

**Audited Financial Statements**

# **The New Standard Academy**

Flint, Michigan

**June 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of The New Standard Academy

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The New Standard Academy, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise The New Standard Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of The New Standard Academy, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

As described in Note 10 to the financial statements, in 2022, the Academy adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The New Standard Academy's basic financial statements. The accompanying schedules of revenues and expenditures, and 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 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 28, 2022, on our consideration of The New Standard Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The New Standard Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The New Standard Academy's internal control over financial reporting and compliance.

Croskey Lanni, PC

Rochester, Michigan  
October 28, 2022

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

This section of The New Standard 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, 2022. Please read it in conjunction with the school’s financial statements, which immediately follow this section.

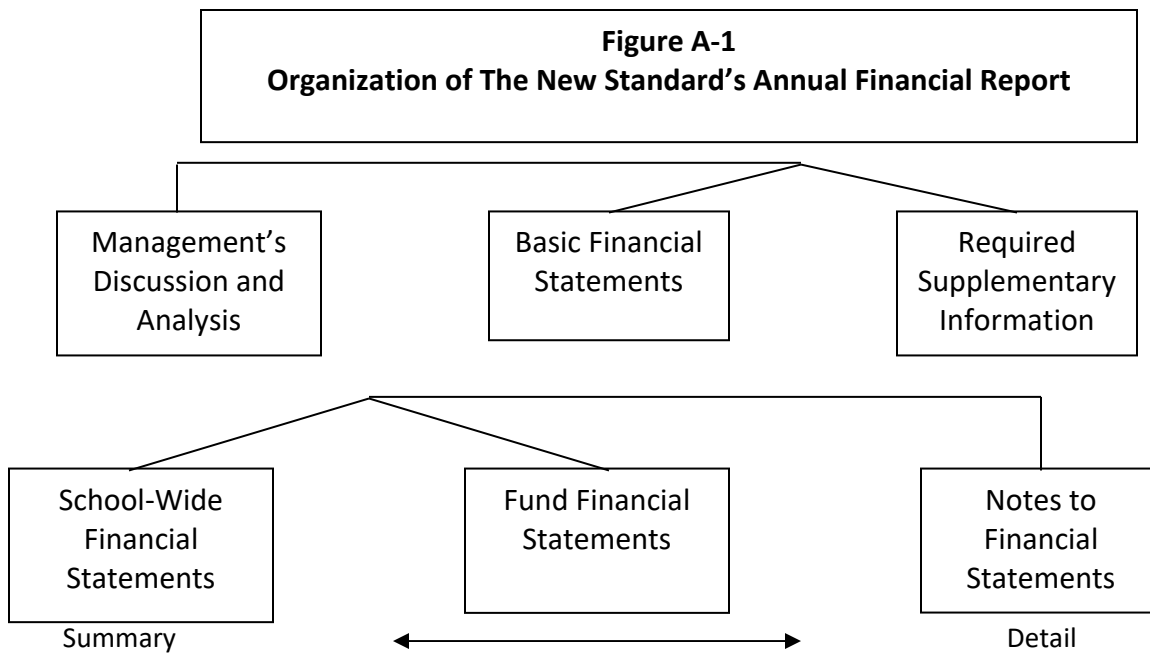
### **FINANCIAL HIGHLIGHTS**

- ❖ The total cost of basic programs was \$3,443,538. An increase of approximately \$427,762 from the prior year.
- ❖ Revenues were at \$9,394,218 while expenditures were \$9,604,054 in the General Fund.
  - Blended enrollment used for state aid purposes was 727.52 compared to 673.57 in 2021.
- ❖ The school has a positive General Fund balance of \$818,761.
- ❖ The Academy invested \$329,934 in capital assets during the year.

### **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.



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**

Over the course of the year, the school reviewed and amended the annual operating budget several times.

### **Financial Outlook**

The New Standard Academy's financial forecast continues to be optimistic heading into the 2022/2023 school year.

