

**Audited Financial Statements**

# **Voyageur Academy**

**Detroit, Michigan**

**June 30, 2021**

## CONTENTS

	<u>Page</u>
<b>Independent Auditor's Report</b>	i – ii
<b>Management's Discussion and Analysis</b>	iii - viii
<b>Basic Financial Statements</b>	
Statement of Net Position	1
Statement of Activities	2
Combined Balance Sheet – All Governmental Funds	3
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	4
Statement of Revenues, Expenditures and Changes in Fund Balance – All Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	6
Notes to Financial Statements	7 - 19
<b>Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund	20
Combining Balance Sheet – Non-Major Funds	21
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Funds	22
Schedule of Revenues – General Fund	23
Schedule of Expenditures – General Fund	24 - 26

## **CONTENTS – Continued**

	<u>Page</u>
<b>Appendix- Federal Awards Report</b>	
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 <i>Government Auditing Standards</i>	A-1 – A-2
Independent Auditor’s Report on Compliance For Each Major Program and On Internal Control Over Compliance Required by the Uniform Guidance	A-3 – A-4
Schedule of Expenditures of Federal Awards	A-5 – A-7
Reconciliation of Basic Financial Statements Federal Receivables and Revenue with Schedule of Expenditures of Federal Awards	A-8
Notes to Schedule of Expenditures of Federal Awards	A-9
Schedule of Findings and Questioned Costs	A-10 – A-11

## INDEPENDENT AUDITOR'S REPORT

### To the Board of Directors of Voyageur Academy

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Voyageur Academy as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Voyageur 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Voyageur 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 budgetary comparison 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 Voyageur Academy's basic financial statements. The combining and individual nonmajor fund financial statements, and schedules of revenues and expenditures, and schedule of expenditures of federal awards as required 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedules of revenues and expenditures, and the schedule of expenditures of federal awards, are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 combining and individual nonmajor fund financial statements, schedules of revenues and expenditures, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2021, on our consideration of Voyageur Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Voyageur 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 Voyageur Academy's internal control over financial reporting and compliance.



Croskey Lanni, PC

Rochester, Michigan  
October 26, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

### **FINANCIAL HIGHLIGHTS**

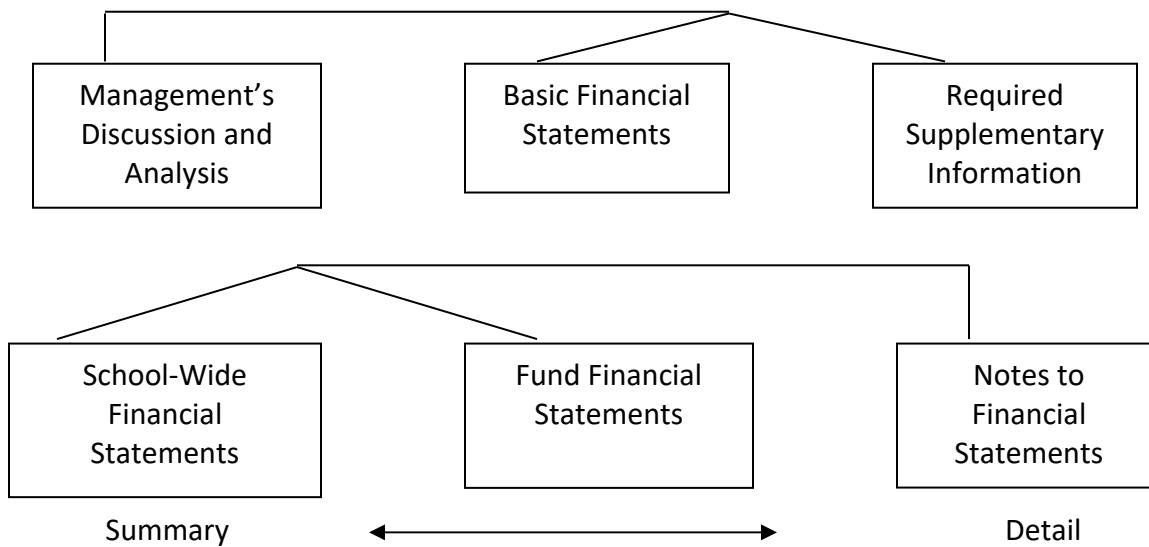
- ❖ The total cost of basic programs was \$4,430,400.
- ❖ General fund revenues were at \$12,723,681 while expenditures and operating transfers were \$12,002,137.
  - Blended enrollment used for state aid purposes was 1,142.27 students.
- ❖ The school has a positive General Fund balance of \$2,884,876.

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

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

- The first two statements are school-wide financial statements that provide both short-term and long-term information about the school's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the school, reporting the school's operations in more detail.
- The governmental fund statements tell how basic services like regular and special education were financed.
- Fiduciary funds statements provide information about the financial relationships in which the school acts solely as a trustee or agent for the benefit of others. These consist of student activity funds held by the school on behalf of the student group.

**Figure A-1**  
**Organization of Voyageur's Annual Financial Report**



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

**Figure A-2**  
**Major Features of School-Wide and Fund Financial Statements**

	School-Wide Statements	Government Funds	Fiduciary Funds
Scope	Entire school (except fiduciary funds)	The activities of the school that are not proprietary or fiduciary, such as special education and building maintenance.	Instances in which the school administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	*Statement of net position *Statement of activities	*Balance sheet *Statement of revenues, expenditures and changes in fund balances	*Statement of fiduciary net position *Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

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

## **SCHOOL-WIDE STATEMENTS**

The school-wide statements report information about the school as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the school's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- ❖ Over time, increases or decreases in the school's assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- ❖ To assess the overall health of the school, you need to consider additional non-financial factors such as changes in the school's enrollment and the condition of school buildings and other facilities.

