



Great Lakes Learning Academy

Audited Financial Statements

June 30, 2021

*Prepared by Taylor & Morgan, P.C.*

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Great Lakes Learning Academy  
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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT

October 15, 2021

Board of Trustees  
Great Lakes Learning Academy

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Great Lakes Learning Academy as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

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 Great Lakes Learning Academy as of June 30, 2021, 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, 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 Great Lakes Learning Academy's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and 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 statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2021 on our consideration of Great Lakes Learning Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Great Lakes Learning 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 Great Lakes Learning Academy's internal control over financial reporting and compliance.

Sincerely,

*Taylor & Morgan, P.C.*

Taylor & Morgan, P.C.  
Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## **GREAT LAKES LEARNING ACADEMY MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Great Lakes Learning Academy's (the Academy) annual financial report presents our discussion and analysis of the Academy's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the Academy's financial statements, which immediately follow this section.

### **FINANCIAL HIGHLIGHTS**

- Government-wide revenues were at \$9,317,837 while expenditures were \$8,209,745.
- At June 30, 2021, the Academy's assets exceeded its liabilities by \$2,970,839.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of a series of financial statements that show information for the Academy as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities provides information about the activities of the Academy as a whole and presents a longer-term view of the Academy's finances. Our fund financial statements are included later in the financial report. For our governmental activities, these statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the Academy's overall financial health. Fund financial statements also report operations in more detail than the government-wide financial statements by providing information about the most significant fund, the general fund.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are reported in compliance with GASB 34. These statements present information on the Academy's finances in a manner similar to private sector businesses. One of the most important questions asked about the Academy is, "Is the Academy as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information on the Academy as a whole and its activities in a way that helps answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position shows assets and liabilities, with the difference between the two reported as net position. All capital assets, long-term liabilities, and general government functions are shown in the Statement of Net Position.

The Statement of Activities shows revenues, expenses, and the change in net assets for the Academy as a whole. Revenues and expenses attributable to specific functions are segregated from general revenues, to display the extent to which general revenues support each function.

## FUND FINANCIAL STATEMENTS

Governmental funds account for the same functions as are reported as governmental activities in the government-wide financial statements. The governmental fund reporting focuses on how money flows in and out of funds and the balances left at year end that are available for spending. They are reported using the accounting method called "modified accrual" accounting, which measures cash and all other financial assets that can be readily converted to cash. This information is essential for preparation of and compliance with annual budgets. 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 following the government statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Total assets, liabilities and net position for the year ended June 30, 2021 were as follows:

	2021	2020
<b>Assets</b>		
Current and Other Assets	\$ 4,919,600	\$ 6,363,767
Capital Assets, net	73,298	112,580
<b>Total Assets</b>	<b>4,992,898</b>	<b>6,476,347</b>
 <b>Liabilities</b>		
Current Liabilities	2,022,059	1,886,600
 <b>Net Position</b>		
Net Investment in Capital Assets	73,298	112,580
Unrestricted	2,897,541	1,750,167
<b>Total Net Position</b>	<b>\$ 2,970,839</b>	<b>\$ 1,862,747</b>

The Academy's revenues and expenses were as follows:

	2021	2020
<b>Revenues</b>		
Operating Grants and Contributions - Instruction	\$ 1,199,603	\$ 1,151,738
Operating Grants and Contributions - Support	398,418	21,995
State School Aid - Unrestricted	9,275,695	8,581,908
Miscellaneous	42,142	94,957
<b>Total Revenue</b>	<b>10,915,858</b>	<b>9,850,598</b>
<b>Expenditures</b>		
Instructional	6,556,239	6,322,394
Support Services	3,251,527	2,884,911
<b>Total Expenditures</b>	<b>9,807,766</b>	<b>9,207,305</b>
 Change in Fund Balance	1,108,092	643,293
Beginning Fund Balance	1,862,747	1,219,454
Ending Fund Balance	<b>\$ 2,970,839</b>	<b>\$ 1,862,747</b>

## **ANALYSIS OF OVERALL FINANCIAL POSITION**

During the year ended June 30, 2021, the Academy's government-wide revenues of \$10,915,858 exceeded its expenditures of \$9,807,766 by \$1,108,092, ending the year with a net position of \$2,970,839. Per pupil funding and student enrollment are the primary factors in determining the revenue and expenses for the Academy. The state aid membership for the years ended June 30, 2021 and 2020 was 1,103 and 1,089, respectively.

