

OAKSIDE PREP ACADEMY



Financial Statements as of and for the Year Ended
June 30, 2024, Required Supplementary Information
and Additional Information for the Year Ended
June 30, 2024, Federal Awards Supplementary
Information for the Year Ended June 30, 2024
and Independent Auditor's Reports.

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OAKSIDE PREP ACADEMY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Oaksid e Prep Academy
Waterford Township, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Oaksid e Prep Academy (the Academy) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Academy, as of June 30, 2024, 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 Academy, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 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 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 listed 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.

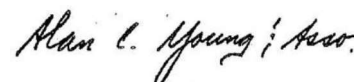
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The statement of revenues – general fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and the reconciliation of the financial statements' federal revenue with the schedule of expenditures of federal awards are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and are not a required part of the basic financial statements.

The statement of revenues – general fund, the schedule of expenditures of federal awards, and the reconciliation of the financial statements' federal revenue with the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 statement of revenues – general fund, the schedule of expenditures of federal awards, and the reconciliation of the financial statements' federal revenue with the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 30, 2024 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 the Academy's internal control over financial reporting and compliance.



Detroit Michigan
October 30, 2024

OAKSIDE PREP ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

This section of the annual financial report for Oakside Prep Academy (the "Academy") provides an overview of the Academy's financial activities as of and for the fiscal year ended June 30, 2024. It should be read in conjunction with the financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Academy financially as a whole. The Academy-wide financial statements provide information about the activities of the whole Academy, presenting both an aggregate view of the Academy's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the Academy's operations in more detail than the Academy-wide financial statements by providing information about the Academy's most significant fund — the General Fund.

Management's Discussion and Analysis
(Required Supplementary Information)

Basic Financial Statements

Academy-wide Financial Statements Fund Financial Statements

Notes to Basic Financial Statements

(Required Supplementary Information)
Budgetary Information for the Governmental Funds

(Additional Information)
Statement of Revenues — General Fund

Reporting the Academy as a whole — Academy-wide Financial Statements

One of the most important questions asked about the Academy is, "As a whole, what is the Academy's financial condition as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the Academy's financial statements, report information on the Academy as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

The Academy's Statement of Net Position — the difference between assets and liabilities, as reported in the Statement of Net Position — is one way to measure the Academy's financial position. The relationship between revenues and expenses is the Academy's operating results. The Academy's goal is to provide services to our students, not to generate profits as private sector companies do. One must consider nonfinancial factors, such as the quality of the education provided and the safety of the Academy, to assess the overall health of the Academy.

The Statement of Net Position and the Statement of Activities report the activities of the Academy, all of which are classified as governmental. These activities encompass all the Academy's services, including instruction and support services. State aid (based on student count) and state and federal grants finance most of these activities. The Academy has entered into a services agreement (the "agreement") with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Academy operates. Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Academy from all revenue sources.

Reporting the Academy's Fund Financial Statements

The Academy's fund financial statements provide detailed information about the most significant funds — not the Academy as a whole. Some funds are required to be established by state law. The governmental funds of the Academy use the following accounting approach:

Governmental Funds — All of the Academy's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual accounting. Only those revenues that are "measurable" and "currently available" are reported. Liabilities are recognized when incurred. The governmental fund statements provide a short-term view of the operations of the Academy and the services it provides. Governmental fund information 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. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations presented as part of the statements.

The Academy as a Whole

Recall that the Statement of Net Position provides the perspective of the Academy as a whole. The table below provides a summary of the Academy's net position as of June 30:

	2024	2023
Assets:		
Current assets	\$ 3,200,394	\$ 2,813,761
Capital assets, net of accumulated depreciation	<u>38,773</u>	<u>45,058</u>
Total assets	3,239,167	2,858,819
Liabilities - current	<u>3,160,040</u>	<u>2,755,611</u>
Net position:		
Net investment in capital assets	38,773	45,058
Unrestricted	<u>40,354</u>	<u>58,150</u>
Total net position	<u>\$ 79,127</u>	<u>\$ 103,208</u>

The unrestricted net position of governmental activities represents the accumulated results of life-to-date operations. These assets can be used to finance day-to-day operations without constraints, such as legislative or legal requirements. The results of the current-year operations for the Academy as a whole are reported in the Statement of Activities, which shows the change in net position.

