

Audited Financial Statements

Michigan Collegiate

Roseville, Michigan

June 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Michigan Collegiate

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Michigan Collegiate, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Michigan Collegiate's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Michigan Collegiate, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Michigan Collegiate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Michigan Collegiate's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Michigan Collegiate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Michigan Collegiate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as detailed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Michigan Collegiate’s basic financial statements. The accompanying additional supplementary information, as identified in the Table of Contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information, including 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 30, 2024, on our consideration of Michigan Collegiate’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 Michigan Collegiate’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 Michigan Collegiate’s internal control over financial reporting and compliance.



Croskey Lanni, PC

Rochester, Michigan
October 30, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

Michigan Collegiate (the “School”) offers readers of the School’s basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2024.

Management’s discussion and analysis is included at the beginning of the School’s basic financial statements to provide, in layman’s terms, the past and current position of the School’s financial condition. This summary should not be taken as a replacement for the audit which consists of the basic financial statements and other supplementary information. Please read it in conjunction with the school’s financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Our basic financial statements provide these insights into the results of this year’s operations.

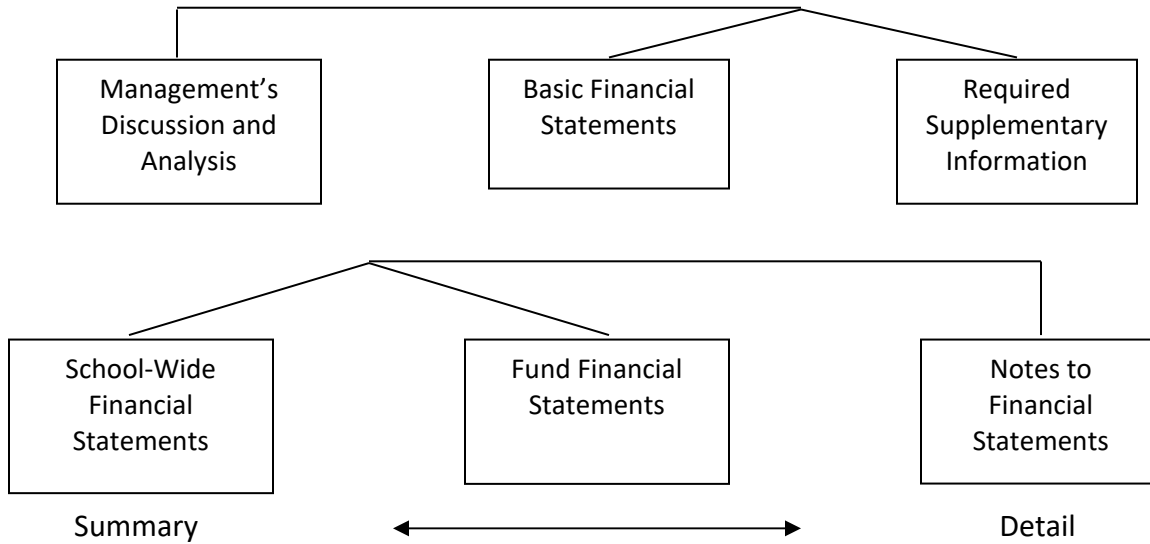
- ❖ The total cost of basic programs was \$3,407,053.
- ❖ Revenues and other financing sources were \$13,654,131 while expenditures and other financing uses were \$13,307,041 in the General Fund.
- ❖ The school has a positive General Fund balance of \$2,266,229.

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 such as regular and special education were financed.

**Figure A-1
Organization of MC'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
Scope	Entire school (except fiduciary funds)	The activities of the school that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	*Statement of net position *Statement of activities	*Balance sheet *Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources
Type of asset/liability information	All assets and liabilities both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

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 it has 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 one kind of fund:

- ❖ *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.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

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

General Fund Budgetary Analysis

State law requires that budgets be amended to ensure that expenditures do not exceed appropriations. Over the course of the year, the school reviewed and amended the annual operating budget several times. Original and final budgets, as well as actual amounts paid and received, are included in the required supplemental information.

Financial Outlook

Michigan Collegiate's financial forecast continues to be optimistic heading into the 2024/2025 school year.

- ❖ State funding comprised approximately 70% of total funding received by the School for the 2023/2024 year.
- ❖ The state aid foundation per pupil allocation for the 2024/2025 school year will remain at 2023/2024 levels. This will provide the School continued opportunities to solidly its standing in the community by maintaining staff, improving education and social programs, and upgrading facilities and technology for students.
- ❖ The State education budget for 2024/2025 includes a one-time grant for public school academies in the amount of 3.9% of the district's foundation allowance that are not part of the MPSERS retirement system. Michigan Collegiate qualifies for this additional funding.