## **FUND FINANCIAL STATEMENTS**

Governmental funds account for the same functions as are reported as governmental activities in the government-wide financial statements. Governmental fund reporting focuses on how money flows in and out of funds and the balances left at year end that are available for spending. They are reported using the accounting method called "modified accrual" accounting, which measures cash and all other financial assets that can be readily converted to cash. This information is essential for preparation of and compliance with annual budgets. 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 following the government statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

## **BUDGET VARIATIONS**

The budgeted revenue exceeded actual revenue by \$113,528, and actual expenses were less than the budgeted amounts by \$186,303. This resulted in actual fund balance exceeding budgeted fund balance amounts by \$72,775. Please refer to the notes to the basic financial statements for further information.

## **CAPITAL ASSETS**

The Academy had \$73,298 and \$112,580 in capital assets, net of depreciation, at June 30, 2021 and 2020, respectively. Please refer to the notes to the basic financial statements for further information.

## **REQUESTS FOR INFORMATION**

Our financial report is designed to provide our parents, teachers, students, investors and creditors with an overview of the Academy's finances. If you have any questions about this report or need any clarification of information please contact Great Lakes Learning Academy offices, located at:

Great Lakes Learning Academy  
2875 Eyde Parkway, Suite 200  
East Lansing, MI 48823

## BASIC FINANCIAL STATEMENTS

GREAT LAKES LEARNING ACADEMY  
STATEMENT OF NET POSITION  
JUNE 30, 2021

		Governmental Activities
<b>Assets</b>		
Cash and Cash Equivalents	\$	2,834,429
Due from Other Governmental Units		2,050,156
Accounts Receivable		5,483
Prepaid Costs		29,532
Capital Assets Net of Depreciation		73,298
Total Assets		4,992,898
 <b>Liabilities</b>		
Accounts Payable		1,184,331
Accrued Liabilities		586,920
Advances from Grantors		250,808
Total Liabilities		2,022,059
 <b>Net Position</b>		
Net Investment in Capital Assets		73,298
Unrestricted		2,897,541
Total Net Position	\$	2,970,839

See accompanying notes to basic financial statements

GREAT LAKES LEARNING ACADEMY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Governmental Activities				
Instruction	\$ 6,556,239	\$ -	\$ 1,199,603	\$ (5,356,636)
Support Services	3,251,527	-	398,418	(2,853,109)
Total Governmental Activities	\$ 9,807,766	\$ -	\$ 1,598,021	(8,209,745)
General Purpose Revenues				
State School Aid - Unrestricted				9,275,695
Miscellaneous				42,142
Total General Revenue				9,317,837
Change in Net Position				1,108,092
Net Position - July 1				1,862,747
Net Position - June 30				\$ 2,970,839

See accompanying notes to basic financial statements

GREAT LAKES LEARNING ACADEMY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	<u>General Fund</u>
Assets	
Cash and Cash Equivalents	\$ 2,834,429
Due from Other Governmental Units	2,050,156
Accounts Receivable	5,483
Prepaid Costs	<u>29,532</u>
Total Assets	<u>\$ 4,919,600</u>
Liabilities and Fund Balance	
Current Liabilities	
Accounts Payable	\$ 1,184,331
Accrued Liabilities	586,920
Advances from Grantors	<u>250,808</u>
Total Current Liabilities	2,022,059
Fund Balance	
Non-spendable	29,532
Unassigned	<u>2,868,009</u>
Total Fund Balance	<u>2,897,541</u>
Total Liabilities and Fund Balance	<u>\$ 4,919,600</u>

See accompanying notes to basic financial statements

GREAT LAKES LEARNING ACADEMY  
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
 TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2021

Total Governmental Fund Balances	\$	2,897,541
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Amounts reported for governmental activities in the Statement of  
 Net Position are different because:

Capital assets used in governmental activities are not financial  
 resources and therefore are not reported as assets in  
 governmental funds.