- ❖ The federal government made available grants of approximately \$1,700,234 to mitigate additional costs related to the coronavirus during the fiscal year 2021-2022. The budgeted federal grants related to COVID for fiscal year 2022-2023 is approximately \$1,860,636. The Academy uses these grants to improve facilities, HVAC systems, buy curriculum materials, bolster/rebalance teaching and support staff and improve social programs for our students.
- ❖ Enrollment is anticipated to remain constant for the 2022-2023 school year.
- ❖ The Academy is using revenue increases from the state and federal government to improve education and social programs for our students.

**Table A-3**  
**The New Standard Academy's Net Position**

	<u>2022</u>	<u>2021*</u>
Current and other assets	\$ 4,206,632	\$ 3,404,720
Capital assets	<u>1,659,486</u>	<u>445,123</u>
Total assets	<u>5,866,118</u>	<u>3,849,843</u>
Long-term debt outstanding	977,765	-
Other liabilities	<u>3,229,549</u>	<u>2,257,454</u>
Total liabilities	4,207,314	2,257,454
Net position:		
Net investment in capital assets	681,721	445,123
Restricted for food operations	158,322	118,669
Unrestricted	<u>818,761</u>	<u>1,028,597</u>
Total net position	<u>\$ 1,658,804</u>	<u>\$ 1,592,389</u>

\*Presentation is not updated for adoption of GASB 87

**Table A-4**  
**Changes in The New Standard Academy's Net Position**

	<u>2022</u>	<u>2021*</u>
Revenues:		
Program revenues:		
Charges for services	\$ -	\$ -
Federal and state operating grants	3,803,602	3,099,596
General revenues:		
State aid - unrestricted	6,312,609	5,712,527
Miscellaneous	40,596	18,354
Total revenues	<u>10,156,807</u>	<u>8,830,477</u>
Expenses:		
Instruction	4,665,540	3,498,863
Support services	4,665,222	4,929,349
Interest on long-term debt	39,691	-
Unallocated depreciation / amortization	719,939	82,083
Total expenses	<u>10,090,392</u>	<u>8,510,295</u>
Change in net position	<u>\$ 66,415</u>	<u>\$ 320,182</u>

\*Presentation is not updated for adoption of GASB 87

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

By the end of 2022, the school had invested \$3,011,350 in capital assets, including computers and software. See Table A-5 below for a listing of capital assets, and the accumulated depreciation/amortization.

**Table A-5**  
**The New Standard Academy's Capital Assets**

	<u>Balance</u> <u>June 30, 2022</u>	<u>Balance</u> <u>June 30, 2021*</u>
Right to use - assets	\$ 1,446,350	\$ -
Equipment	141,136	141,136
Furniture	245,260	245,260
Technology equipment	482,717	479,085
Other	695,887	369,585
Subtotal	<u>3,011,350</u>	<u>1,235,066</u>
Less: accumulated depreciation / amortization	<u>1,351,864</u>	<u>789,943</u>
Net book value of assets	<u>\$ 1,659,486</u>	<u>\$ 445,123</u>

\*Presentation is not updated for adoption of GASB 87

## **Long-Term Debt**

The Academy owed \$977,765 on two long term lease obligations as of June 30, 2022. See Note 7 to the financial statements for more information.

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

- Successful navigation of the virtual learning environment if necessary.
- State aid foundation grant stabilization
- 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

# THE NEW STANDARD ACADEMY

## STATEMENT OF NET POSITION JUNE 30, 2022

### ASSETS

#### Current Assets

Cash and cash equivalents	\$	354,377
Deposits		3,358
Due from other governmental units		3,726,003
Prepaid expenses		122,894

Total current assets 4,206,632

#### Capital Assets - Net of Accumulated Depreciation / Amortization

1,659,486

Total assets \$ 5,866,118

### LIABILITIES AND NET POSITION

#### Current Liabilities

Accounts payable	\$	2,195,689
Unearned revenue		457,377
Other accrued expenses		576,483
Long-term debt - current portion		482,839

Total current liabilities 3,712,388

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

494,926

#### Net Position

Net investment in capital assets		681,721
Restricted for food operations		158,322
Unrestricted		818,761