Figure A-3
Michigan Collegiate's Net Position

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 7,879,380	\$ 5,755,085
Capital assets	<u>11,550,492</u>	<u>10,926,377</u>
Total assets	19,429,872	16,681,462
Long-term debt outstanding	10,202,690	10,762,313
Current liabilities	<u>4,255,115</u>	<u>2,402,657</u>
Total liabilities	14,457,805	13,164,970
Net position:		
Net investment in capital assets	445,742	(563,720)
Restricted	2,305,365	2,208,858
Unrestricted	<u>2,220,960</u>	<u>1,871,354</u>
Total net position	<u>\$ 4,972,067</u>	<u>\$ 3,516,492</u>

Figure A-4
Changes in Michigan Collegiate's Net Position

	2024	2023
Revenues:		
Program revenues:		
Charges for services	\$ 62,141	\$ 24,069
Federal and state operating grants	5,280,667	3,560,453
General revenues:		
State aid – unrestricted	8,492,885	7,942,919
Miscellaneous	152,115	109,452
Total revenues	13,987,808	11,636,893
Expenses:		
Instruction	5,241,015	4,224,518
Support services	5,873,849	5,326,146
Interest on long-term debt	589,734	603,747
Unallocated depreciation / amortization	827,635	770,851
Total expenses	12,532,233	10,925,262
Change in net position	\$ 1,455,575	\$ 711,631

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2024, the School had invested \$17,985,235 in capital assets, including land, facilities and improvements, computers, equipment, leased assets, and software. See Note 5 for a listing of capital assets, and the accumulated depreciation/amortization.

Figure A-5
Michigan Collegiate's Capital Assets

	Balance June 30, 2024	Balance June 30, 2023
Land	\$ 4,025,718	\$ 4,025,718
Construction in process	33,915	33,915
Right to use assets	1,519,693	1,073,728
Building and improvements	11,028,028	10,960,947
Furniture	1,159,193	327,563
Computers	218,688	111,614
Sub-total	17,985,235	16,533,485
Less: accumulated depreciation / amortization	6,434,743	5,607,108
Net book value of assets	\$ 11,550,492	\$ 10,926,377

Long-Term Debt

- ❖ A summary of long-term debt service activities is as follows:

Figure A-6
Michigan Collegiate's Long-Term Obligations

	Balance June 30, 2024	Balance June 30, 2023
Direct borrowing	\$ 669,750	\$ 495,097
Revenue bonds	<u>10,435,000</u>	<u>10,995,000</u>
Total long-term obligations	<u><u>\$ 11,104,750</u></u>	<u><u>\$ 11,490,097</u></u>

FACTORS BEARING ON THE SCHOOL'S FUTURE

- ❖ Effective use of additional federal and state aid funds.
- ❖ Maintaining staffing levels.
- ❖ Positive enrollment trends
- ❖ State aid foundation continued grant stabilization

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

MICHIGAN COLLEGIATE

STATEMENT OF NET POSITION JUNE 30, 2024

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,049,103
Investments - restricted for debt service	2,205,517
Accounts receivable	16,364
Deposits	13,979
Due from other governmental units	4,457,570
Prepaid expenses	<u>136,847</u>
Total current assets	7,879,380

Capital Assets - Net of Accumulated Depreciation / Amortization

11,550,492

Total assets

\$ 19,429,872

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$ 986,738
Notes payable	186,722
Unearned revenue	1,491,833
Other accrued liabilities	687,762
Long-term debt - current portion	<u>902,060</u>

Total current liabilities

4,255,115

Long-Term Debt - Long-Term Portion

10,202,690

Net Position

Net investment in capital assets	445,742
Restricted for debt service	2,305,365
Unrestricted	<u>2,220,960</u>

Total net position

4,972,067

Total liabilities and net position

\$ 19,429,872

See accompanying notes to financial statements

MICHIGAN COLLEGIATE

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

Functions	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants	Government Type Activities
Instruction				
Basic programs	\$ 3,407,053	\$ 19,000	\$ 595,293	\$ (2,792,760)
Added needs	1,833,962	-	1,833,962	-
Support services				
Pupil support services	197,696	-	197,696	-
Instructional staff support services	158,502	-	11,666	(146,836)
General administration	1,032,734	-	-	(1,032,734)
School administration	782,459	-	27,163	(755,296)
Business support services	38,598	-	-	(38,598)
Operations and maintenance	1,066,255	-	261,345	(804,910)
Pupil transportation services	1,140,558	-	1,486,043	345,485
Central support services	145,587	-	17,754	(127,833)
Athletic activities	442,321	27,921	-	(414,400)
Other student activities	7,974	15,220	339	7,585
Food services	694,908	-	683,149	(11,759)
Community services	257	-	257	-
Site improvement services	166,000	-	166,000	-
Unallocated depreciation / amortization	827,635	-	-	(827,635)
Unallocated interest	589,734	-	-	(589,734)
Total primary government	\$ 12,532,233	\$ 62,141	\$ 5,280,667	(7,189,425)
General Purpose Revenues				
State school aid - unrestricted				8,492,885
Miscellaneous revenues				152,115
Total general purpose revenues				8,645,000
Change in net position				1,455,575
Net position - July 1, 2023				3,516,492
Net position - June 30, 2024				\$ 4,972,067