## **FUND FINANCIAL STATEMENTS**

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

- ❖ *Governmental activities* – Most of the school's basic services are included in the general fund, such as regular and special education and administration. State foundation aid finances most of these activities.
- ❖ The school establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues.

The school has two kinds of funds:

- ❖ *Governmental funds* – Most of the school's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the school's programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information with governmental funds statements that explains the relationship (or differences) between them.
- ❖ *Fiduciary funds* – The school is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the school-wide financial statements because the school cannot use these assets to finance its operations.

## **FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE**

The school's financial position is the product of many factors.

### **School Governmental**

The stability of the school's finances is a result of the following measures:

- ❖ Spending is controlled to ensure that it aligns with revenues received from the State.
- ❖ Refinancing the Bonds will allow the school to operate more efficiently.
- ❖ Stability in the financial management of the Academy through the new management company.

### **General Fund Budgetary Analysis**

Over the course of the year, the school reviewed the annual operating budget monthly and amended the budget quarterly. All invoices were paid in a timely matter.

### **Financial Outlook**

Voyageur Academy's financial forecast continues to be optimistic heading into the 2020/2021 school year.

- ❖ The federal and state government made available grants of approximately \$1,086,000 to mitigate additional costs related to the coronavirus in fiscal year 2020-2021. In fiscal year 2021-2022 the covid grants are expected to increase substantially for the academy. The academy uses these grants to improve the learning and social programs for our students.
- ❖ Enrollment is anticipated to remain constant for the 2021-2022 school year. These students will be both on-site and virtual learners.
- ❖ The Academy had a significant positive addition to the General Fund balance for the last three years, after three years of reductions.

**Figure A-3**  
**Voyageur Academy's Net Position**

	<b>2021</b>	<b>2020</b>
Current and other assets	\$ 6,958,713	\$ 6,388,554
Capital assets	11,229,048	11,662,912
<b>Total assets</b>	<b>18,187,761</b>	<b>18,051,466</b>
Long-term debt outstanding	16,630,000	16,765,000
Other liabilities	2,673,278	2,759,599
<b>Total liabilities</b>	<b>19,303,278</b>	<b>19,524,599</b>
<b>Net position</b>	<b>\$ (1,115,517)</b>	<b>\$ (1,473,133)</b>

**Figure A-4**  
**Changes in Voyageur Academy's Net Position**

	<b>2021</b>	<b>2020</b>
Revenues:		
Program revenues:		
Charges for services	\$ -	\$ -
Federal and state operating grants	3,282,480	2,525,203
General revenues:		
State aid - unrestricted	9,325,413	9,178,493
Miscellaneous	187,240	368,142
Total revenues	<u>12,795,133</u>	<u>12,071,838</u>
Expenses:		
Instruction	5,544,827	5,133,804
Support services	5,416,449	5,121,529
Interest on long-term debt	1,003,956	1,011,404
Unallocated depreciation	472,285	487,684
Total expenses	<u>12,437,517</u>	<u>11,754,421</u>
Change in net position	<u>\$ 357,616</u>	<u>\$ 317,417</u>

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

##### **Capital Assets**

By the end of 2021, the school had invested \$16,879,845 in capital assets, including equipment and a building. See figure A-5 below for a listing of capital assets, and the accumulated depreciation.

**Figure A-5**  
**Voyageur Academy's Capital Assets**

	<b>Balance</b>	<b>Balance</b>
	<b>June 30, 2021</b>	<b>June 30, 2020</b>
Land	\$ 1,635,763	\$ 1,635,763
Building	12,965,905	12,965,905
Equipment and furniture	<u>2,278,177</u>	<u>2,239,756</u>
Subtotal	16,879,845	16,841,424
Less: accumulated depreciation	<u>5,650,797</u>	<u>5,178,512</u>
Total net capital assets	<u>\$ 11,229,048</u>	<u>\$ 11,662,912</u>

## **FACTORS BEARING ON THE SCHOOL'S FUTURE**

- Successful navigation of the current virtual learning environment.
- Maintenance of current enrollment and staffing levels.
- Aligning expenditures with available revenue sources.

## **CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our students, parents and creditors with a general overview of the school's finances and to demonstrate the school's accountability for the money it receives. If you have questions about this report or need additional information, contact the management office at:

The Romine Group 7877 Stead, Utica, MI 48317 (586)731-5300

## VOYAGEUR ACADEMY

### STATEMENT OF NET POSITION JUNE 30, 2021

#### ASSETS AND DEFERRED OUTFLOWS

##### Current Assets

Cash and cash equivalents	\$ 1,340,744
Investments - restricted for debt service and capital projects	2,426,045
Due from other governmental units	3,146,686
Prepaid expenses	<u>45,238</u>
 Total current assets	6,958,713
 <b>Capital Assets - Net of Accumulated Depreciation</b>	<u>11,229,048</u>
 Total assets and deferred outflows	<u>\$ 18,187,761</u>