Total net position 1,658,804

Total liabilities and net position \$ 5,866,118

See accompanying notes to financial statements

## THE NEW STANDARD ACADEMY

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Government Type Activities</u>
<b>Functions</b>				
Instruction				
Basic programs	\$ 3,433,538	\$ -	\$ 994,447	\$ (2,439,091)
Added needs	1,232,002	-	1,258,514	26,512
Support services				
Pupil support services	135,739	-	85,963	(49,776)
Instructional staff support services	224,578	-	183,103	(41,475)
General administration	930,137	-	-	(930,137)
School administration	381,002	-	-	(381,002)
Business support services	5,110	-	-	(5,110)
Operations and maintenance	1,167,578	-	234,795	(932,783)
Pupil transportation services	403,741	-	13,590	(390,151)
Central support services	110,157	-	-	(110,157)
Student activities	39,557	-	26,638	(12,919)
Athletic activities	300,723	-	-	(300,723)
Food services	722,937	-	821,651	98,714
Community services	64,912	-	5,850	(59,062)
Building improvement services	179,051	-	179,051	-
Unallocated depreciation / amortization	719,939	-	-	(719,939)
Unallocated interest	39,691	-	-	(39,691)
	<u>\$ 10,090,392</u>	<u>\$ -</u>	<u>\$ 3,803,602</u>	<u>(6,286,790)</u>
<b>General Purpose Revenues</b>				
State school aid - unrestricted				6,312,609
Miscellaneous revenues				40,596
				<u>6,353,205</u>
Change in net position				66,415
Net position - July 1, 2021				<u>1,592,389</u>
Net position - June 30, 2022				<u>\$ 1,658,804</u>

See accompanying notes to financial statements

## THE NEW STANDARD ACADEMY

### COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2022

#### ASSETS

	<b>General</b>	<b>Non Major Special Revenue - Food Services</b>	<b>Total</b>
Cash and cash equivalents	\$ 354,377	\$ -	\$ 354,377
Deposits	3,358	-	3,358
Due from other governmental units	3,726,003	-	3,726,003
Due from other funds	-	158,322	158,322
Prepaid expenses	122,894	-	122,894
 Total assets	 \$ 4,206,632	 \$ 158,322	 \$ 4,364,954

#### LIABILITIES AND FUND BALANCE

##### Liabilities

Accounts payable	\$ 2,195,689	\$ -	\$ 2,195,689
Due to other funds	158,322	-	158,322
Unearned revenue	457,377	-	457,377
Other accrued expenses	576,483	-	576,483
 Total liabilities	 3,387,871	 -	 3,387,871

##### Fund Balance

Nonspendable	126,252	-	126,252
Restricted	-	158,322	158,322
Unassigned	692,509	-	692,509
 Total fund balance	 818,761	 158,322	 977,083
 Total liabilities and fund balance	 \$ 4,206,632	 \$ 158,322	 \$ 4,364,954

See accompanying notes to financial statements

## THE NEW STANDARD ACADEMY

### RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2022

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

<b>Total Governmental Fund Balances</b>	\$ 977,083
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$3,011,350 and the accumulated depreciation / amortization is \$1,351,864.	1,659,486
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(977,765)</u>
<b>Net Position of Governmental Activities</b>	<u>\$ 1,658,804</u>