See accompanying notes to financial statements

MICHIGAN COLLEGIATE

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2024

ASSETS

	General	Debt Service	Non-Major	Total
Cash and cash equivalents	\$ 1,049,103	\$ -	\$ -	\$ 1,049,103
Investments	-	2,205,517	-	2,205,517
Accounts receivable	16,364	-	-	16,364
Deposits	13,979	-	-	13,979
Due from other funds	-	-	99,848	99,848
Due from other governmental units	4,457,570	-	-	4,457,570
Prepaid expenses	136,847	-	-	136,847
	<u>\$ 5,673,863</u>	<u>\$ 2,205,517</u>	<u>\$ 99,848</u>	<u>\$ 7,979,228</u>
Total assets	\$ 5,673,863	\$ 2,205,517	\$ 99,848	\$ 7,979,228

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 986,738	\$ -	\$ -	\$ 986,738
Notes payable	186,722	-	-	186,722
Due to other funds	99,848	-	-	99,848
Unearned revenue	1,491,833	-	-	1,491,833
Other accrued liabilities	642,493	-	-	642,493
	<u>3,407,634</u>	<u>-</u>	<u>-</u>	<u>3,407,634</u>
Total liabilities	3,407,634	-	-	3,407,634

Fund Balance

Nonspendable	136,847	-	-	136,847
Restricted	-	2,205,517	99,848	2,305,365
Unassigned	2,129,382	-	-	2,129,382
	<u>2,266,229</u>	<u>2,205,517</u>	<u>99,848</u>	<u>4,571,594</u>
Total fund balance	2,266,229	2,205,517	99,848	4,571,594
Total liabilities and fund balance	\$ 5,673,863	\$ 2,205,517	\$ 99,848	\$ 7,979,228

See accompanying notes to financial statements

MICHIGAN COLLEGIATE

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2024

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

Total Governmental Fund Balances	\$ 4,571,594
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$17,985,235 and the accumulated depreciation / amortization is \$6,434,743.	11,550,492
Interest is not payable until due in governmental activities and, therefore, is not recorded in the funds.	(45,269)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(11,104,750)</u>
Net Position of Governmental Activities	<u><u>\$ 4,972,067</u></u>

MICHIGAN COLLEGIATE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Non-Major</u>	<u>Total</u>
Revenues				
Local sources	\$ 117,946	\$ 96,310	\$ -	\$ 214,256
State sources	9,237,606	-	12,566	9,250,172
Federal sources	3,371,748	-	670,583	4,042,331
Interdistrict sources	481,049	-	-	481,049
Total governmental fund revenues	13,208,349	96,310	683,149	13,987,808
Expenditures				
Instruction				
Basic programs	3,407,053	-	-	3,407,053
Added needs	1,833,962	-	-	1,833,962
Support services				
Pupil support services	197,696	-	-	197,696
Instructional staff support services	158,502	-	-	158,502
General administration	1,032,734	-	-	1,032,734
School administration	782,459	-	-	782,459
Business support services	35,848	2,750	-	38,598
Operations and maintenance	1,066,255	-	-	1,066,255
Pupil transportation services	1,140,558	-	-	1,140,558
Central support services	145,587	-	-	145,587
Athletic activities	442,321	-	-	442,321
Other student activities	-	-	7,974	7,974
Food services	-	-	694,908	694,908
Community services	257	-	-	257
Site improvement services	166,000	-	-	166,000
Capital outlay	1,440,050	-	11,700	1,451,750
Debt principal and interest	306,154	1,117,225	-	1,423,379
Total governmental fund expenditures	12,155,436	1,119,975	714,582	13,989,993
Excess (deficiency) of revenues over expenditures	1,052,913	(1,023,665)	(31,433)	(2,185)
Other Financing Sources (Uses)				
Proceeds from leases	445,965	-	-	445,965
Operating transfers in	-	1,151,605	-	1,151,605
Operating transfers out	(1,151,605)	-	-	(1,151,605)
Total other financing sources (uses)	(705,640)	1,151,605	-	445,965
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	347,273	127,940	(31,433)	443,780
Fund balance - July 1, 2023	1,918,956	2,077,577	131,281	4,127,814
Fund balance - June 30, 2024	<u>\$ 2,266,229</u>	<u>\$ 2,205,517</u>	<u>\$ 99,848</u>	<u>\$ 4,571,594</u>