Cost of Capital Assets	\$	468,172	
Accumulated Depreciation		<u>(394,874)</u>	<u>73,298</u>

Total Net Position - Governmental Activities	\$	<u><u>2,970,839</u></u>
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See accompanying notes to basic financial statements

GREAT LAKES LEARNING ACADEMY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund
Revenues	
Other Local Sources	\$ 12,002
State Sources	9,871,778
Federal Sources	1,001,938
Incoming Transfers and Other Transactions	30,140
Total Revenues	10,915,858
Expenditures	
Instruction	
Basic Programs	5,514,743
Added Needs	1,041,496
Total Instruction	6,556,239
Support Services	
Pupil Services	508,207
Instructional Staff	103,773
General Administration	734,285
School Administration	899,176
Business Services	528,378
Operation and Maintenance	262,297
Central Services	176,129
Total Support Services	3,212,245
Total Expenditures	9,768,484
Excess/(Deficiency) of Revenues over/(under) Expenditures	1,147,374
Fund Balance - July 1	1,750,167
Fund Balance - June 30	\$ 2,897,541

See accompanying notes to basic financial statements

GREAT LAKES LEARNING ACADEMY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds \$ 1,147,374

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

Governmental funds report capital outlays as expenditures. However, in the Statement  
of Activities, the cost of those assets is allocated over their estimated useful lives  
as depreciation expense. This is the amount by which capital outlay exceed depreciation  
in the current period

Capitalized Assets	\$ -	
Depreciation Expense	<u>(39,282)</u>	<u>(39,282)</u>

Change in Net Position of Governmental Activities \$ 1,108,092

See accompanying notes to basic financial statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

GREAT LAKES LEARNING ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 1 - Summary of Significant Accounting Policies**

Reporting Entity

Great Lakes Learning 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 2013.

In March 2013, the Academy entered into a 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, 2021 were \$275,905.

In April 2020, the Academy entered into an agreement with StrongMind of Michigan, LLC ("StrongMind"). Under the terms of this agreement, StrongMind provides a variety of services including management, curriculum, educational programs and teacher training. The Academy is obligated to pay StrongMind varying amounts based upon the services provided according to the contract. The fee schedule is mutually agreed upon annually and each payment to StrongMind is approved by the board at a regularly scheduled open meeting. Payments to StrongMind include a 38% rate of Foundation Allowance as well as reimbursements for actual costs paid on behalf of the school.

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

The Academy receives funding from local, state, and federal government sources and must comply with the accompanying requirements of these funding source entities. However, the Academy is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Trustees has decision-making authority, the authority to determine its budget, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

Basic Financial Statements – Government-wide Statements

The Academy's basic financial statements include both government-wide (reporting the Academy as a whole) and fund financial statements (reporting the Academy's major fund). The government-wide financial statements categorize primary activities as either governmental or business type. All of the Academy's activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

GREAT LAKES LEARNING ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 1 - Summary of Significant Accounting Policies (continued)**

Basic Financial Statements – Government-Wide Statements (continued)

In the Government-Wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Academy's net position is reported in two parts: invested in capital assets net of related debt; and unrestricted net position. The Academy first utilizes restricted resources to finance qualifying activities.

The Government-Wide Statement of Activities reports both the gross and net cost of each of the Academy's functions. General government revenues (certain intergovernmental revenues, fines, permits and charges, etc.) also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (state and federal sources, interest income, etc.).

The Academy does not allocate indirect costs.

Basic Financial Statements - Fund Financial Statements

The accounts of the Academy are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, 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. The various funds are grouped, in the combined financial statements in this report, into one generic fund type in one broad fund category as follows:

Governmental Funds

Governmental funds are those funds 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 governmental funds.

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.

Basis of Accounting/Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

GREAT LAKES LEARNING ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 1 - Summary of Significant Accounting Policies (continued)**

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt are recognized when due.