The results of operations for the Academy as a whole are reported in the summarized Statements of Activities (below) which show the changes in net position for the fiscal years ended June 30:

	2024	2023
Revenues:		
State aid	\$ 12,836,799	\$ 10,483,249
Operating grants	<u>3,811,882</u>	<u>4,872,057</u>
Total revenues	16,648,681	15,355,306
Expenses—		
Contracted service fee:		
Instruction	7,585,232	6,949,175
Support services	9,081,245	8,402,989
Food services	-	628
Depreciation (unallocated)	<u>6,285</u>	<u>6,285</u>
Total expenses	<u>16,672,762</u>	<u>15,359,077</u>
SPECIAL ITEM - Transfer of Operations	<u>-</u>	<u>(320,091)</u>
Change in net position	<u>\$ (24,081)</u>	<u>\$ (323,862)</u>

As reported in the Statement of Activities, the cost of governmental activities was \$16,672,762. These activities were primarily funded by the Academy's state aid (based on student count) and governments and organizations that subsidized certain programs with grants.

The Academy experienced a decrease in net position of \$24,081 in 2024. Under the terms of the agreement with NHA, NHA provides a spending account to the board of directors for discretionary expenditures. The primary reason for the change in net position is the timing of these discretionary expenditures.

A reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities appears on page 12.

Fund Financial Statements

As we noted earlier, the Academy uses funds to help it control and manage money for particular purposes or as required by state law. Looking at funds helps the reader to consider whether the Academy is being accountable for the resources that the State and others provide to it and may provide more insight into the Academy's overall financial health.

The Academy's instruction and support services activities are reported in the General Fund. The Academy's fund balance was \$40,354 at June 30, 2024.

A reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position appears on page 11.

General Fund Budgetary Highlights

Over the course of the year, the Academy revises its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the Academy's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

Budgeted revenues for the General Fund were increased by \$1,491,621 from the original budget. Revenues were changed to reflect the following:

State Aid	<i>Increase</i>
Other State Sources	<i>Increase</i>
Local Sources	<i>Decrease</i>
Federal Sources	<i>Decrease</i>
Private Sources	<i>Decrease</i>

Budgeted expenditures for the General Fund were increased by \$1,491,621. This change was to reflect the change in anticipated funding.

Significant variances between the final budget and actual amounts are disclosed in the notes to the financial statements (Refer to Note 2).

Capital Assets

At June 30, 2024, the Academy had \$38,733 invested in capital assets, primarily other equipment. Capital assets are substantially provided as part of the agreement with NHA.

General Economic Factors and Next Year's Budgets

Our officials and administration consider many factors when setting the Academy's 2025 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2025 fiscal year is expected to be 90% and 10% of the October 2024 and February 2024 student counts, respectively. The 2025 budget was adopted in June 2024. Approximately 76% of total General Fund revenue is from the foundation allowance. As a result, Academy funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2025 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2025 budget. Once the final student count and related per pupil funding are validated, state law requires the Academy to amend the budget if actual Academy resources are not sufficient to fund original appropriations.

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 public school academies. The State periodically holds a revenue-estimating conference to estimate revenues. If the State estimates funds are not sufficient to fund the appropriation, the legislature must revise the appropriation or proration of state aid will occur.

Contacting the Academy's Financial Management

The financial report is designed to provide users of the report 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, contact the Chief Financial Officer of National Heritage Academies, Inc., 3850 Broadmoor SE, Suite 201; Grand Rapids, Michigan 49512.