#### LIABILITIES, DEFERRED INFLOWS AND NET POSITION

##### Current Liabilities

Accounts payable	\$ 685,625
Due to other governmental units	500,000
Unearned revenue	8,349
Other accrued expenses	1,344,304
Long-term debt - current portion	<u>135,000</u>
 Total current liabilities	2,673,278

##### Long-Term Debt - Long-Term Portion

16,630,000

##### Net Position

Net investment in capital assets	(5,535,952)
Restricted for debt services, capital projects and food service	2,037,537
Unrestricted	<u>2,382,898</u>
 Total net position	<u>(1,115,517)</u>
 Total liabilities, deferred inflows and net position	<u>\$ 18,187,761</u>

See accompanying notes to financial statements

## VOYAGEUR ACADEMY

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

	Program Revenues			Net (Expense) Revenues and Changes in Position
	Expenses	Charges for Services	Operating Grants	Government
				Type Activities
<b>Functions</b>				
Instruction				
Basic programs	\$ 4,430,400	\$ -	\$ 885,197	\$ (3,545,203)
Added needs	1,114,427	-	1,029,904	(84,523)
Support services				
Pupil support services	303,056	-	24,112	(278,944)
Instructional staff support services	993,408	-	631,280	(362,128)
General administration	1,226,356	-	-	(1,226,356)
School administration	772,656	-	66,558	(706,098)
Business support services	14,329	-	-	(14,329)
Operations and maintenance	1,309,694	-	308,692	(1,001,002)
Central support services	234,188	-	96,063	(138,125)
Athletic activities	234,499	-	-	(234,499)
Food services	160,382	-	72,793	(87,589)
Community services	167,881	-	167,881	-
Unallocated depreciation	472,285	-	-	(472,285)
Unallocated interest	1,003,956	-	-	(1,003,956)
Total primary government	<u>\$ 12,437,517</u>	<u>\$ -</u>	<u>\$ 3,282,480</u>	<u>(9,155,037)</u>
<b>General Purpose Revenues</b>				
State school aid - unrestricted				9,325,413
Miscellaneous revenues				<u>187,240</u>
Total general purpose revenues				<u>9,512,653</u>
Change in net position				357,616
Net position - July 1, 2020				<u>(1,473,133)</u>
Net position - June 30, 2021				<u>\$ (1,115,517)</u>

See accompanying notes to financial statements

## VOYAGEUR ACADEMY

### COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2021

#### ASSETS

	<b>General</b>	<b>Debt Service</b>	<b>Non-Major</b>	<b>Total</b>
Cash and cash equivalents	\$ 1,340,744	\$ -	\$ -	\$ 1,340,744
Investments	- -	2,214,794	211,251	2,426,045
Due from other governmental units	3,146,686	- -	- -	3,146,686
Due from other funds	- -	- -	111,492	111,492
Prepaid expenses	<u>45,238</u>	<u>- -</u>	<u>- -</u>	<u>45,238</u>
 Total assets	 <u>\$ 4,532,668</u>	 <u>\$ 2,214,794</u>	 <u>\$ 322,743</u>	 <u>\$ 7,070,205</u>

#### LIABILITIES AND FUND BALANCE

##### **Liabilities**

Accounts payable	\$ 685,625	\$ - -	\$ - -	\$ 685,625
Due to other governmental units	- -	500,000	- -	500,000
Due to other funds	111,492	- -	- -	111,492
Unearned revenue	8,349	- -	- -	8,349
Other accrued expenses	<u>842,326</u>	<u>- -</u>	<u>- -</u>	<u>842,326</u>
 Total liabilities	 <u>1,647,792</u>	 500,000	 - -	 2,147,792

##### **Fund Balance**

Nonspendable	45,238	- -	- -	45,238
Restricted	- -	1,714,794	322,743	2,037,537
Unassigned	<u>2,839,638</u>	<u>- -</u>	<u>- -</u>	<u>2,839,638</u>
 Total fund balance	 <u>2,884,876</u>	 1,714,794	 322,743	 4,922,413
 Total liabilities and fund balance	 <u>\$ 4,532,668</u>	 <u>\$ 2,214,794</u>	 <u>\$ 322,743</u>	 <u>\$ 7,070,205</u>

See accompanying notes to financial statements

## VOYAGEUR ACADEMY

### RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2021

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

**Total Governmental Fund Balances** \$ 4,922,413

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$16,879,845 and the accumulated depreciation is \$5,650,797.

11,229,048

Interest is not payable until due in governmental activities and, therefore, is not recorded in the funds.

(501,978)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

(16,765,000)