See accompanying notes to financial statements

MICHIGAN COLLEGIATE

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, 2024

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

Net Change in Fund Balances - Total Governmental Funds	\$	443,780
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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	\$	1,451,750	
Depreciation and amortization expense		<u>(827,635)</u>	624,115

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

Proceeds from long-term debt	\$	(445,965)	
Repayment of loan principal		831,312	
Interest expense		<u>2,333</u>	<u>387,680</u>

Change in Net Position of Governmental Activities	\$	<u><u>1,455,575</u></u>
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MICHIGAN COLLEGIATE

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Michigan Collegiate (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

Michigan Collegiate, formerly known as Conner Creek Academy East was formed as a public school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994. The Academy filed articles of incorporation as a nonprofit corporation pursuant to the provisions of the Michigan Nonprofit Corporation Act of 1982, as amended, on June 9, 1999, and began operation in July 1999.

In June 2021, the Academy extended a contract with Ferris State University’s Board of Trustees to charter a public school academy through June 30, 2026. 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, 2024 were approximately \$231,990.

In July 2021, the Academy entered into an agreement with The Romine Group, Inc (“TRG”) to provide a variety of services including payroll, other human resource services and various business services. The contract runs coterminous with their authorizer agreement. The Academy is obligated to pay TRG 10% of State School Aid for these services. TRG agreed to cap management fees at \$700,000 for the year. The total paid for these services amounted to \$700,000 for the year ended June 30, 2024.

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

Fund Financial Statements

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

Basis of Presentation – Fund Accounting

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

MICHIGAN COLLEGIATE

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental Funds

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

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

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

Special Revenue Fund (Student Activities) - The Academy presently maintains an activity fund to record the transactions of student groups for school and school-related purposes. The student activity fund is a subsidiary operation and is an obligation of the general fund. Therefore, any shortfall in the student activity fund will be covered by an operating transfer from the general fund.

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

Capital Projects Fund - The capital projects fund, which the Academy does not currently maintain, accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities.

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

- a. Revenue that is both measurable and available for use to finance operations is recorded as revenue when earned. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within sixty days of the end of the current fiscal period.
- b. Payments for inventorable types of supplies, which are not significant at year end, are recorded as expenditures at the time of purchase.
- c. Principal and interest of general long-term debt are not recorded as expenditures until their due dates.

MICHIGAN COLLEGIATE

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

Cash and Cash Equivalents

The Academy's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition. The Academy reports its investments in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and GASB No. 40, Deposit and Investment Risk Disclosures. Under these standards, certain

MICHIGAN COLLEGIATE

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Accounts receivables and due from other governmental units at June 30, 2024 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 2024 and are considered current for the purposes of these financial statements.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

Capital Assets and Depreciation

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

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Right to use assets of the Academy are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. Depreciation and amortization are 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

MICHIGAN COLLEGIATE

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 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 is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is displayed in the following three components: Net position represents the difference between assets, deferred outflows, 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.

Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on the use of net position by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of Net investment in capital assets or Restricted.

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.

MICHIGAN COLLEGIATE

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

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

Leases

Leases and Subscription Based IT Arrangements (SBITA)

The Academy is a lessee for a noncancelable lease/subscription of a building, equipment and software. The Academy recognizes a lease/SBITA liability and an intangible right-to-use lease/SBITA asset in the government-wide financial statements.

At the commencement of a lease/subscription, the Academy initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/SBITA term. Subsequently, the lease/SBITA liability is reduced by the principal portion of lease/SBITA payments made. The lease/SBITA asset is initially measured as the initial amount of the lease/SBITA liability, adjusted for lease/SBITA payments made at or before the lease/SBITA commencement date, plus certain initial direct costs. Subsequently, the lease/SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases included how the Academy determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value, (2) lease/SBITA term, and (3) lease/SBITA payments.

MICHIGAN COLLEGIATE

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- The Academy uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Academy generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITA.
- The lease/SBITA term includes the noncancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the Academy is reasonably certain to exercise.

The Academy monitors changes in circumstances that would require a remeasurement of its lease/SBITA and will remeasure the lease/SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liability.

Lease/SBITA assets are reported with other capital assets and lease/SBITA liabilities are reported with long-term obligations on the statement of net position.

Estimates

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

Upcoming Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

MICHIGAN COLLEGIATE

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This Statement establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following:

- a. Management’s discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

MICHIGAN COLLEGIATE

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. The Academy is required by law to adopt a general fund budget. During the year ended June 30, 2024 the budget was amended in a legally permissible manner. Comparison of board approved appropriations to actual expenditures is detailed on page 22 of these financial statements.