OAKSIDE PREP ACADEMY

STATEMENT OF NET POSITION YEAR ENDED JUNE 30, 2024

	Governmental Activities
ASSETS	
CURRENT ASSETS:	
Cash	\$ 50,187
Due from governmental revenue sources	<u>3,150,207</u>
Total current assets	<u>3,200,394</u>
NON-CURRENT ASSETS:	
Capital assets	62,850
Less accumulated depreciation	<u>(24,077)</u>
Total capital assets, net of accumulated depreciation	<u>38,773</u>
TOTAL	<u><u>\$ 3,239,167</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES:	
Unearned revenue	\$ 876,616
Accounts payable	2,238
Contracted service fee payable	<u>2,281,186</u>
Total liabilities	<u>3,160,040</u>
NET POSITION:	
Net investment in capital assets	38,773
Unrestricted	<u>40,354</u>
Total net position	<u>79,127</u>
TOTAL	<u><u>\$ 3,239,167</u></u>

See notes to financial statements.

OAKSIDE PREP ACADEMY

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2024

	Expenses	Program Revenues		Governmental Activities Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS —				
Contracted service fee:				
Instruction	\$ 7,585,232	\$ -	\$ 2,115,682	\$ (5,469,550)
Support services	9,081,245	-	1,696,200	(7,385,045)
Depreciation (unallocated)	6,285	-	-	(6,285)
	<u>16,672,762</u>	<u>-</u>	<u>3,811,882</u>	
Total governmental activities	\$ 16,672,762	\$ -	\$ 3,811,882	(12,860,880)
GENERAL PURPOSE REVENUES:				
State aid unrestricted				<u>12,836,799</u>
Total general purpose revenue				<u>12,836,799</u>
CHANGE IN NET POSITION				(24,081)
NET POSITION:				
Beginning of year				<u>103,208</u>
End of year				<u>\$ 79,127</u>

See notes to financial statements.

OAKSIDE PREP ACADEMY

BALANCE SHEET - GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2024

	Total Governmental Funds
ASSETS	
Cash	\$ 50,187
Due from governmental revenue sources	<u>3,150,207</u>
TOTAL	<u>\$ 3,200,394</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES:	
Unearned revenue	\$ 876,616
Accounts payable	2,238
Contracted service fee payable	<u>2,052,045</u>
Total liabilities	<u>2,930,899</u>
DEFERRED INFLOWS OF RESOURCES:	
Unavailable revenue	<u>229,141</u>
Total liabilities and deferred inflows of resources	<u>3,160,040</u>
FUND BALANCE:	
Committed	26,854
Unassigned	<u>13,500</u>
Total fund balance	<u>40,354</u>
TOTAL	<u>\$ 3,200,394</u>

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

Total governmental fund balance		\$ 40,354
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Capital assets cost	\$ 62,850	
Accumulated depreciation	<u>(24,077)</u>	38,773
Due from governmental revenue sources not available to pay current period expenditures therefore deferred in the funds		229,141
Contracted service fee payable not due and payable in the current period and not reported in the funds		<u>(229,141)</u>
Net position of governmental activities		<u>\$ 79,127</u>

See notes to financial statements.

OAKSIDE PREP ACADEMY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2024

	Total Governmental Funds
REVENUES:	
State aid	\$ 12,801,642
Other state sources	1,700,599
Federal sources	2,107,941
Private sources	17,214
Local sources	<u>65,749</u>
Total revenues	<u>16,693,145</u>
EXPENDITURES — Contracted service fee:	
Instruction	7,585,232
Support services	<u>9,125,709</u>
Total expenditures	<u>16,710,941</u>
NET CHANGE IN FUND BALANCE	(17,796)
FUND BALANCE — Beginning of year	<u>58,150</u>
FUND BALANCE — End of year	<u><u>\$ 40,354</u></u>
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	
Net change in fund balance — total governmental funds	\$ (17,796)
Governmental funds report capital outlays as expenditures, in the statement of activities these costs are allocated over their useful lives as depreciation	(6,285)
Revenue reported in the statement of activities that does not provide current financial resources and are not reported as revenue in the governmental funds	229,141
Revenue reported in the governmental funds as available and measurable — reported in the statement of activities in prior years	(273,605)
Contracted service fee recognized consistent with the revenue policy	<u>44,464</u>
Change in net position of governmental activities	<u><u>\$ (24,081)</u></u>

See notes to financial statements.