**Net Position of Governmental Activities** \$ (1,115,517)

## VOYAGEUR ACADEMY

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	<b>General</b>	<b>Debt Service</b>	<b>Non-Major</b>	<b>Total</b>
<b>Revenues</b>				
Local sources	\$ 187,081	\$ 140	\$ 19	\$ 187,240
State sources	10,483,370	-	12,219	10,495,589
Federal sources	2,020,067	-	59,074	2,079,141
Interdistrict sources	<u>33,163</u>	<u>-</u>	<u>-</u>	<u>33,163</u>
Total governmental fund revenues	12,723,681	140	71,312	12,795,133
<b>Expenditures</b>				
Instruction				
Basic programs	4,430,400	-	-	4,430,400
Added needs	1,114,427	-	-	1,114,427
Support services				
Pupil support services	303,056	-	-	303,056
Instructional staff support services	993,408	-	-	993,408
General administration	1,226,356	-	-	1,226,356
School administration	772,656	-	-	772,656
Business support services	706	13,623	-	14,329
Operations and maintenance	1,309,694	-	-	1,309,694
Central support services	234,188	-	-	234,188
Athletic activities	234,499	-	-	234,499
Food services	-	-	160,382	160,382
Community services	167,881	-	-	167,881
Capital outlay	34,788	-	3,633	38,421
Debt principal and interest	<u>-</u>	<u>1,127,680</u>	<u>-</u>	<u>1,127,680</u>
Total governmental fund expenditures	<u>10,822,059</u>	<u>1,141,303</u>	<u>164,015</u>	<u>12,127,377</u>
Excess (deficiency) of revenues over expenditures	1,901,622	(1,141,163)	(92,703)	667,756
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	1,152,578	27,500	1,180,078
Operating transfers out	<u>(1,180,078)</u>	<u>-</u>	<u>-</u>	<u>(1,180,078)</u>
Total other financing sources (uses)	<u>(1,180,078)</u>	<u>1,152,578</u>	<u>27,500</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	721,544	11,415	(65,203)	667,756
Fund balance - July 1, 2020	<u>2,163,332</u>	<u>1,703,379</u>	<u>387,946</u>	<u>4,254,657</u>
Fund balance - June 30, 2021	<u><u>\$ 2,884,876</u></u>	<u><u>\$ 1,714,794</u></u>	<u><u>\$ 322,743</u></u>	<u><u>\$ 4,922,413</u></u>

See accompanying notes to financial statements

## VOYAGEUR ACADEMY

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 667,756
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period

Capital outlay	\$ 38,421	
Depreciation and amortization expense	<u>(472,285)</u>	(433,864)

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

Repayment of loan principal	\$ 120,000	
Interest expense	<u>3,724</u>	<u>123,724</u>

<b>Change in Net Position of Governmental Activities</b>	<u>\$ 357,616</u>
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## VOYAGEUR ACADEMY

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

##### **Reporting Entity**

Voyageur 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 1998.

In February 2019, the Academy extended a contract with Ferris State University's Board of Trustees to charter a public school academy through June 30, 2022. 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 Ferris State 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 approximately \$275,300.

In May 2019, the Academy extended an agreement with The Romine Group, Inc. expiring in June 2022. Under the terms of this agreement, The Romine Group, Inc. provides a variety of services including financial management, educational programs and consulting, as well as teacher training. The Academy is obligated to pay The Romine Group, Inc. nine and one-half percent of its state school aid revenue. The total paid for these services amounted to approximately \$887,200 for the year ended June 30, 2021 and there was a payable to The Romine group at June 30, 2021 of approximately \$448,000.

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

##### **Fund Financial Statements**

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

## VOYAGEUR ACADEMY

### NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2021

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **Basis of Presentation – Fund Accounting**

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

##### **Governmental Funds**

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

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

**Special Revenue Fund (Food Service)**- The special revenue fund is used to account for the food service program operations. The special revenue fund is a subsidiary operation and is an obligation of the general fund. Therefore, any shortfall in the special revenue fund will be covered by an operating transfer from the general fund.

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

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

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

- a. Revenue that is both measurable and available for use to finance operations is recorded as revenue when earned. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within sixty days of the end of the current fiscal period.

## VOYAGEUR ACADEMY

### NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2021

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

#### **Government-Wide Financial Statements**

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

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

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

## VOYAGEUR ACADEMY

### NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2021

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### Cash and Cash Equivalents

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

##### Receivables

Receivables at June 30, 2021 consist primarily of state school aid due from the State of Michigan and the federal government. All receivables are expected to be fully collected in July and August of 2021 and are considered current for the purposes of these financial statements.

##### Prepaid Assets

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

##### Capital Assets and Depreciation

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

## VOYAGEUR ACADEMY

### NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2021

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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

#### Accrued Liabilities and Long-Term Obligations

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

#### Net Position

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

#### Fund Equity

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

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

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

- a. *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

## VOYAGEUR ACADEMY

### NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2021

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- b. *Committed fund balance* – amounts constrained to specific purposes by the Board; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.
- c. *Assigned fund balance* – amounts the Board intends to use for a specific purpose; intent can be expressed by the Board or by an official or committee to which the Board delegates the authority.
- d. *Unassigned fund balance* – amounts that are available for any purpose; these amounts are reported only in the general fund.

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

#### Estimates

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

#### Upcoming Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases* which improves accounting and financial reporting for leases by governments. This statement requires 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 upon the payment provisions of the contact. 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. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Academy's financial statements for the year ending June 30, 2022.

## VOYAGEUR ACADEMY

### NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2021

#### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. The Academy is required by law to adopt a general fund budget. During the year ended June 30, 2021 the budget was amended in a legally permissible manner. A comparison of actual expenditures against amounts appropriated can be found on page 20 of these financial statements.

#### NOTE 3 - DEPOSITS AND INVESTMENTS

As of June 30, 2021, the Academy had the following investments:

Type	S&P Rating	Maturities	Carrying Value
<b>Deposits:</b>			
Demand deposits			\$ 1,340,744
<b>Investments:</b>			
U.S. Treasury and agency obligations	AAA	Various	<u>2,426,045</u>
Total deposits and investments			<u>\$ 3,766,789</u>

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

Deposits:	
Cash - General fund	\$ 1,340,744
<b>Investments:</b>	
Investments - Debt service fund	2,214,794
Investments - Capital projects fund	<u>211,251</u>
Total investments	<u>2,426,045</u>
Total deposits and investments	<u>\$ 3,766,789</u>

## VOYAGEUR ACADEMY

### NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2021

#### NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

##### Interest Rate Risk

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

##### Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2021, the Academy's investments were rated AAA by Standards & Poor's and Aaa-mf by Moody's Investors Service.