See accompanying notes to financial statements



## THE NEW STANDARD ACADEMY

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

	<u>General</u>	<u>Non-Major Special Revenue - Food Services</u>	<u>Total</u>
<b>Revenues</b>			
Local sources	\$ 40,597	\$ -	\$ 40,597
State sources	6,980,877	27,729	7,008,606
Federal sources	2,355,060	734,861	3,089,921
Interdistrict sources	17,684	-	17,684
	<hr/>	<hr/>	<hr/>
Total governmental fund revenues	9,394,218	762,590	10,156,808
<b>Expenditures</b>			
Instruction			
Basic programs	3,433,538	-	3,433,538
Added needs	1,232,002	-	1,232,002
Support services			
Pupil support services	135,739	-	135,739
Instructional staff support services	224,578	-	224,578
General administration	930,137	-	930,137
School administration	381,002	-	381,002
Business support services	5,110	-	5,110
Operations and maintenance	1,167,578	-	1,167,578
Pupil transportation services	403,741	-	403,741
Central support services	110,157	-	110,157
Student activities	39,557	-	39,557
Athletic activities	300,723	-	300,723
Food services	-	722,937	722,937
Community services	64,912	-	64,912
Building improvement services	179,051	-	179,051
Capital outlay	329,934	-	329,934
Debt principal and interest	666,295	-	666,295
	<hr/>	<hr/>	<hr/>
Total governmental fund expenditures	9,604,054	722,937	10,326,991
Excess (deficiency) of revenues over expenditures	(209,836)	39,653	(170,183)
Fund balance - July 1, 2021	<hr/>	<hr/>	<hr/>
	1,028,597	118,669	1,147,266
Fund balance - June 30, 2022	<u>\$ 818,761</u>	<u>\$ 158,322</u>	<u>\$ 977,083</u>

See accompanying notes to financial statements

## THE NEW STANDARD ACADEMY

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

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

**Net Change in Fund Balances - Total Governmental Funds** \$ (170,183)

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	\$ 329,934	
Depreciation and amortization expense	<u>(719,939)</u>	(390,005)

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	<u>626,603</u>
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**Change in Net Position of Governmental Activities** \$ 66,415

# THE NEW STANDARD ACADEMY

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

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

The accounting policies of The New Standard 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**

The New Standard 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 May 2012.

In July 2019, the Academy extended an existing contract with the Saginaw Valley State University Board of Control to charter a public school academy through June 30, 2024. 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 Control 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 the Saginaw Valley State University Board of Control three percent of state aid as administrative fees. Total administrative fees paid for the year ended June 30, 2022 were approximately \$188,690.

In July 2019, the Academy entered into an agreement with The Romine Group, Inc. through June 30, 2024. 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. ten percent of its state school aid revenue and all other governmental revenue sources. Total compensation in no event shall be less than \$350,000 and no more than \$700,000 in any fiscal year. The total paid for these services amounted to approximately \$700,000 for the year ended June 30, 2022.

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.

## THE NEW STANDARD ACADEMY

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

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

#### Governmental Funds

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

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

**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, which the Academy does not currently maintain, 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 and agency funds utilize the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

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

## THE NEW STANDARD ACADEMY

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

### 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 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 are 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

## THE NEW STANDARD ACADEMY

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

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

Investment Pools and GASB No. 40, Deposit and Investment Risk Disclosures. Under these standards, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Academy intends to hold the investment until maturity. The Academy held no investments during the year ended June 30, 2022. State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, saving accounts, deposit accounts, and or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Corporation or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Academy is also authorized to invest in U.S. Government or Federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

#### Receivables

Receivables at June 30, 2022 consist primarily of state school aid due from the State of Michigan and the federal government. All receivables are expected to be fully collected in July and August of 2022 and are considered current for the purposes of these financial statements.

#### Prepaid Assets

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

#### Capital Assets and Depreciation

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

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

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

# THE NEW STANDARD ACADEMY

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

## 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 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 the sum of assets and deferred outflows and the sum of 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.
- 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 NEW STANDARD ACADEMY

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

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

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

#### Leases

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

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

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

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

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

#### Estimates

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



## THE NEW STANDARD ACADEMY

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

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

#### Upcoming Accounting Pronouncements

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

### NOTE 3 - DEPOSITS AND INVESTMENTS

#### Interest Rate Risk

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

#### Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2022, the Academy held no investments.

## THE NEW STANDARD ACADEMY

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

### NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

#### Concentration of Credit Risk

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

#### Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2022, \$236,647 of the Academy's cash was exposed to credit risk as it was not covered by federal deposit insurance. All cash balances were uncollateralized as of June 30, 2022.

#### Custodial Credit Risk - Investments

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

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

#### Foreign Currency Risk

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

#### Fair Value

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

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

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

The Academy does not have any investments that are subject to the fair value measurement.