Those revenues susceptible to accrual are state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

Cash, Cash Equivalents, and Investments – Cash and cash equivalents include amounts in demand deposits, sweep accounts, and certificate of deposits with original maturities less than three months. The Academy reports its investments in accordance with Governmental Accounting Standards Board (GASB) *Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and *No. 40, Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at 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. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation (FDIC), Federal Savings and Loan Insurance Corporation (FSLIC), or National Credit Union Administration (NCUA), respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by no 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, mutual funds composed of investments outlined above, and investment pools, as authorized by the surplus funds investment pool act, Act. No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by an academy.

Inventories - Items purchased for future use are recorded as inventory and charged to expenditure accounts when requisitioned for use. Inventory amounts were not material at June 30, 2021.

Capital Assets - The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets. The Academy's policy is to capitalize assets with a cost that equals or exceeds \$5,000.

Depreciation on all assets is computed on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	20 – 50 years
Buses and other vehicles	5 – 10 years
Furniture and equipment	3 – 20 years

GREAT LAKES LEARNING ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 1 - Summary of Significant Accounting Policies (continued)**

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Economic Dependency – The Academy receives approximately 90% of its operating revenue from the State of Michigan.

Upcoming Accounting and Reporting Changes - Governmental Accounting Standards Board Statement No. 87, *Leases* increases the usefulness of the Academy's 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 an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use leased asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the Academy's leasing activities. The requirements of the statement are effective for the fiscal year ending June 30, 2022. Management has not yet determined the potential effects of the new standard on the financial statements, if any.

**Note 2 - Budget and Budgetary Accounting**

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General, Special Revenue, and Debt Retirement Funds and an informational study of Capital Project Funds of academies prior to the expenditure of monies in a fiscal year.

The Board of Education adopts appropriations utilizing the modified accrual basis of accounting for all governmental funds. The appropriation level adopted by the Board is the level of control authorized by the Act. The Act requires expenditures to be budgeted on a functional basis. The Academy is not considered to be in violation of the Act if reasonable procedures are in use by the Academy to detect violations.

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

1. The Academy's CEO submits to the Board of Trustees a proposed budget by July 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. The CEO is authorized to transfer budgeted amounts between functions within any fund with the approval of the Board of Trustees; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
3. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles.

GREAT LAKES LEARNING ACADEMY  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021

**Note 2 - Budget and Budgetary Accounting (continued)**

4. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees throughout the year. Individual amendments were not material in relation to the original appropriations, which were amended.
5. Appropriations lapse at year-end and, therefore, cancel all encumbrances. These appropriations are reestablished at the beginning of the following year.

A schedule comparing actual results of operations to the budgeted amounts (at the level of control adopted by the Board of Trustees) for the General Fund is presented as required supplementary information.

**Budgetary information**

Public Act 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. In the body of the financial statements, the Academy's actual and budgeted expenditures for the period have been shown as adopted by function on a modified accrual basis.

**Excess of expenditures over appropriations in budgeted funds**

During the year, the Academy incurred expenditures in the General Fund which were in excess of the amounts appropriated, as follows:

Budget Item	Budget	Actual	Variance
Basic Instruction	\$ 5,504,318	\$ 5,514,743	\$ 10,425
School Administration	\$ 640,317	\$ 899,176	\$ 258,859

**Note 3 – Cash, Cash Equivalents, and Investments**

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Academy's policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities and are invested primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer. Cumulatively, portfolios of the Academy may not be invested in any given financial institution in excess of 5% of such institution's total assets. Additionally, no more than 5% of the total Academy portfolio may be placed with any single financial institution with the exception of repurchase agreements. U.S. government securities and 2a7-like investment pools are excluded from these restrictions.

GREAT LAKES LEARNING ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 3 – Cash, Cash Equivalents, and Investments (continued)**

Credit Risk

This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits this exposure by mandating that the Academy's investments in commercial paper and corporate bonds be limited to those with a prime rating or better issued by nationally recognized statistical rating organizations (NRSROs).