##### Concentration of Credit Risk

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

##### Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2021, \$1,017,198 of the Academy's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of June 30, 2021.

##### Custodial Credit Risk - Investments

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

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

##### Foreign Currency Risk

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

## VOYAGEUR ACADEMY

### NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2021

#### NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

##### Fair Value

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

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

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

#### NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

State sources	\$ 1,923,930
Federal sources	<u>1,222,756</u>
Total	<u>\$ 3,146,686</u>

## VOYAGEUR ACADEMY

### NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2021

#### NOTE 5 - CAPITAL ASSETS

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

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>June 30, 2021</b>
<b>Capital assets not subject to depreciation</b>				
Land	\$ 1,635,763	\$ -	\$ -	\$ 1,635,763
<b>Capital assets subject to depreciation</b>				
Building	12,025,360	- -	- -	12,025,360
Educational media and textbooks	48,400	22,632	- -	71,032
Furniture and equipment	2,191,356	15,789	- -	2,207,145
Improvements	940,545	- -	- -	940,545
Sub-total	16,841,424	38,421	- -	16,879,845
<b>Accumulated depreciation</b>				
Building	2,650,735	340,815	- -	2,991,550
Educational media and textbooks	48,400	- -	- -	48,400
Furniture and equipment	1,996,753	67,661	- -	2,064,414
Improvements	482,624	63,809	- -	546,433
Sub-total	5,178,512	472,285	- -	5,650,797
<b>Total net capital assets</b>	<b>\$ 11,662,912</b>	<b>\$ (433,864)</b>	<b>\$ -</b>	<b>\$ 11,229,048</b>

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

## VOYAGEUR ACADEMY

### NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2021

#### NOTE 6 – OTHER ACCRUED EXPENSES

Other accrued expenses can be summarized as follows:

	<u>Net Position</u>	<u>Funds</u>
Purchased services - payroll and benefits	\$ 455,291	\$ 455,291
Management fee	199,522	199,522
University oversight fee	50,082	50,082
Other accrued expenses	137,431	137,431
Interest	501,978	-
 Total other accrued expenses	 <u>\$ 1,344,304</u>	 <u>\$ 842,326</u>

#### NOTE 7 - LONG-TERM OBLIGATIONS PAYABLE

The following is a summary of long-term obligations for the Academy during the year ended June 30, 2021:

##### Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
2017 Revenue bond	Average rate of 5.72%	Various through July, 2046	Twice yearly payments of principal and interest. Secured by facilities, funds held in trust, and a pledge for 20% of future State School Aid payments.

##### Loan Activity

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
2017 Revenue bond	<u>\$ 16,885,000</u>	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ 16,765,000</u>	<u>\$ 135,000</u>

## VOYAGEUR ACADEMY

### NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2021

#### NOTE 7 - LONG-TERM OBLIGATIONS PAYABLE - Continued

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

	<u>Principal</u>	<u>Interest</u>
2022	\$ 135,000	\$ 999,788
2023	160,000	990,715
2024	185,000	980,168
2025	210,000	968,145
2026	240,000	954,500
2027 - 2031	1,655,000	4,507,753
2032 - 2036	2,665,000	3,861,980
2037 - 2041	4,065,000	2,856,013
2042 - 2046	5,970,000	1,370,073
2047	1,480,000	43,660

#### NOTE 8 – OPERATING LEASES

##### Lease Information

	<u>Maturity Date</u>	<u>Approximate Payment</u>	<u>Other</u>
Building lease	June, 2022	\$278,000 yearly	Payable in monthly equal installments of \$23,333
Building lease	June, 2022	\$16,560 yearly	Payable in monthly equal installments of \$1,380

The approximate amount of lease obligations coming due during the next year is as follows:

2022	\$294,560
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Total lease expense included in the statement of activities for the year ended June 30, 2021 amounted to \$287,768.

## VOYAGEUR ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2021

### NOTE 9 - INTERFUND TRANSFERS

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

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
Transfer In	\$ -	\$ 27,500	\$ 1,152,578
Transfer Out	1,180,078	-	-

As stipulated by the Academy's revenue bond agreement as described in Note 7, the Academy must transfer 20% of its state aid to a trustee. The trustee retains the required portion for debt service and returns the remainder to the Academy.

### NOTE 10 - RISK MANAGEMENT

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

### NOTE 11 – CONTINGENCIES

The COVID-19 pandemic that the world is experiencing is unprecedented. It is nearly impossible to fully anticipate the long term effects the impact it will have on the economy and the Academy's operations. As of the date of these financial statements, the Academy continues to evaluate and implement risk mitigation tactics including all aspects of the Academy's activities related to public school education, relationships with local, state, and federal government funding sources, compliance with the requirements of these funding sources and with business transactions with customers, vendors and human interaction within and outside of the Academy.