OAKSIDE PREP ACADEMY

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

1. NATURE OF OPERATIONS

Oakside Prep Academy (the “Academy”) is a Michigan Public School Academy that provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The Academy provides education, at no cost to the parent, to students in kindergarten through eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation. The Academy operates under a charter contract approved by Bay Mills Community College, which is responsible for oversight of the Academy’s operations. The charter contract expires June 30, 2029 and is subject to renewal. Bay Mills Community College Board of Trustees receives three percent of state aid funds as an administrative fee. The total administrative fee for year ended June 30, 2024, paid to the Bay Mills Community College Board of Trustees was \$444,459.

The Academy is exempt from taxation as a governmental entity pursuant to Internal Revenue Code Section 115. The Academy qualifies for public charity status by meeting the requirements of Internal Revenue Code Sections 509(1) and 170(b)(1)(A)(ii).

The Academy’s primary source of revenue is provided by the State of Michigan and consists of an amount per student multiplied by weighted average student counts. The state revenue is recognized ratably over the school year and is funded through payments from October 2023 through August 2024.

The Board of Directors of the Academy has entered into a services agreement (the “agreement”) with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Academy operates. The agreement will continue until the termination or expiration of the charter contract, up to a maximum of five years, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the Academy or NHA.

Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Academy from all revenue sources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Academy-Wide and Fund Financial Statements — The Academy-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Academy’s government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly

identifiable with a specific function. Program revenue includes (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported instead as general revenue.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

When an expense is incurred for purposes for which both restricted and unrestricted net position, or fund balance are available, the Academy's policy is to first apply restricted resources. When an expense is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the Academy's policy to spend funds in this order: committed, assigned and unassigned.

Fund Based Statements — Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected 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 60 days of the end of the current fiscal period. Revenue not meeting this definition is classified as a deferred inflow of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The contracted service fee to NHA is recorded consistent with the recognition of revenue.

Fund Classification — The financial activities of the Academy are organized on the basis of funds. The operation of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

General Fund — The General Fund is used to account for the general educational programs of the Academy. Its revenues are derived primarily from the State of Michigan.

Capital Assets — Capital assets, which include other equipment, are reported in the applicable governmental column in the Academy-wide financial statements at historical costs of more than \$5,000 and an estimated useful life in excess of one year.

Other equipment is depreciated using the straight-line method over useful lives of 3–10 years.

Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date

of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

Cash — Cash as of June 30, 2024 represents bank deposits which are covered by federal depository insurance. Accordingly, there are no investments which are required to be categorized according to risk.

Unavailable and Unearned Revenue — Unavailable revenue is reported in connection with receivables for revenue that is not considered available and measurable to liquidate liabilities of the current period. Unearned revenue is reported in connection with funds that have been received for services which have not been performed and is therefore not yet earned. As of June 30, 2024, a deferred inflow for unavailable revenue was recognized for \$229,141 and a liability for unearned revenue was recognized for \$876,616.

Contracted Service Fee Payable — Contracted service fee payable as of June 30, 2024 represents a timing difference between funds received from governmental sources and amounts payable to NHA in accordance with the agreement.

Fund Balance — Fund balances may be classified as nonspendable, restricted, committed, assigned, or unassigned. The terms nonspendable and restricted are used either to indicate that certain assets do not represent spendable resources available for general educational programs or to earmark a portion of fund balance as legally segregated for a specific future use. The term committed represents amounts that can only be used for the specific purpose determined by a formal resolution of the board. The term assigned is used to classify the fund balance intended to be used by the board, but does not meet the criteria to be restricted or committed. The term unassigned is used for amounts that have not been restricted, committed, or otherwise assigned for future uses. At June 30, 2024, the Academy had \$26,854 in committed fund balance and \$13,500 in unassigned fund balance. The committed fund balance has been committed by resolutions of the Board of Directors for student, parent and staff appreciation, athletics, and board training and development.