## THE NEW STANDARD ACADEMY

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

### NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

State sources	\$ 1,621,550
Federal sources	<u>2,104,453</u>
Total	<u>\$ 3,726,003</u>

### NOTE 5 - CAPITAL ASSETS

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

	<b>As Restated Balance July 1, 2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance June 30, 2022</b>
Capital assets subject to depreciation / amortization				
Right to use - building	\$ 1,441,377	\$ -	\$ -	\$ 1,441,377
Right to use - equipment	162,991	-	158,018	4,973
Equipment	141,136	-	-	141,136
Furniture	245,260	-	-	245,260
Technology equipment	479,085	3,632	-	482,717
Other	<u>369,585</u>	<u>326,302</u>	<u>-</u>	<u>695,887</u>
Total asset cost basis	2,839,434	329,934	158,018	3,011,350
Accumulated depreciation / amortization				
Right to use - building	-	467,722	-	467,722
Right to use - equipment	-	160,403	158,018	2,385
Equipment	139,508	1,627	-	141,135
Furniture	228,090	6,524	-	234,614
Technology equipment	341,681	45,116	-	386,797
Other	<u>80,664</u>	<u>38,547</u>	<u>-</u>	<u>119,211</u>
Sub-total	<u>789,943</u>	<u>719,939</u>	<u>158,018</u>	<u>1,351,864</u>
Total net capital assets	<u>\$ 2,049,491</u>	<u>\$ (390,005)</u>	<u>\$ -</u>	<u>\$ 1,659,486</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.

## THE NEW STANDARD ACADEMY

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

### NOTE 6 – OTHER ACCRUED EXPENSES

Other accrued expenses may be summarized as follows:

Purchased services - payroll and benefits	\$ 377,800
Management fee	137,827
University oversight fee	34,323
Other accrued expenses	<u>26,533</u>
Total other accrued expenses	<u>\$ 576,483</u>

### NOTE 7 – LONG TERM OBLIGATIONS

#### Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
Direct borrowing - building	3.0%	June, 2024	Payable at approximately \$42,000 monthly
Direct borrowing - equipment	3.0%	June, 2024	School buses and copiers

#### Loan Activity

	<u>As Restated Balance July 1, 2021</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
Direct borrowing - building	\$ 1,441,377	\$ -	\$ 466,137	\$ 975,240	\$ 480,315
Direct borrowing - equipment	162,991	-	160,466	2,525	2,524
	<u>\$ 1,604,368</u>	<u>\$ -</u>	<u>\$ 626,603</u>	<u>\$ 977,765</u>	<u>\$ 482,839</u>

## THE NEW STANDARD ACADEMY

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

### NOTE 7 – LONG TERM OBLIGATIONS - Continued

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

	<u>Principal</u>	<u>Interest</u>
2023	\$ 482,839	\$ 22,730
2024	494,925	8,079

### NOTE 8 - RETIREMENT PLAN

All leased employees of the Academy are eligible to participate in a retirement plan established by the Academy's management company (the employer) which qualifies under the provisions of Section 401(k) of the Internal Revenue Code. The Academy, under this plan, will reimburse the employer's contribution of 4% of salaries regardless of the amount the employee contributes. The Academy will additionally reimburse the employer's match up to 4% of employee contributed funds. Eligible employees may contribute up to 15% of their salaries under the terms of this plan.

### NOTE 9 - RISK MANAGEMENT

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

### NOTE 10 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2022, the Academy implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

## THE NEW STANDARD ACADEMY

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

### NOTE 10 – CHANGE IN ACCOUNTING PRINCIPLE - Continued

#### Summary

Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The restatement of the beginning of the year balances had no impact on net position. The changes to capital assets and long-term obligations is as follows:

	<u>Capital Assets</u>	<u>Long Term Obligations</u>
Balances as of July 1, 2021, as previously stated	\$ 445,123	\$ -
Adoption of GASB Statement 87	<u>1,604,368</u>	<u>1,604,368</u>
Balances as of July 1, 2021, as restated	<u>\$ 2,049,491</u>	<u>\$ 1,604,368</u>