NOTE 3 - DEPOSITS AND INVESTMENTS

As of June 30, 2024, the Academy had the following investments:

<u>Type</u>	<u>S&P Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			\$ 1,049,103
Investments:			
U.S. Government obligations	AAAm	Various	<u>2,205,517</u>
Total deposits and investments			<u><u>\$ 3,254,620</u></u>

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

Deposits:			
Cash - General fund			\$ 1,049,103
Investments:			
Investments - Debt service fund			<u>2,205,517</u>
Total deposits and investments			<u><u>\$ 3,254,620</u></u>

Interest Rate Risk

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

MICHIGAN COLLEGIATE

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2024, the Academy's investments were rated AAAM by Standards & Poor's and Aaa by Moody's Investors Service.

Concentration of Credit Risk

The Academy will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5% of the Academy's investments are U.S. Government obligations which represents 100% of the Academy's total investments.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2024, \$841,732 of the Academy's cash was exposed to custodial credit risk. All cash balances were uncollateralized as of June 30, 2024.

Custodial Credit Risk - Investments

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

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

Foreign Currency Risk

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

Fair Value

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

MICHIGAN COLLEGIATE

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

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

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

The Academy's investments are U.S Government obligations that are subject to the fair value measurement and are considered Level 1 investments.

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

State sources	\$ 1,919,423
Federal sources	<u>2,538,147</u>
Total	<u><u>\$ 4,457,570</u></u>

MICHIGAN COLLEGIATE

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 5 - CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2024</u>
Capital assets not subject to depreciation				
Land	\$ 4,025,718	\$ -	\$ -	\$ 4,025,718
Construction in process	33,915	-	-	33,915
Capital assets subject to depreciation / amortization				
Right to use - assets	815,954	445,965	-	1,261,919
Right to use - subscription-based IT	257,774	-	-	257,774
Building and improvements	10,960,947	67,081	-	11,028,028
Furniture and equipment	327,563	831,630	-	1,159,193
Computer	111,614	107,074	-	218,688
Total asset cost basis	16,533,485	1,451,750	-	17,985,235
Accumulated depreciation / amortization				
Right to use - assets	338,863	336,668	-	675,531
Right to use - subscription-based IT	42,962	85,925	-	128,887
Building and improvements	4,848,996	295,841	-	5,144,837
Furniture and equipment	316,512	55,814	-	372,326
Computer	59,775	53,387	-	113,162
Sub-total	5,607,108	827,635	-	6,434,743
Total net capital assets	<u>\$ 10,926,377</u>	<u>\$ 624,115</u>	<u>\$ -</u>	<u>\$ 11,550,492</u>

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

MICHIGAN COLLEGIATE

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 6 – NOTES PAYABLE

Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
SAAN 22/23	5.40%	August, 2023	Paid in full.
SAAN 23/24	6.25%	August, 2024	Issued to provide funds to Academy to finance school operations; secured by future state aid payments.

Loan Activity

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2024</u>
SAAN 22/23	\$ 178,287	\$ -	\$ 178,287	\$ -
SAAN 23/24	-	1,000,000	813,278	186,722
Total notes payable	<u>\$ 178,287</u>	<u>\$ 1,000,000</u>	<u>\$ 991,565</u>	<u>\$ 186,722</u>

NOTE 7 – OTHER ACCRUED LIABILITIES

Other accrued liabilities as of June 30, 2024 may be summarized as follows:

	<u>Net Position</u>	<u>Funds</u>
Purchased services - payroll and benefits	\$ 598,800	\$ 598,800
University oversight fee	42,200	42,200
Interest	46,762	1,493
Total other accrued liabilities	<u>\$ 687,762</u>	<u>\$ 642,493</u>

MICHIGAN COLLEGIATE

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 8 - LONG-TERM OBLIGATIONS PAYABLE

The following is a summary of long-term obligations for the Academy during the year ended June 30, 2024:

Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
Direct borrowing - building	3%	June, 2026	Monthly payments of \$12,419
Direct borrowing - copiers	3%	September, 2025	Monthly payments of \$2,685
Direct borrowing - buses	9%	September, 2026	Monthly payments of \$13,959
Revenue bond	5%	June, 2037	Collateralized by a mortgage on the Academy's facility as well as a pledge for 20% of the State school aid payments and funds held in trust for debt service.