Budgetary Information — Annual budgets are adopted on a basis utilizing generally accepted accounting principles and consistent with state law for the general and special revenue funds.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Academy to have its budget in place by July 1. The budgets can be amended by the Board of Directors as considered necessary. The budgets were amended to increase budgeted revenues and expenditures for the General Fund by \$1,491,621.

During the year the Academy incurred expenditures in the General Fund which had overages from the final budget.

	<u>Budget</u>	<u>Actual</u>
Instruction		
Added needs	1,863,967	1,961,952
Pupil transportation services	128,521	128,786
Operations and maintenance	2,665,345	2,680,090
Community Activities	82,470	87,163

In total, expenditures were under the final budget by \$519,372.

3. DUE FROM GOVERNMENTAL REVENUE SOURCES

Receivables as of June 30, 2024 for the Academy included \$2,364,171 in state aid receivable, \$361,037 in other state sources, \$78,629 in other sources, and \$346,370 in federal grants receivable. The Academy considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

4. RISK MANAGEMENT

The Academy is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2024, and claims did not exceed coverage less retained risk deductible amounts in the past three fiscal years.

5. CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities —				
Other equipment	\$ 62,850	\$ -	\$ -	\$ 62,850
Less accumulated depreciation —				
Other equipment	17,792	6,285	-	24,077
Total governmental activities —				
Capital assets, net	<u>\$ 45,058</u>	<u>\$ (6,285)</u>	<u>\$ -</u>	<u>\$ 38,773</u>

6. CONTINGENCIES

The Academy has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

7. LEASE

The Academy has entered into a sublease agreement with NHA for a facility to house the Academy. The lease term is from July 1, 2023 through June 30, 2024. Annual rental payments required by the lease are \$1,834,668 payable in twelve monthly payments of \$152,889. This lease is automatically renewed on a year-to-year basis unless a notice of non-renewal is provided by either the Academy or NHA. The lease agreement can be cancelled upon termination of the NHA services agreement.

The Academy is not a party to any leasing arrangements that meet the criteria for recognition of lease assets or liabilities under GASB Statement No. 87, *Leases* based on the

noncancellable period being less than 12 months and applicability of the short-term lease exception for the facility lease agreement.

The Academy subsequently renewed the sublease with NHA for the period of July 1, 2024 through June 30, 2025, at the same rental rate.

The Academy is also not a party to any subscription-based IT agreements that meet the criteria for recognition as an asset or liability under GASB statement 96, Subscription based information technology agreements, due to the noncancellable period being less than 12 months.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

OAKSIDE PREP ACADEMY

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Amended Budget	Actual	(Under) Over Final Budget
REVENUES:				
State aid	\$ 10,322,962	\$ 13,258,564	\$ 12,801,642	\$ (456,922)
Other state sources	1,449,463	1,528,097	1,700,599	172,502
Local sources	421,215	266,501	65,749	(200,752)
Federal sources	3,525,652	2,161,693	2,107,941	(53,752)
Private sources	19,400	15,458	17,214	1,756
Total revenues	<u>15,738,692</u>	<u>17,230,313</u>	<u>16,693,145</u>	<u>(537,168)</u>
EXPENDITURES - Contracted service fee:				
Instruction:				
Basic instruction	4,969,669	5,700,198	5,623,280	(76,918)
Added needs	2,880,962	1,863,967	1,961,952	97,985
Support services:				
Pupil services	1,138,387	942,513	923,883	(18,630)
Instructional staff services	1,817,176	2,069,862	2,014,249	(55,613)
General Administration	485,714	763,019	697,945	(65,074)
School Administration	993,497	1,312,463	1,221,181	(91,282)
Business & Internal Services	104,497	325,943	259,588	(66,355)
Central services	469,795	1,313,267	1,055,693	(257,574)
Pupil transportation services	74,684	128,521	128,786	265
Pupil Activities	52,808	58,386	53,431	(4,955)
Operations and maintenance	2,644,789	2,665,345	2,680,090	14,745
Community Activities	100,252	82,470	87,163	4,693
Welfare Activities	6,462	4,359	3,700	(659)
Total expenditures	<u>15,738,692</u>	<u>17,230,313</u>	<u>16,710,941</u>	<u>(519,372)</u>
NET CHANGE IN FUND BALANCE	-	-	(17,796)	(17,796)
FUND BALANCE - Beginning of year	<u>58,150</u>	<u>58,150</u>	<u>58,150</u>	-
FUND BALANCE - End of year	<u>\$ 58,150</u>	<u>\$ 58,150</u>	<u>\$ 40,354</u>	<u>\$ (17,796)</u>