# SUPPLEMENTARY INFORMATION

## THE NEW STANDARD ACADEMY

### REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>				
Local sources	\$ 7,000	\$ 39,094	\$ 40,597	\$ 1,503
State sources	7,488,170	7,458,292	6,980,877	(477,415)
Federal sources	1,921,482	3,094,779	2,355,060	(739,719)
Interdistrict sources	-	17,684	17,684	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund revenues	9,416,652	10,609,849	9,394,218	(1,215,631)
<b>Expenditures</b>				
Instruction				
Basic programs	3,789,465	4,071,691	3,433,538	(638,153)
Added needs	1,516,899	1,358,496	1,232,002	(126,494)
Support services				
Pupil support services	118,727	540,037	135,739	(404,298)
Instructional staff support services	234,230	241,353	224,578	(16,775)
General administration	929,318	928,689	930,137	1,448
School administration	408,495	394,118	381,002	(13,116)
Business support services	500	5,500	5,110	(390)
Operations and maintenance	1,596,301	2,039,630	1,167,578	(872,052)
Pupil transportation services	295,180	557,552	403,741	(153,811)
Central support services	62,500	104,500	110,157	5,657
Student activities	12,000	36,826	39,557	2,731
Athletic activities	251,190	303,665	300,723	(2,942)
Community services	5,000	66,709	64,912	(1,797)
Building improvement services	-	187,768	179,051	(8,717)
Capital outlay	193,500	-	329,934	329,934
Debt principal and interest	-	-	666,295	666,295
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund expenditures	9,413,305	10,836,534	9,604,054	(1,232,480)
Excess (deficiency) of revenues over expenditures	3,347	(226,685)	(209,836)	16,849
Fund balance - July 1, 2021	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - July 1, 2021	1,028,597	1,028,597	1,028,597	-
Fund balance - June 30, 2022	<u>\$ 1,031,944</u>	<u>\$ 801,912</u>	<u>\$ 818,761</u>	<u>\$ 16,849</u>



# THE NEW STANDARD ACADEMY

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

### Local Sources

Other local revenues	\$ 40,597
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### State Sources

At risk	195,611
Great start readiness program	419,060
Special education	53,597
State aid	<u>6,312,609</u>

Total state sources	6,980,877
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### Federal Sources

IDEA	133,721
Title I	405,873
Title II A	82,351
Title IV	32,881
Other program revenue	<u>1,700,234</u>

Total federal sources	2,355,060
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### Interdistrict Sources

<u>17,684</u>
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Total general fund revenues	<u>\$ 9,394,218</u>
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# THE NEW STANDARD ACADEMY

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

### Basic Programs

Purchased services	\$ 2,925,577
Supplies and materials	413,703
Other expenditures	<u>94,258</u>
Total basic programs	3,433,538

### Added Needs

Purchased services	1,230,262
Supplies and materials	<u>1,740</u>
Total added needs	1,232,002

### Pupil Support Services

Health services	16,061
Psychological services	14,485
Speech pathology and audiology	35,292
Social work services	<u>69,901</u>
Total pupil support services	135,739

### Instructional Staff Support Services

Purchased services	181,698
Supplies and materials	<u>42,880</u>
Total instructional staff support services	224,578

### General Administration

Purchased services	36,822
Management fees	700,000
University oversight	188,689
Other expenditures	<u>4,626</u>
Total general administration	930,137

# THE NEW STANDARD ACADEMY

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

### **School Administration**

Purchased services	333,836
Supplies and materials	37,147
Other expenditures	10,019

Total school administration 381,002

### **Business Support Services**

Other expenditures	5,110
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### **Operations and Maintenance**

Purchased services	539,507
Repairs and maintenance	203,252
Rentals	239,329
Supplies and materials	185,490

Total operations and maintenance 1,167,578

### **Pupil Transportation Services**

Purchased services	293,409
Repairs and maintenance	46,566
Supplies and materials	63,766

Total pupil transportation services 403,741

### **Central Support Services**

Repairs and maintenance	110,157
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### **Student Activities**