## **SUPPLEMENTARY INFORMATION**

## VOYAGEUR ACADEMY

### REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>				
Local sources	\$ 81,460	\$ 179,200	\$ 187,081	\$ 7,881
State sources	9,716,004	10,483,395	10,483,370	(25)
Federal sources	1,639,233	2,280,331	2,020,067	(260,264)
Interdistrict sources	-	-	33,163	33,163
Total general fund revenues	11,436,697	12,942,926	12,723,681	(219,245)
<b>Expenditures</b>				
Instruction				
Basic programs	4,159,250	4,683,692	4,430,400	(253,292)
Added needs	1,291,293	1,199,990	1,114,427	(85,563)
Support services				
Pupil support services	265,939	325,471	303,056	(22,415)
Instructional staff support services	654,470	997,090	993,408	(3,682)
General administration	1,137,572	1,304,508	1,226,356	(78,152)
School administration	708,205	802,536	772,656	(29,880)
Business support services	5,000	1,000	706	(294)
Operations and maintenance	1,583,624	1,422,665	1,309,694	(112,971)
Pupil transportation services	225,000	-	-	-
Central support services	154,500	282,311	234,188	(48,123)
Athletic activities	216,671	267,671	234,499	(33,172)
Community services	165,509	188,684	167,881	(20,803)
Capital outlay	-	100,000	34,788	(65,212)
Total general fund expenditures	<u>10,567,033</u>	<u>11,575,618</u>	<u>10,822,059</u>	<u>(753,559)</u>
Excess (deficiency) of revenues over expenditures	869,664	1,367,308	1,901,622	534,314
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	(1,176,892)	(1,175,892)	(1,180,078)	(4,186)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(307,228)	191,416	721,544	530,128
Fund balance - July 1, 2020	<u>2,163,332</u>	<u>2,163,332</u>	<u>2,163,332</u>	<u>-</u>
Fund balance - June 30, 2021	<u>\$ 1,856,104</u>	<u>\$ 2,354,748</u>	<u>\$ 2,884,876</u>	<u>\$ 530,128</u>

## VOYAGEUR ACADEMY

SUPPLEMENTARY INFORMATION  
COMBINING BALANCE SHEET – NON-MAJOR FUNDS  
JUNE 30, 2021

### ASSETS

	<u>Special Revenue -</u> <u>Food Services</u>	<u>Capital</u> <u>Projects</u>	<u>Total</u>
Investments	\$ -	\$ 211,251	\$ 211,251
Due from other funds	<u>111,492</u>	<u>-</u>	<u>111,492</u>
<b>Total assets</b>	<b><u>111,492</u></b>	<b><u>211,251</u></b>	<b><u>322,743</u></b>

### LIABILITIES AND FUND BALANCE

#### **Fund Balance**

Restricted	<u>\$ 111,492</u>	<u>\$ 211,251</u>	<u>\$ 322,743</u>
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## VOYAGEUR ACADEMY

SUPPLEMENTARY INFORMATION  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE – NON-MAJOR FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	<b>Special Revenue - Food Services</b>	<b>Capital Projects</b>	<b>Total</b>
<b>Revenues</b>			
Local sources	\$ -	\$ 19	\$ 19
State sources	12,219	-	12,219
Federal sources	<u>59,074</u>	<u>-</u>	<u>59,074</u>
Total governmental fund revenues	71,293	19	71,312
<b>Expenditures</b>			
Support services			
Food services	160,382	-	160,382
Capital outlay	<u>3,633</u>	<u>-</u>	<u>3,633</u>
Total governmental fund expenditures	<u>164,015</u>	<u>-</u>	<u>164,015</u>
Excess (deficiency) of revenues over expenditures	(92,722)	19	(92,703)
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	<u>-</u>	<u>27,500</u>	<u>27,500</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(92,722)	27,519	(65,203)
Fund balance - July 1, 2020	<u>204,214</u>	<u>183,732</u>	<u>387,946</u>
Fund balance - June 30, 2021	<u>\$ 111,492</u>	<u>\$ 211,251</u>	<u>\$ 322,743</u>

## VOYAGEUR ACADEMY

### SCHEDULE OF REVENUES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

#### Local Sources

Student activities	\$ 21,257
Other local revenues	<u>165,824</u>
Total local sources	187,081

#### State Sources

At risk	980,778
Special education	177,179
State aid	<u>9,325,413</u>
Total state sources	10,483,370

#### Federal Sources

IDEA	181,546
Title I	613,702
Title II A	72,891
Title III	18,441
Title IV	46,698
Other program revenue	<u>1,086,789</u>
Total federal sources	2,020,067

#### Interdistrict Sources

Total general fund revenues	<u>\$ 12,723,681</u>
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## VOYAGEUR ACADEMY

### SCHEDULE OF EXPENDITURES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

#### **Basic Programs**

Purchased services	\$ 3,880,739
Supplies and materials	480,651
Other expenditures	<u>69,010</u>
Total basic programs	4,430,400

#### **Added Needs**

Purchased services	1,114,123
Supplies and materials	<u>304</u>
Total added needs	1,114,427

#### **Pupil Support Services**

Guidance services	15,000
Health services	6,148
Psychological services	13,170
Speech pathology and audiology	87,444
Social work services	172,182
Other pupil services	<u>9,112</u>
Total pupil support services	303,056

#### **Instructional Staff Support Services**

Purchased services	650,802
Repairs and maintenance	50,068
Supplies and materials	<u>292,538</u>
Total instructional staff support services	993,408

