No. 40, Deposit and Investment Risk Disclosures. Under these standards, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Academy intends to hold the investment until maturity. The Academy held no investments during the year ended June 30, 2022. 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.

IVYWOOD CLASSICAL ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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 or regulations of other governments.

IVYWOOD CLASSICAL ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Equity

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

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

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

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

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

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.

IVYWOOD CLASSICAL ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- 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.

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.

IVYWOOD CLASSICAL ACADEMY

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. The Academy is required by law to adopt a general fund budget. During the year ended June 30, 2022 the budget was amended in a legally permissible manner. A comparison of budget to actual can be found on page 19 of these financial statements.

NOTE 3 - DEPOSITS AND INVESTMENTS

Interest Rate Risk

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

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). The Academy did not hold any investments during the year ended June 30, 2022.

Concentration of Credit Risk

The Academy will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2022, \$109,056 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.

IVYWOOD CLASSICAL ACADEMY

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

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

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.

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

Local sources	\$	52,978
State sources		776,765
Federal sources		46,385
		<hr/>
Total	\$	876,128
		<hr/>

IVYWOOD CLASSICAL ACADEMY

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

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

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 / amortization				
Right to use - building lease	\$ 1,042,757	\$ -	\$ -	\$ 1,042,757
Improvements	333,587	216,816	-	550,403
Equipment	39,397	10,862	-	50,259
Computers	51,060	-	-	51,060
Other	30,017	-	-	30,017
Sub-total	1,496,818	227,678	-	1,724,496
Accumulated depreciation / amortization				
Right to use - building lease	-	312,786	-	312,786
Improvements	6,700	17,009	-	23,709
Equipment	8,632	6,622	-	15,254
Computers	20,160	12,765	-	32,925
Other	12,508	7,504	-	20,012
Sub-total	48,000	356,686	-	404,686
Total net capital assets	<u>\$ 1,448,818</u>	<u>\$ (129,008)</u>	<u>\$ -</u>	<u>\$ 1,319,810</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.

IVYWOOD CLASSICAL ACADEMY

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

NOTE 6 – NOTES PAYABLE

Notes payable as of June 30, 2022 is as follows:

	Interest Rate	Maturity Date	Other
SAAN 20-21	3.50%	August 2021	Paid in full
SAAN 21-22	3.50%	August 2022	Issued to provide funds to Academy to finance school operation; Secured by future state aid payments
Loan 4			
Loan 5			

Loan Activity

	Balance July 1, 2021	Additions	Retirements and Payments	Balance June 30, 2022
SAAN 20-21	\$ 77,680	\$ -	\$ 77,680	\$ -
SAAN 21-22	-	241,000	196,561	44,439
	<u>\$ 77,680</u>	<u>\$ 241,000</u>	<u>\$ 274,241</u>	<u>\$ 44,439</u>

NOTE 7 – OTHER ACCRUED EXPENSES

Other accrued expenses may be summarized as follows:

Purchased services - payroll and benefits	\$ 217,145
Oversight fee	22,557
Other	<u>30,418</u>
Total other accrued expenses	<u>\$ 270,120</u>

IVYWOOD CLASSICAL ACADEMY

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

NOTE 8 – LONG-TERM OBLIGATIONS

Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
Capital lease	0.00%	June 2023	Available credit is up to \$200,000 and no payments are due until fiscal year end 2022
Right to use - building lease	3.65%	June 2024	Monthly payments of \$27,551
School Improvement Bond	3.42%	November 2024	Six months of interest only payments, followed by thirty-six months of principal and interest payments

Loan Activity

	<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>
Capital lease	\$ 134,172	\$ 10,862	\$ 100,000	\$ 45,034	\$ 45,034
Right to use - building lease	1,042,757	-	315,754	727,003	377,783
School Improvement Bond	350,000	-	65,277	284,723	114,974
	<u>\$ 1,526,929</u>	<u>\$ 10,862</u>	<u>\$ 481,031</u>	<u>\$ 1,056,760</u>	<u>\$ 537,791</u>

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

	<u>Principal</u>	<u>Interest</u>
2023	\$ 537,791	\$ 28,243
2024	468,188	10,759
2025	50,781	435

NOTE 9 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (worker's compensation), as well as medical benefits provided to employees. The Academy has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage since inception.