Loan Activity

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Direct borrowing - building	\$ 427,046	\$ -	\$ 138,105	\$ 288,941	\$ 142,306
Direct borrowing - copiers	68,051	-	29,679	38,372	30,582
Direct borrowing - buses	-	445,965	103,528	342,437	144,172
Revenue bond	10,995,000	-	560,000	10,435,000	585,000
Total	<u>\$ 11,490,097</u>	<u>\$ 445,965</u>	<u>\$ 831,312</u>	<u>\$ 11,104,750</u>	<u>\$ 902,060</u>

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>
2025	\$ 902,060	\$ 574,256
2026	926,340	527,241
2027	686,350	483,812
2028	675,000	450,975
2029	715,000	415,538
2030 - 2034	4,150,000	1,476,563
2035 - 2037	3,050,000	325,763

MICHIGAN COLLEGIATE

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

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>Debt Service</u>
Transfer In	\$ -	\$ 1,151,605
Transfer Out	1,151,605	-

As stipulated by the Academy's revenue bond agreement as described in Note 8, 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. These above transactions account for the major activity in the Academy's interfund transfer accounts.

NOTE 10 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions. The Academy has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

SUPPLEMENTARY INFORMATION

MICHIGAN COLLEGIATE

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local sources	\$ 47,000	\$ 108,180	\$ 117,946	\$ 9,766
State sources	9,840,439	10,727,583	9,237,606	(1,489,977)
Federal sources	3,776,746	4,149,612	3,371,748	(777,864)
Interdistrict sources	662,000	926,465	481,049	(445,416)
Total general fund revenues	14,326,185	15,911,840	13,208,349	(2,703,491)
Expenditures				
Instruction				
Basic programs	3,290,851	3,505,409	3,407,053	(98,356)
Added needs	2,251,731	3,662,873	1,833,962	(1,828,911)
Support services				
Pupil support services	400,647	331,410	197,696	(133,714)
Instructional staff support services	80,000	252,699	158,502	(94,197)
General administration	1,031,985	1,063,305	1,032,734	(30,571)
School administration	835,410	813,393	782,459	(30,934)
Business support services	27,000	37,200	35,848	(1,352)
Operations and maintenance	3,560,214	1,422,449	1,066,255	(356,194)
Pupil transportation services	1,140,855	2,541,682	1,140,558	(1,401,124)
Central support services	156,008	107,794	145,587	37,793
Athletic activities	375,530	426,230	442,321	16,091
Community services	8,800	104,994	257	(104,737)
Site improvement services	-	180,000	166,000	(14,000)
Capital outlay	-	-	1,440,050	1,440,050
Debt principal and interest	-	306,154	306,154	-
Total general fund expenditures	13,159,031	14,755,592	12,155,436	(2,600,156)
Excess (deficiency) of revenues over expenditures	1,167,154	1,156,248	1,052,913	(103,335)
Other Financing Sources (Uses)				
Proceeds from leases	-	-	445,965	445,965
Operating transfers out	(1,131,984)	(1,152,000)	(1,151,605)	395
Total other financing sources (uses)	(1,131,984)	(1,152,000)	(705,640)	446,360
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	35,170	4,248	347,273	343,025
Fund balance - July 1, 2023	1,918,956	1,918,956	1,918,956	-
Fund balance - June 30, 2024	\$ 1,954,126	\$ 1,923,204	\$ 2,266,229	\$ 343,025

MICHIGAN COLLEGIATE

COMBINING BALANCE SHEET – NON-MAJOR FUNDS
JUNE 30, 2024

ASSETS

	<u>Special Revenue</u>		
	<u>Food</u>	<u>Student</u>	
	<u>Services</u>	<u>Activities</u>	<u>Total</u>
Due from other funds	\$ 92,854	\$ 6,994	\$ 99,848

LIABILITIES AND FUND BALANCE

Fund Balance			
Restricted	\$ 92,854	\$ 6,994	\$ 99,848

MICHIGAN COLLEGIATE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – NON-MAJOR FUNDS FOR THE YEAR ENDED JUNE 30, 2024

	Special Revenue		Total
	Food Services	Student Activities	
Revenues			
State sources	\$ 12,566	\$ -	\$ 12,566
Federal sources	670,583	-	670,583
	683,149	-	683,149
Total governmental fund revenues	683,149	-	683,149
Expenditures			
Support services			
Other student activities	-	7,974	7,974
Food services	694,908	-	694,908
Capital outlay	11,700	-	11,700
	706,608	7,974	714,582
Total governmental fund expenditures	706,608	7,974	714,582
Excess (deficiency) of revenues over expenditures	(23,459)	(7,974)	(31,433)
Fund balance - July 1, 2023	116,313	14,968	131,281
	116,313	14,968	131,281
Fund balance - June 30, 2024	\$ 92,854	\$ 6,994	\$ 99,848
	92,854	6,994	99,848

MICHIGAN COLLEGIATE

SCHEDULE OF REVENUES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024

Local Sources

Authorizer grant	\$ 19,000
Student activities	15,220
Other local revenues	<u>83,726</u>
Total local sources	117,946