ADDITIONAL INFORMATION

OAKSIDE PREP ACADEMY

ADDITIONAL INFORMATION STATEMENT OF REVENUES — GENERAL FUND YEAR ENDED JUNE 30, 2024

State aid	\$ 12,801,642
Other state sources:	
Special education	221,142
At-risk	1,285,562
Grants	<u>193,895</u>
Total	1,700,599
Federal sources — grants	2,107,941
Private sources — other	17,214
Local sources	<u>65,749</u>
TOTAL	<u>\$ 16,693,145</u>



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

To the Board of Directors
Oakside Prep Academy
Waterford Township, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of Oakside Prep Academy (the Academy) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated October 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) as a basis for designing the 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 the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Academy'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 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 significant deficiencies or material weaknesses. However, significant deficiencies or material weaknesses may exist that have not been identified.

**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
(Continued)**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free of 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 did not disclose 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 Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alan C. Young, Assoc.

Detroit, Michigan
October 30, 2024

SUPPLEMENTARY INFORMATION



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

To the Board of Directors
Oaksid e Prep Academy
Waterford Township, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Oaksid e Prep Academy's, (the Academy) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2024. The Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 the Academy and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Academy's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Academy's federal programs.

**Independent Auditor's Report on Compliance
for Each Major Program and on Internal Control
over Compliance Required by the Uniform Guidance
(Continued)**

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Academy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Academy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Independent Auditor's Report on Compliance
for Each Major Program and on Internal Control
over Compliance Required by the Uniform Guidance
(Continued)**

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.

Alan C. Young, Assoc.

Detroit, Michigan
October 30, 2024

OAKSIDE PREP ACADEMY

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

Program Title/Project Number/Subrecipient Name	Grant/Project Number	Assistance Listing Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2023	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2024	Current Year Cash Transferred to Subrecipient
Clusters:										
Special Education Cluster - U.S. Department of Education - Passed through the Oakland ISD:										
IDEA Flowthrough:										
IDEA Flowthrough 22-23	230450	84.027	\$ 244,310	\$ 202,730	\$ 4,412	\$ -	\$ -	\$ 41,580	\$ 45,992	\$ -
IDEA Flowthrough 23-24	240450	84.027	244,032	-	-	-	117,427	205,394	87,967	-
COVID-19 American Rescue Plan - IDEA	221280	84.027X	41,075	41,075	41,075	-	41,075	-	-	-
Total IDEA Flowthrough		84.027	529,417	243,805	45,487	-	158,502	246,974	133,959	-
Other federal awards:										
Passed through the Michigan Department of Education:										
Title I Part A:										
Title I Part A 22-23	221530	84.010	776,614	499,122	102,001	-	241,046	139,045	-	-
Title I Part A 23-24	231530	84.010	757,912	-	-	-	493,458	549,843	56,385	-
Total Title I Part A		84.010	1,534,526	499,122	102,001	-	734,504	688,888	56,385	-
Title II Part A - Improving Teacher Quality:										
Title II Part A 22-23	220520	84.367	80,682	64,122	-	-	4,882	4,882	-	-
Title II Part A 23-24	230520	84.367	80,817	-	-	-	26,460	26,460	-	-
Total Title II Part A		84.367	161,499	64,122	-	-	31,342	31,342	-	-
Title IV Part A - Improving Teacher Quality:										
Title IV Part A 22-23	220750	84.424	46,183	30,863	4,063	-	9,729	5,666	-	-
Title IV Part A 23-24	230750	84.424	60,148	-	-	-	32,199	32,199	-	-
Total Title IV Part A		84.424	106,331	30,863	4,063	-	41,928	37,865	-	-
MI Charter School Program Grant	190610/190611	84.282	369,790	187,193	85,587	-	219,136	152,081	18,532	-
Education Stabilization Fund Program - U.S. Department of Education Passed through Michigan Department of Education										
COVID-19 ESSER Formula Fund II	213712	84.425D	1,433,349	1,171,933	18,784	-	280,200	261,416	-	-
COVID-19 ESSER Formula Fund III	213713	84.425U	3,221,388	2,222,907	183,828	-	641,928	595,594	137,494	-
Total Education Stabilization Fund Program		84.425	4,654,737	3,394,840	202,612	-	922,128	857,010	137,494	-
Total noncluster programs passed through the Michigan Department of Education										
			6,826,883	4,176,140	394,263	-	1,949,038	1,767,186	212,411	-
Total federal awards			\$ 7,356,300	\$ 4,419,945	\$ 439,750	\$ -	\$ 2,107,540	\$ 2,014,160	\$ 346,370	\$ -

See notes to Schedule of Expenditures of Federal Awards.

OAKSIDE PREP ACADEMY

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

Revenue from Federal Sources – as reported on financial Statements (Includes all funds)	\$	2,107,941
E-Rate revenue, recorded as federal revenue in the financial statements but not to be included in SEFA		(14,159)
Revenue not meeting availability criteria is not recorded as revenue in the funds but is included in the SEFA.		187,442
Revenue Reported in the Governmental Funds as available and measurable - reported in the SEFA in Prior Year		<u>(267,064)</u>
Federal Expenditures per the Schedule of Expenditures of Federal Awards	\$	<u>2,014,160</u>

See notes to Schedule of Expenditures of Federal Awards.

1) BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Oakside Prep Academy (the Academy). The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) 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 the Academy and therefore it is not intended to and does not present the financial position or changes in net position of the Academy for year ended June 30, 2024. Expenditures reported on the schedule are reported on the accrual basis of accounting. In addition, expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2) 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.

3) INDIRECT COST RATE

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

4) SUBSEQUENT EVENTS

All subsequent events related to the major programs were evaluated through October 30, 2024, the date the accompanying reports were available to be issued. No significant event was noted that required adjustment or disclosure in the report.

OAKSIDE PREP ACADEMY

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s Report Issued: Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) Identified?	<u> </u> Yes	<u> X </u> No
Significant Deficiencies Identified?	<u> </u> Yes	<u> X </u> No
Non-Compliance Material to Financial Statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal Control over Major Programs:

Material Weakness (es) Identified?	<u> </u> Yes	<u> X </u> No
Significant Deficiencies Identified?	<u> </u> Yes	<u> X </u> None Reported

Type of Auditor’s Report issued on Compliance for Major Programs: Unmodified

Any Audit Findings Disclosed that is Required to be Reported in Accordance with 2 CFR 200.516(a)? Yes X No

Identification of Major Programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Part A

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

Auditee Qualified as Low Risk Auditee? X Yes No

OAKSIDE PREP ACADEMY

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2024

SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS

None

SECTION III – FEDERAL PROGRAM AUDIT FINDINGS

None

SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS

There were no financial statement audit findings for the year ended June 30, 2023

SECTION III – FEDERAL PROGRAM AUDIT FINDINGS

There were no federal program audit findings for the year ended June 30, 2023