Other expenditures	39,557
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### **Athletic Activities**

Purchased services	153,461
Supplies and materials	12,060
Other expenditures	135,202

Total athletic activities 300,723

**THE NEW STANDARD ACADEMY**

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

<b>Community Services</b>	
Purchased services	59,062
Supplies and materials	<u>5,850</u>
Total community services	64,912
<b>Building Improvement Services</b>	179,051
<b>Capital Outlay</b>	329,934
<b>Debt Principal and Interest</b>	<u>666,295</u>
Total general fund expenditures	<u><u>\$ 9,604,054</u></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 The New Standard 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 The New Standard Academy, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise The New Standard Academy's basic financial statements, and have issued our report thereon dated October 28, 2022.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The New Standard Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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



Croskey Lanni, PC

Rochester, Michigan  
October 28, 2022



**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 The New Standard Academy**

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

We have audited The New Standard Academy'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 The New Standard Academy's major federal programs for the year ended June 30, 2022. The New Standard Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The New Standard 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, 2022.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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



### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

## Report on Internal Control over Compliance

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

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

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

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



Croskey Lanni, PC

Rochester, Michigan  
October 28, 2022

# THE NEW STANDARD ACADEMY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

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, 2021	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2022	Current Year Cash Transferred To Subrecipient
<b>Clusters:</b>										
<b>Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:</b>										
<b>Noncash Assistance (Commodities):</b>										
National School Lunch Program Commodities 2021-2022	N/A	10.555	\$ 32,549	\$ -	\$ -	\$ -	\$ 20,059	\$ 20,059	\$ -	\$ -
<b>Cash Assistance:</b>										
COVID-19 - Seamless Summer Option (SSO) - Lunch 2021-2022	211961/221961	10.555	424,770	-	-	-	424,770	424,770	-	-
COVID-19 - Supply Chain Assistance 2022	220910	10.555	18,184	-	-	-	18,184	3,420	(14,764)	-
<b>Total Cash and Noncash Assistance</b>		10.555	475,503	-	-	-	463,013	448,249	(14,764)	-
COVID-19 - Seamless Summer Option (SSO) - Breakfast 2021-2022	211971/221971	10.553	162,659	-	-	-	162,659	162,659	-	-
COVID-19 - Extended Summer Food Service Program 2020-2021	210904	10.559	962,847	839,508	44,965	-	168,304	123,339	-	-
<b>Total Child Nutrition Cluster</b>			1,601,009	839,508	44,965	-	793,976	734,247	(14,764)	-
<b>Special Education Cluster - U.S. Department of Education - Passed through the Genesee County ISD:</b>										
<b>IDEA Special Education – Formula Grants to ISDs:</b>										
IDEA Flowthrough 2021	210450	84.027A	105,070	105,070	36,510	-	36,510	-	-	-
IDEA Flowthrough 2122	220450	84.027A	111,065	-	-	-	75,072	111,066	35,994	-
<b>Total IDEA Flowthrough</b>			216,135	105,070	36,510	-	111,582	111,066	35,994	-
<b>American Rescue Plan Individuals with Disabilities Education Act (ARP-IDEA):</b>										
COVID-19 - ARP IDEA 2021	221280	84.027X	22,656	-	-	-	-	22,656	22,656	-
<b>Total Special Education Cluster</b>			238,791	105,070	36,510	-	111,582	133,722	58,650	-