Custodial Credit Risk for Deposits

This is the risk that in the event of a bank failure, the Academy's deposits may not be returned or the Academy will not be able to recover collateral securities, if any, in the possession of an outside party. At June 30, 2021, the Academy had \$2,342,585 of deposit balances uninsured and uncollateralized.

Custodial Credit Risk for Investments

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. This risk is minimized by the Academy through limiting investments to those of a prime or better rating and pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors.

Foreign Currency Risk

This is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Academy is not authorized to invest in investments that would be subject to this type of risk.

**Note 4 - Capital Assets**

Changes in capital assets for the year ended June 30, 2021 were as follows:

	<u>06/30/20</u>		<u>Additions</u>		<u>Disposals</u>		<u>06/30/21</u>
Leasehold Improvements	\$ 73,779	\$	-	\$	-	\$	73,779
Equipment	43,165		-		-		43,165
Furniture	105,474		-		-		105,474
Computer Equipment	245,754		-		-		245,754
Less: Accumulated Depreciation	(355,592)		(39,282)		-		(394,874)
Net Capital Assets	<u>\$ 112,580</u>	\$	<u>(39,282)</u>	\$	<u>-</u>	\$	<u>73,298</u>

Depreciation expense for the year ended June 30, 2021 was \$39,282.

**Note 5 - Defined Benefit Pension Plan**

The Academy does not participate in the Michigan Public School Employees' Retirement System (MPSERS). Therefore, no pension plan or other post employment benefits disclosures are deemed necessary.

GREAT LAKES LEARNING ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 6 - Fund Balance**

Non-spendable, Restricted, Committed, Assigned and Unassigned

The Board of Trustees adopts a budget each year that includes the appropriation of fund balance. Non-spendable fund balance represents assets that are not available in spendable form and are not expected to be converted to cash. The Academy had non-spendable fund balance as of June 30, 2021 of \$29,532.

Restricted fund balances are reported separately to show legal constraints from debt covenants and legislation that limits the Academy's ability to use that fund balance for day-to-day operations. The Academy had no amounts restricted at June 30, 2021. Committed fund balance represents constrained amounts imposed by board resolution. The Academy had no amounts committed at June 30, 2021.

Assigned fund balance represents amounts intended to be used for specific purposes expressed by the Board of Trustees, Finance Committee, or the official authorized by the governing body. Residual amounts in governmental funds other than the General Fund are also assigned. The Academy had no amounts assigned at June 30, 2020.

Unassigned fund balance is reported only in the General Fund and represents the remaining fund balance after non-spendable, restrictions, and assignments have been made.

The Academy applies restricted resources first for applicable expenditures. Assigned fund equity is applied when expenditures are incurred for the assigned purpose, followed by unassigned fund equity for budgeted expenditures.

**Note 7 - Contingencies and Commitments**

The Academy has received federal and state grants for specific purposes. These grants are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements would not be material.

**Note 8 - Risk Management**

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions. The Academy purchases commercial insurance coverage to cover potential claims, and management believes this coverage is sufficient to protect the Academy from any significant adverse financial impact.

GREAT LAKES LEARNING ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**Note 9 – Leases**

On June 13, 2018, the Academy executed a lease agreement for a facility at 2875 Eyde Parkway in East Lansing, Michigan. The lease is in effect through August 31, 2023. Future minimum lease payments under this agreement are as follows:

<u>For the year ended June 30,</u>	
2022	\$ 187,858
2023	191,596
Thereafter	<u>32,037</u>
	<u>\$ 411,491</u>

**Note 10 - Subsequent Events**

Subsequent events have been reviewed through October 15, 2021, the date the financial statements were available to be issued.

The Covid-19 pandemic continues to affect day-today operations of the Academy. While Great Lakes Learning Academy will continue to feel the effects of the pandemic, it is impossible to estimate the financial impact, if any, the pandemic will have upon the Academy.