IVYWOOD CLASSICAL ACADEMY

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	\$ 406,061	\$ 484,172
Adoption of GASB Statement 87	<u>1,042,757</u>	<u>1,042,757</u>
Balances as of July 1, 2021, as restated	<u>\$ 1,448,818</u>	<u>\$ 1,526,929</u>

SUPPLEMENTARY INFORMATION

IVYWOOD CLASSICAL 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	\$ 48,894	\$ 339,283	\$ 337,256	\$ (2,027)
State sources	3,924,343	4,342,973	4,341,185	(1,788)
Federal sources	258,930	429,146	423,880	(5,266)
Total general fund revenues	4,232,167	5,111,402	5,102,321	(9,081)
Expenditures				
Instruction				
Basic programs	1,583,750	1,817,553	1,769,709	(47,844)
Added needs	219,911	247,412	245,085	(2,327)
Support services				
Pupil support services	99,584	159,574	152,684	(6,890)
Instructional staff support services	91,612	101,800	99,108	(2,692)
General administration	612,034	714,418	713,632	(786)
School administration	218,986	258,568	247,121	(11,447)
Business support services	13,850	7,830	7,641	(189)
Operations and maintenance	735,015	727,906	370,073	(357,833)
Central support services	81,867	119,599	138,322	18,723
Athletic activities	8,050	34,650	30,557	(4,093)
Capital outlay	-	-	10,862	10,862
Debt principal and interest	100,000	100,000	445,940	345,940
Total general fund expenditures	3,764,659	4,289,310	4,230,734	(58,576)
Excess (deficiency) of revenues over expenditures	467,508	822,092	871,587	49,495
Other Financing Sources (Uses)				
Proceeds from long-term debt	25,000	11,044	10,862	(182)
Operating transfers out	(124,773)	(412,605)	(254,037)	158,568
Total other financing sources (uses)	(99,773)	(401,561)	(243,175)	158,386
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	367,735	420,531	628,412	207,881
Fund balance - July 1, 2021	427,135	427,135	427,135	-
Fund balance - June 30, 2022	\$ 794,870	\$ 847,666	\$ 1,055,547	\$ 207,881

IVYWOOD CLASSICAL ACADEMY

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

Local Sources

Earnings on investments	\$ 149
Other local revenues	<u>337,107</u>
Total local sources	337,256

State Sources

At risk	21,069
Special education	116,305
State aid	<u>4,203,811</u>
Total state sources	4,341,185

Federal Sources

IDEA	98,975
Title I	19,086
Title IV	14,099
ESSER	38,197
Other program revenue	<u>253,523</u>
Total federal sources	<u>423,880</u>
Total general fund revenues	<u>\$ 5,102,321</u>

IVYWOOD CLASSICAL ACADEMY

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

Basic Programs

Purchased services	\$ 1,341,162
Rentals	17,060
Other purchased services	29,860
Supplies and materials	381,197
Other expenditures	<u>430</u>
Total basic programs	1,769,709

Added Needs

Purchased services	240,701
Supplies and materials	<u>4,384</u>
Total added needs	245,085

Pupil Support Services

Health services	34,597
Psychological services	42,576
Speech pathology and audiology	55,307
Social work services	<u>20,204</u>
Total pupil support services	152,684

Instructional Staff Support Services

Purchased services	99,108
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General Administration

Purchased services	56,907
Management fees	524,168
University oversight	124,006
Other expenditures	<u>8,551</u>
Total general administration	713,632

IVYWOOD CLASSICAL ACADEMY

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

School Administration

Purchased services	196,411
Supplies and materials	7,701
Other expenditures	<u>43,009</u>
Total school administration	247,121

Business Support Services

Purchased services	1,780
Other expenditures	<u>5,861</u>
Total business support services	7,641

Operations and Maintenance

Purchased services	45,953
Repairs and maintenance	267,622
Supplies and materials	53,088
Non-depreciable capital assets	<u>3,410</u>
Total operations and maintenance	370,073

Central Support Services

Purchased services	126,602
Other purchased services	3,202
Non-depreciable capital assets	<u>8,518</u>
Total central support services	138,322

Athletic Activities

Purchased services	30,557
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Capital Outlay

10,862

Debt Principal and Interest

445,940

Total general fund expenditures	<u><u>\$ 4,230,734</u></u>
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