See accompanying notes to schedule of expenditures of federal awards

# THE NEW STANDARD ACADEMY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued FOR THE YEAR ENDED JUNE 30, 2022

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, 2021	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2022	Current Year Cash Transferred To Subrecipient
<b>Other Federal Awards:</b>										
<b>U.S. Department of Agriculture -</b>										
<b>Passed Through the Michigan Department of Education:</b>										
<b>Pandemic EBT Local Level Costs:</b>										
COVID-19 - Pandemic EBT Local Level Costs 2021	210980	10.649	614	-	-	-	614	614	-	-
<b>U.S. Department of Education -</b>										
<b>Passed Through the Michigan Department of Education:</b>										
<b>Title I, Part A: Improving Basic Programs Operated by LEAS:</b>										
Title I Part A 2021	211530	84.010A	409,463	356,565	356,565	-	356,565	-	-	-
Title I Part A 2122	221530	84.010A	440,738	-	-	-	-	405,873	405,873	-
<b>Total Title I Part A</b>		84.010A	850,201	356,565	356,565	-	356,565	405,873	405,873	-
<b>Title II, Part A, Supporting Effective Instruction:</b>										
Title II Part A 2021	220520	84.367	103,194	-	-	-	-	82,351	82,351	-
<b>Title IV, Part A, Student Support and Academic Enrichment:</b>										
Title IV Part A 2021	210750	84.424A	28,301	11,000	11,000	-	11,000	-	-	-
Title IV Part A 2122	220750	84.424A	33,904	-	-	-	-	32,881	32,881	-
<b>Total Title IV Part A</b>		84.424A	62,205	11,000	11,000	-	11,000	32,881	32,881	-
<b>Education Stabilization Fund:</b>										
COVID-19 - Governor's Emergency Education Relief (GEER) 2021	201200	84.425C	60,892	60,892	60,892	-	60,892	-	-	-
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER I) 1920	203710	84.425D	319,667	299,700	299,700	-	299,700	19,967	19,967	-
COVID-19 - Education Equity – Elementary and Secondary School Emergency Relief (ESSER) 1920	203720	84.425D	43,950	43,950	43,950	-	43,950	-	-	-
COVID-19 - GEER II – Section 23c(4a-b) Teacher and Support Staff Pay 2122	211202	84.425C	19,000	-	-	-	16,750	16,750	-	-
COVID-19 - Supplemental Elementary and Secondary School Emergency Relief (ESSER II) 2021	213712	84.425D	1,305,482	-	-	-	-	1,230,112	1,230,112	-
COVID-19 - ESSER III Formula – American Rescue Plan (ARP-ESSER) 2122	213713	84.425U	831,723	-	-	-	-	226,354	226,354	-
COVID-19 - ESSER II Discretionary – Section 23b(2a) Summer School 2122	213722	84.425D	162,250	-	-	-	162,250	162,250	-	-
COVID-19 - ESSER II Discretionary – Section 23b(2b) Credit Recovery 2122	213742	84.425D	19,800	-	-	-	19,800	19,800	-	-
COVID-19 - ESSER II Discretionary – Section 23b(2c) Before-and-After School 2122	213752	84.425D	25,000	-	-	-	-	25,000	25,000	-
<b>Total Education Stabilization Fund</b>		84.425	2,787,764	404,542	404,542	-	603,342	1,700,233	1,501,433	-
<b>Total Federal Awards</b>			<u>\$ 5,643,778</u>	<u>\$ 1,716,685</u>	<u>\$ 853,582</u>	<u>\$ -</u>	<u>\$ 1,877,079</u>	<u>\$ 3,089,921</u>	<u>\$ 2,066,424</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards

## THE NEW STANDARD ACADEMY

### RECONCILIATION OF BASIC FINANCIAL STATEMENTS FEDERAL REVENUE AND RECEIVABLES WITH SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

#### Revenues to Expenditures

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

General Fund	\$ 2,355,060
Special Revenue Fund - Food Services	<u>734,861</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 3,089,921</u>

#### Federal Receivables

Receivables from federal sources - As reported on financial statements	\$ 2,104,453
Supply Chain Assistance Grant deferred revenue	(14,764)
Timing difference between MDE payment and Academy receipt	<u>(23,265)</u>
Federal receivables per the schedule of expenditures of federal awards	<u>\$ 2,066,424</u>

# THE NEW STANDARD ACADEMY

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

### NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of The New Standard Academy under programs of the federal government for the year ended June 30, 2022. 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 The New Standard Academy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of The New Standard 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

The New Standard 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.

# THE NEW STANDARD ACADEMY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

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

#### *Financial Statements*

Type of auditor's 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 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:

Assistance Listing Number(s)  
84.425

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

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

None