REQUIRED SUPPLEMENTAL INFORMATION

GREAT LAKES LEARNING ACADEMY  
 REQUIRED SUPPLEMENTAL INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2021

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Local Sources	\$ 18,000	\$ 500	\$ 12,002	\$ 11,502
State Sources	9,485,039	9,969,638	9,871,778	(97,860)
Federal Sources	780,552	1,013,289	1,001,938	(11,351)
Incoming Transfers and Other Transactions	45,859	45,959	30,140	(15,819)
Total Revenues	10,329,450	11,029,386	10,915,858	(113,528)
<b>Expenditures</b>				
Education				
Instruction				
Basic Programs	5,417,467	5,504,318	5,514,743	(10,425)
Added Needs	1,277,084	1,136,261	1,041,496	94,765
Supporting Services				
Pupil Services	567,141	525,000	508,207	16,793
Instructional Staff	147,086	168,028	103,773	64,255
General Administration	759,563	775,571	734,285	41,286
School Administration	837,027	640,317	899,176	(258,859)
Business Services	540,647	531,894	528,378	3,516
Operation and Maintenance	481,100	496,100	262,297	233,803
Central Services	180,216	177,298	176,129	1,169
Total Expenditures	10,207,331	9,954,787	9,768,484	186,303
Excess of Revenues Over/(Under) Expenditures and Other Financing Sources/(Uses)	122,119	1,074,599	1,147,374	72,775
Fund Balance - July 1	1,750,167	1,750,167	1,750,167	-
Fund Balance - June 30	\$ 1,872,286	\$ 2,824,766	\$ 2,897,541	\$ 72,775

## UNIFORM GUIDANCE

INDEPENDENT AUDITORS' 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

October 15, 2021

Board of Trustees  
Great Lakes Learning 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 Great Lakes Learning Academy as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Great Lakes Learning Academy's basic financial statements, and have issued our report thereon dated October 15, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Great Lakes Learning Academy's internal control over financial reporting (internal control) to determine 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 Great Lakes Learning Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Great Lakes Learning 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 may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Great Lakes Learning 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 determination of financial statement amounts. 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.

*Taylor & Morgan, P.C.*

TAYLOR & MORGAN, P.C.  
Certified Public Accountants

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

October 15, 2021

Board of Trustees  
Great Lakes Learning Academy

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

We have audited Great Lakes Learning Academy's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Great Lakes Learning Academy's major federal programs for the year ended June 30, 2021. Great Lakes Learning Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Great Lakes Learning Academy's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Great Lakes Learning Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Great Lakes Learning Academy's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Great Lakes Learning 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, 2021.

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## Report on Internal Control over Compliance

Management of Great Lakes Learning Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Great Lakes Learning Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Great Lakes Learning Academy's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Taylor & Morgan, P.C.*

TAYLOR & MORGAN, P.C.  
Certified Public Accountants

**GREAT LAKES LEARNING ACADEMY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE JULY 1, 2020	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	ADJUSTMENTS PRIOR YEARS	CURRENT YEAR CASH/ PAYMENTS IN KIND RECEIVED	ACCRUED (DEFERRED) REVENUE JUNE 30, 2021
<b>U.S. DEPARTMENT OF EDUCATION</b>									
Passed Through Michigan Department of Education:									
Title I Grants									
Title I, Part A Improving Basic Program (19-20)	84.010	201530-1920	\$ 285,879	\$ 26,099	\$ 279,743	\$ -	\$ -	\$ 26,099	\$ -
Title I, Part A Improving Basic Program (20-21)	84.010	211530-2021	297,396	-	-	297,396	-	297,396	-
Total Title I Grants			583,275	26,099	279,743	297,396	-	323,495	-
Title II Grants									
Title II, Part A Teacher/Principal Training & Recruiting (19-20)	84.367	200520-1920	40,142	40,142	56,107	-	-	40,142	-
Title II, Part A Teacher/Principal Training & Recruiting (20-21)	84.367	210520-2021	53,703	-	-	53,703	-	53,703	-
Total Title II Grants			93,845	40,142	56,107	53,703	-	93,845	-
Title IV Grants									
Title IV, Part A SSAE (20-21)	84.424	210750-2021	20,714	-	-	20,714	-	20,714	-
Total Title IV Grants			20,714	-	-	20,714	-	20,714	-
Education Stabilization Fund									
ESSER Formula Funds	84.425D	203710-1920	233,964	-	-	233,964	-	233,964	-
Total Passed Through Michigan Department of Education			931,798	66,241	335,850	605,777	-	672,018	-
Passed Through Ingham Intermediate School District:									
Title I Grants to Local Educational Agencies									
Title I - Regional Assistance Grant	84.010A	211570-2021	69,855	-	-	51,299	-	3,520	47,779
Total Title I Grants to Local Educational Agencies			69,855	-	-	51,299	-	3,520	47,779
Special Education - Grants to States									
IDEA Flowthrough (20-21)	84.027	210450-2021	201,122	-	-	201,122	-	-	201,122
Total Special Education - Grants to States			201,122	-	-	201,122	-	-	201,122
Total Passed Through Ingham Intermediate School District			270,977	-	-	252,421	-	3,520	248,901
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			1,202,775	66,241	335,850	858,198	-	675,538	248,901
<b>U.S. DEPARTMENT OF TREASURY</b>									
Passed Through Michigan Department of Education:									
Coronavirus Relief Funds									
Coronavirus Relief Funds	21.019		381,133	-	-	130,324	-	381,133	(250,809)
District COVID-19 Costs	21.019		13,416	-	-	13,416	-	13,416	-
Total Coronavirus Relief Funds			394,549	-	-	143,740	-	394,549	(250,809)
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>			394,549	-	-	143,740	-	394,549	(250,809)
<b>TOTAL FEDERAL AWARDS</b>			\$ 1,597,324	\$ 66,241	\$ 335,850	\$ 1,001,938	\$ -	\$ 1,070,087	\$ (1,908)