#### **General Administration**

Purchased services	56,337
Management fees	887,244
University oversight	275,325
Repairs and maintenance	286
Other expenditures	<u>7,164</u>
Total general administration	1,226,356

## VOYAGEUR ACADEMY

### SCHEDULE OF EXPENDITURES – GENERAL FUND - CONTINUED FOR THE YEAR ENDED JUNE 30, 2021

#### **School Administration**

Purchased services	750,316
Supplies and materials	10,594
Other expenditures	<u>11,746</u>
 Total school administration	 772,656

#### **Business Support Services**

Other expenditures	706
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#### **Operations and Maintenance**

Purchased services	666,595
Repairs and maintenance	201,466
Rentals	287,768
Supplies and materials	<u>153,865</u>
 Total operations and maintenance	 1,309,694

#### **Central Support Services**

Purchased services	53,450
Repairs and maintenance	135,819
Rentals	20,840
Supplies and materials	23,423
Other expenditures	<u>656</u>
 Total central support services	 234,188

#### **Athletic Activities**

Purchased services	135,963
Other purchased services	11,515
Supplies and materials	57,508
Other expenditures	<u>29,513</u>
 Total athletic activities	 234,499

## VOYAGEUR ACADEMY

### SCHEDULE OF EXPENDITURES – GENERAL FUND - CONTINUED FOR THE YEAR ENDED JUNE 30, 2021

#### **Community Services**

Purchased services	166,399
Other purchased services	1,143
Supplies and materials	<u>339</u>
Total community services	167,881

#### **Capital Outlay**

Total general fund expenditures	<u>\$ 34,788</u>
	<u>\$ 10,822,059</u>

## APPENDIX

### Federal Awards Report

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

To the Board of Directors  
of Voyageur 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 Voyageur Academy, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Voyageur Academy's basic financial statements, and have issued our report thereon dated October 26, 2021.

### **Internal Control over Financial Reporting**

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

### **Purpose of this Report**

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



Croskey Lanni, PC

Rochester, Michigan  
October 26, 2021

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

To the Board of Directors  
of Voyageur Academy

We have audited Voyageur 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 Voyageur Academy's major federal programs for the year ended June 30, 2021. Voyageur 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 Voyageur 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 Voyageur 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 Voyageur Academy's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Voyageur 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.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major program is not modified with respect to this matter.

The Academy's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Academy's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of Voyageur 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 Voyageur 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 Voyageur 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.



Croskey Lanni, PC

Rochester, Michigan  
October 26, 2021

## VOYAGEUR ACADEMY

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

Program Title/Project Number Subrecipient Name	Grant/ Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2020	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Accrued (Deferred) Revenue at June 30, 2021	Current Year Cash Transferred To Subrecipient
<b>Clusters:</b>									
<b>Child Nutrition Cluster - U.S. Department of Agriculture -</b>									
<b>Passed through Michigan Department of Education:</b>									
National School Lunch Program 2019-20 - COVID-19	200902	10.555	28,030	28,030	2,492	-	2,492	-	-
National School Lunch Program 2020-21	201960/211960	10.555	<u>36,550</u>	-	-	-	32,659	<u>36,550</u>	<u>3,891</u>
National School Lunch Program Subtotal		10.555	64,580	28,030	2,492	-	35,151	36,550	3,891
National School Breakfast Program 2020-21	201970/211970	10.553	<u>20,745</u>	-	-	-	20,745	<u>22,524</u>	<u>1,779</u>
<b>Total Child Nutrition Cluster</b>			85,325	28,030	2,492	-	55,896	59,074	5,670
<b>Special Education Cluster - U.S. Department of Ed. -</b>									
<b>Passed through the Wayne County RESA:</b>									
<b>IDEA Flowthrough:</b>									
IDEA Flowthrough 1920	201450	84.027	168,000	168,000	168,000	-	168,000	-	-
IDEA Flowthrough 2021	211450	84.027	<u>181,547</u>	-	-	-	107,302	<u>181,547</u>	<u>74,245</u>
<b>Total Special Education Cluster</b>			349,547	168,000	168,000	-	275,302	181,547	74,245
<b>Other federal awards:</b>									
<b>U.S. Department of Ed. - Passed through the Michigan Department of Education:</b>									
<b>Title I Part A:</b>									
Title I Part A 1920	201530	84.010	665,501	614,485	348,909	-	348,909	-	-
Title I Part A 2021	211530	84.010	<u>723,845</u>	-	-	-	232,238	<u>613,702</u>	<u>381,464</u>
<b>Total Title I Part A</b>		84.010	1,389,346	614,485	348,909	-	581,147	613,702	381,464

See accompanying notes to schedule of expenditures of federal awards

## VOYAGEUR ACADEMY

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued FOR THE YEAR ENDED JUNE 30, 2021