State Sources

At risk	139,607
Great start readiness program	425,332
Special education	179,782
State aid	<u>8,492,885</u>
Total state sources	9,237,606

Federal Sources

IDEA	106,502
Title I	94,109
Title II A	56,467
Title IV	29,999
Other program revenue	<u>3,084,671</u>
Total federal sources	3,371,748

Interdistrict Sources

	<u>481,049</u>
Total general fund revenues	<u>\$ 13,208,349</u>

MICHIGAN COLLEGIATE

SCHEDULE OF EXPENDITURES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024

Basic Programs

Purchased services	\$ 3,320,475
Supplies and materials	46,240
Other expenditures	<u>40,338</u>
Total basic programs	3,407,053

Added Needs

Purchased services	1,833,047
Supplies and materials	<u>915</u>
Total added needs	1,833,962

Pupil Support Services

Guidance services	12,528
Health services	34,360
Psychological services	21,650
Speech pathology and audiology	92,935
Social work services	<u>36,223</u>
Total pupil support services	197,696

Instructional Staff Support Services

Purchased services	151,694
Supplies and materials	<u>6,808</u>
Total instructional staff support services	158,502

General Administration

Purchased services	1,018,980
Repairs and maintenance	4,327
Other expenditures	<u>9,427</u>
Total general administration	1,032,734

School Administration

Purchased services	722,611
Supplies and materials	23,693
Other expenditures	<u>36,155</u>
Total school administration	782,459

MICHIGAN COLLEGIATE

SCHEDULE OF EXPENDITURES – GENERAL FUND - CONTINUED FOR THE YEAR ENDED JUNE 30, 2024

Business Support Services

Other expenditures	35,848
--------------------	--------

Operations and Maintenance

Purchased services	367,892
--------------------	---------

Repairs and maintenance	285,167
-------------------------	---------

Rentals	34,066
---------	--------

Supplies and materials	379,080
------------------------	---------

Other expenditures	50
--------------------	----

Total operations and maintenance	1,066,255
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Pupil Transportation Services

Purchased services	891,013
--------------------	---------

Repairs and maintenance	67,253
-------------------------	--------

Rentals	85,322
---------	--------

Supplies and materials	89,829
------------------------	--------

Other expenditures	7,141
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Total pupil transportation services	1,140,558
-------------------------------------	-----------

Central Support Services

Purchased services	44,919
--------------------	--------

Repairs and maintenance	99,787
-------------------------	--------

Supplies and materials	881
------------------------	-----

Total central support services	145,587
--------------------------------	---------

Athletic Activities

Purchased services	300,493
--------------------	---------

Supplies and materials	70,381
------------------------	--------

Other expenditures	71,447
--------------------	--------

Total athletic activities	442,321
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MICHIGAN COLLEGIATE

SCHEDULE OF EXPENDITURES – GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024

Community Services	
Supplies and materials	257
Site Improvement Services	166,000
Capital Outlay	1,440,050
Debt Principal and Interest	<u>306,154</u>
Total general fund expenditures	<u>\$ 12,155,436</u>

APPENDIX

Federal Awards Report



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*

**To the Board of Directors
of Michigan Collegiate**

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 Michigan Collegiate, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Michigan Collegiate's basic financial statements, and have issued our report thereon dated October 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Michigan Collegiate's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Michigan Collegiate's internal control. Accordingly, we do not express an opinion on the effectiveness of Michigan Collegiate's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Michigan Collegiate'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 30, 2024



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

**To the Board of Directors
of Michigan Collegiate**

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

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Michigan Collegiate and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Michigan Collegiate's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Croskey Lanni, PC

Rochester, Michigan
October 30, 2024

MICHIGAN COLLEGIATE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2024

Program Title/Project Number Subrecipient Name	Grant/ Project Number	Federal ALN	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2023	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2024	Current Year Cash Transferred To Subrecipient
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture - Passed Through Michigan Department of Education:										
National School Lunch Program:										
Noncash Assistance (Commodities) -										
National School Lunch Program Commodities 2023-2024	N/A	10.555	\$ 30,072	\$ -	\$ -	\$ -	\$ 27,955	\$ 27,955	\$ -	\$ -
Cash Assistance -										
COVID-19 - Supply Chain Assistance 2022-2023	220910	10.555	41,177	25,304	(15,873)	-	-	15,873	-	-
National School Lunch Program 2023-2024	231960/ 241960	10.555	388,464	-	-	-	372,969	388,464	15,495	-
COVID-19 - Supply Chain Assistance 2024	240910	10.555	25,600	-	-	-	25,600	25,600	-	-
Total National School Lunch Program Cash and Noncash Assistance		10.555	485,313	25,304	(15,873)	-	426,524	457,892	15,495	-
National School Breakfast Program:										
National School Breakfast Program 2023-2024	231970/ 241970	10.553	202,484	-	-	-	193,232	202,484	9,252	-
Summer Food Service Program:										
Summer Food Service Program Operating 2023-2024	230900	10.559	10,207	-	-	-	10,207	10,207	-	-
Fresh Fruit and Vegetable Program:										
Fresh Fruit and Vegetable Program 2023-1	230950	10.582	17,810	17,810	11,188	-	11,188	-	-	-
Total Child Nutrition Cluster			715,814	43,114	(4,685)	-	641,151	670,583	24,747	-
Special Education Cluster - U.S. Department of Education - Passed through the Macomb ISD:										
IDEA Special Education – Formula Grants to ISDs:										
IDEA Flowthrough 2223	230450	84.027A	188,499	188,499	188,499	-	188,499	-	-	-
IDEA Flowthrough 2324	240450	84.027A	106,502	-	-	-	61,602	106,502	44,900	-
Total Special Education Cluster		84.027A	295,001	188,499	188,499	-	250,101	106,502	44,900	-