GREAT LAKES LEARNING ACADEMY  
NOTES/RECONCILIATION TO THE SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL REVENUE RECOGNIZED FOR SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	\$ <u>1,001,938</u>
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FEDERAL REVENUE RECOGNIZED PER THE GENERAL  
PURPOSE FINANCIAL STATEMENTS

General Fund	\$ <u>1,001,938</u>
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TOTAL	\$ <u>1,001,938</u>
-------	---------------------

- 1) The Schedule of Expenditures of Federal Awards has been prepared under the modified accrual basis of accounting.
- 2) Management has utilized the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards. All differences between the Schedule of Expenditures of Federal Awards and the Grant Auditor Report have been reconciled in the attached reconciliation.
- 3) The District has elected to not use the 10% de minimis indirect cost rate.

GREAT LAKES LEARNING ACADEMY  
RECONCILIATION OF "GRANT AUDITOR REPORT"  
TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

Current Payments Per the Grant Auditor Report	\$ 672,018
<u>Add:</u> Grants Passed Through the Genesee Intermediate School District	
Title I - Regional Assistance Grants	<u>3,520</u>
Total Grants Passed Through the Genesee Intermediate School District	3,520
Coronavirus Relief received through State Aid	<u>394,549</u>
TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	\$ <u><u>1,070,087</u></u>

GREAT LAKES LEARNING ACADEMY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2021

**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?	<i>No</i>
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<i>No</i>
Noncompliance material to financial statements noted?	<i>No</i>

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified?	<i>No</i>
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<i>No</i>
Audit findings required to be reported in accordance with Uniform Guidance?	<i>No</i>

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? *No*

Identification of major programs:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.010	Title I, Part A Improving Basic Program
84.010A	Title I - Regional Assistance Grant
84.425D	ESSER Formula Funds

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

Auditee qualified as low-risk auditee? *No*

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None

October 15, 2021,

To the Board of Directors of Great Lakes Learning Academy,

We have audited the financial statements of the governmental activities and the major fund of Great Lakes Learning Academy for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated June 4, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Great Lakes Learning Academy are described in Note 1 to the financial statements. We noted no transactions entered into by the Academy during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimate is the useful lives over which capital assets are depreciated

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that we had no such disagreements arise during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Academy's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Academy's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to the Required Supplemental Information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

**Restriction on Use**

This information is intended solely for the use of the Board of Directors and management of Great Lakes Learning Academy and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Taylor & Morgan, P.C.*

Taylor & Morgan, P.C.  
Certified Public Accountants