Program Title/Project Number Subrecipient Name	Grant/ Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued		Federal Funds/ Payments In-kind Received	Accrued (Deferred) Revenue at June 30, 2021	Current Year Cash Transferred To Subrecipient							
					(Deferred) Revenue at July 1, 2020	Adjustments and Transfers										
<b>Other federal awards (Continued):</b>																
<b>Title III Part A - English Language Acquisition:</b>																
Title III Part A1920	200580	84.365	19,218	19,218	9,243	-	9,243	-	-							
Title III Part A2021	210580	84.365	18,441	-	-	-	-	18,441	18,441							
Total Title III Part A		84.365	37,659	19,218	9,243	-	9,243	18,441	18,441							
<b>Title II Part A - Supporting Effective Instruction:</b>																
Title II Part A1920	200520	84.367	129,565	118,367	38,595	-	38,595	-	-							
Title II Part A2021	210520	84.367	102,964	-	-	-	16,324	72,891	56,567							
Total Title II Part A		84.367	232,529	118,367	38,595	-	54,919	72,891	56,567							
<b>Title IV Part A Student Support &amp; Academic Enrichment:</b>																
Title IV Part A1920	200750	84.424	51,534	51,534	6,788	-	6,788	-	-							
Title IV Part A2021	210750	84.424	48,492	-	-	-	27,170	46,698	19,528							
Total Title IV Part A		84.424	100,026	51,534	6,788	-	33,958	46,698	19,528							
<b>Education Stabilization Fund::</b>																
Governor's Emergency Education Relief (GEER) Fund 2021 - COVID-19	201200	84.425	122,304	-	-	-	-	94,477	94,477							
Elementary and Secondary School Emergency Relief Fund (ESSER I) 1920 - COVID-19	203710	84.425	544,257	-	-	-	-	471,648	471,648							
Education Equity - Elementary and Secondary School Emergency Relief (ESSER) 1920 - COVID-19	203720	84.425	100,716	-	-	-	-	100,716	100,716							
Total Education Stabilization Fund		84.425	767,277	-	-	-	-	666,841	666,841							

See accompanying notes to schedule of expenditures of federal awards

## VOYAGEUR ACADEMY

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued FOR THE YEAR ENDED JUNE 30, 2021

Program Title/Project Number Subrecipient Name	Grant/ Project Number	CFDA Number	Approved Awards Amount	Accrued		Federal Funds/		Accrued (Deferred) Revenue at June 30, 2021	Current Year Cash Transferred To Subrecipient
				(Memo Only) Prior Year Expenditures	(Deferred) Revenue at July 1, 2020	Adjustments and Transfers	Payments In-kind Received		
<b>Other federal awards (Continued):</b>									
U.S. Department of Treasury - Passed through the Michigan Department of Education:									
Coronavirus Relief Fund (CRF):									
CRF State Aid 2021 - COVID-19	11(p)	21.019	405,668	-	-	-	405,668	405,668	-
CRF District COVID Costs - COVID-19	103(2)	21.019	14,279	-	-	-	14,279	14,279	-
Coronavirus Relief Fund		21.019	419,947	-	-	-	419,947	419,947	-
<b>Total Federal Awards</b>			<b>\$3,381,656</b>	<b>\$ 999,634</b>	<b>\$ 574,027</b>	<b>\$ -</b>	<b>\$1,430,412</b>	<b>\$2,079,141</b>	<b>\$ 1,222,756</b>

See accompanying notes to schedule of expenditures of federal awards

## VOYAGEUR ACADEMY

### RECONCILIATION OF BASIC FINANCIAL STATEMENTS FEDERAL REVENUE WITH SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

#### Revenues to Expenditures

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

General Fund	\$ 2,020,067
Special Revenue - Food Services Fund	<u>59,074</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 2,079,141</u>

## VOYAGEUR ACADEMY

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

#### **NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Voyageur Academy under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Voyageur Academy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Voyageur Academy.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **NOTE 3 – INDIRECT COST RATE**

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

#### **NOTE 4 - NONCASH ASSISTANCE**

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

#### **NOTE 5 - GRANT AUDITOR REPORT**

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

## VOYAGEUR ACADEMY

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

#### SECTION I - SUMMARY OF THE AUDITOR'S RESULTS

##### *Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  yes  no

##### *Federal Awards*

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?  yes  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between

Type A and Type B programs as described in 2 CFR section 200.518(b): \$ 750,000

Auditee qualified as low-risk auditee?  yes  no

#### SECTION II – FINANCIAL STATEMENT FINDINGS

**None**

## VOYAGEUR ACADEMY

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued FOR THE YEAR ENDED JUNE 30, 2021

#### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Reference Number	Findings
2021-001	<p><b>Program Income</b></p> <p><b>Finding Type</b> – Noncompliance with laws and regulations.</p> <p><b>Repeat Finding</b> – No</p> <p><b>Criteria</b> – In accordance with 7 CFR 210.19(a)(2), the Academy's Nonprofit School Food Service Account's (NSFSA) fund balance, or net cash resources, must not exceed three months' average expenditures.</p> <p><b>Condition</b> – The Academy's NSFSA's fund balance exceeded the allowable three months' average expenditures balance as of June 30, 2021. The Academy had approximately 6.80 months of expenditures as fund balance as of June 30, 2021. The Academy will be required to submit a Plan of Action and obtain Michigan Department of Education's (MDE) prior approval to improve the food quality or take other action designed to improve the program in accordance with 7 CFR 210.19(a)(2).</p> <p><b>Questioned Costs</b> – None</p> <p><b>Cause</b> – Unknown</p> <p><b>Effect</b> – The Academy is not in compliance with U.S. Department of Agriculture regulations.</p> <p><b>Recommendation</b> – The Academy should submit a Plan of Action and obtain Michigan Department of Education's (MDE) prior approval to improve the food quality or take other action designed to improve the program in accordance with 7 CFR 210.19(a)(2).</p> <p><b>Auditee Response</b> – The Academy agrees with the finding and is implementing procedures in order to prevent this noncompliance in the future.</p>