See accompanying notes to schedule of expenditures of federal awards

MICHIGAN COLLEGIATE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued FOR THE YEAR ENDED JUNE 30, 2024

Program Title/Project Number Subrecipient Name	Grant/ Project Number	Federal ALN	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2023	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2024	Current Year Cash Transferred To Subrecipient
Other Federal Awards:										
U.S. Department of Education -										
Passed Through the Michigan Department of Education:										
Title I Part A: Improving Basic Programs Operated by LEAS:										
Title I Part A 2223	231530	84.010A	559,249	476,746	476,746	-	476,746	-	-	-
Title I Part A 2324	241530	84.010A	586,880	-	-	-	-	84,137	84,137	-
Title I Part A Subtotal		84.010A	1,146,129	476,746	476,746	-	476,746	84,137	84,137	-
Passed Through the Calhoun ISD:										
Title I, Part A: Technical Assistance Grant (TAG):										
Title I Part A TAG 2324	231580	84.010A	20,000	-	-	-	9,972	9,972	-	-
Total Title I Part A		84.010A	1,166,129	476,746	476,746	-	486,718	94,109	84,137	-
Title II Part A: Supporting Effective Instruction:										
Title II Part A 2223	230520	84.367	96,715	60,872	60,872	-	60,872	-	-	-
Title II Part A 2324	240520	84.367	89,202	-	-	-	-	56,467	56,467	-
Total Title II Part A		84.367	185,917	60,872	60,872	-	60,872	56,467	56,467	-
Title IV Part A: Student Support and Academic Enrichment:										
Title IV Part A 2223	230750	84.424A	43,677	43,677	43,677	-	43,677	-	-	-
Title IV Part A 2324	240750	84.424A	39,591	-	-	-	-	29,999	29,999	-
Total Title IV Part A		84.424A	83,268	43,677	43,677	-	43,677	29,999	29,999	-
Education Stabilization Fund:										
COVID-19 - Supplemental Elementary and Secondary School										
Emergency Relief (ESSER II) 2021	213712	84.425D	1,699,395	1,343,729	298,643	-	298,643	-	-	-
COVID-19 - ESSER III Formula – American Rescue Plan (ARP-ESSER) 2122	213713	84.425U	3,819,315	503,008	274,520	-	1,060,137	3,083,514	2,297,897	-
COVID-19 - ESSER II – Section 98c Per-Pupil Payments for Learning Loss 2223	213782	84.425D	46,381	45,223	45,223	-	46,380	1,157	-	-
Total Education Stabilization Fund		84.425	5,565,091	1,891,960	618,386	-	1,405,160	3,084,671	2,297,897	-
Total Federal Awards			<u>\$ 8,011,220</u>	<u>\$ 2,704,868</u>	<u>\$ 1,383,495</u>	<u>\$ -</u>	<u>\$ 2,887,679</u>	<u>\$ 4,042,331</u>	<u>\$ 2,538,147</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards

MICHIGAN COLLEGIATE

RECONCILIATION OF BASIC FINANCIAL STATEMENTS FEDERAL REVENUE
AND RECEIVABLES WITH SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Revenues to Expenditures

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

General Fund	\$ 3,371,748
Special Revenue Fund	<u>670,583</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 4,042,331</u>

MICHIGAN COLLEGIATE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Michigan Collegiate under programs of the federal government for the year ended June 30, 2024. 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 Michigan Collegiate, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Michigan Collegiate.

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

Michigan Collegiate 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 auditors.

MICHIGAN COLLEGIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF THE AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

yes no

Identification of major programs:

Assistance Listing Number(s)
84.425D, 84.425U

Name of Federal Program or Cluster
Education Stabilization Fund

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

\$750,000

Auditee qualified as low-risk auditee?

yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported