

**EAGLE'S NEST ACADEMY**  
**Flint, Michigan**

**FINANCIAL STATEMENTS**  
**June 30, 2022**



**Gardner | Provenzano**  
**Thomas & Luplow**

CERTIFIED PUBLIC ACCOUNTANTS

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# Gardner | Provenzano Thomas & Luplow

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner  
Giacamo Provenzano  
Heather Thomas-Verhaeghe  
Brett A. Luplow

## INDEPENDENT AUDITOR'S REPORT

October 6, 2022

To the Board of Directors  
Eagle's Nest Academy

### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Eagle's Nest Academy, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Eagle's Nest 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 Eagle's Nest Academy, as of June 30, 2022, and the respective changes in financial position thereof 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 Eagle's Nest 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.

### Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022 the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are 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 Eagle's Nest 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 Eagle's Nest 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 Eagle's Nest 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 identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Directors  
Eagle's Nest Academy  
Page Three

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eagle's Nest Academy's basic financial statements. The accompanying other 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 on our consideration of Eagle's Nest 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 Eagle's Nest 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 Eagle's Nest Academy's internal control over financial reporting and compliance.

*Marlene, Provenzano, Thomas & Lupton*

Certified Public Accountants

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**EAGLE'S NEST ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

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**Introduction**

This section of the annual financial report presents management's discussion and analysis of Eagle's Nest Academy's financial results for the fiscal year ended June 30, 2022. Please read this along with the financial statements that follow for a comprehensive understanding of the financial position of the Academy.

**Using This Report**

The annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Academy as a whole (government-wide statements) and in more detail (governmental fund statements) showing the year's activity by fund.

**Academy Wide Financial Statements**

The Academy Wide Financial Statements appear first and report all assets and liabilities using the accrual basis of accounting, similar to the accounting method used by most private sector companies. All the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The statement of activities covers all of the Academy's services including instruction and support services which are financed through Unrestricted State Aid and State and Federal grants. In addition, revenue less expense results in the change in net position, which can either increase or decrease on an annual basis.

**Fund Financial Statements**

The Fund Financial Statements are reported on a modified accrual basis and are formatted to comply with the legal requirements of the Michigan Department of Education's Accounting Manual. The Academy uses funds to help control and manage money for specific purposes or to meet legal responsibilities for certain grants. Funds provide a detailed short-term view of the operations and services of the Academy, show how money flows through and out of funds, and the balances left at year-end. Reviewing the funds helps the reader consider whether the Academy is accountable for the resources taxpayers and others provide and gives insight into the Academy's overall financial health.

The relationship between governmental activities (Academy Wide Financial Statements) and governmental fund activities (Fund Financial Statements) will be reconciled later in the report.



**EAGLE'S NEST ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**Condensed Financial Statements  
Analysis of Overall Financial Position and Results of Operations**

The table below provides a summary of the Academy's net position as of June 30, 2022 and 2021.

	<u>2022</u>	<u>2021*</u>
Assets		
Current and other assets	\$ 476,638	\$ 590,659
Capital assets - net	<u>1,612,140</u>	<u>954,525</u>
Total assets	<u><u>2,088,778</u></u>	<u><u>1,545,184</u></u>
Liabilities		
Current liabilities	320,824	130,565
Noncurrent liabilities	<u>1,471,539</u>	<u>1,061,760</u>
Total liabilities	<u><u>1,792,363</u></u>	<u><u>1,192,325</u></u>
Net position		
Net investment in capital assets	(62,100)	(107,235)
Unrestricted	<u>358,515</u>	<u>460,094</u>
Total net position	<u><u>\$ 296,415</u></u>	<u><u>\$ 352,859</u></u>

\* The 2021 figures have not been updated for the adoption of GASB 87.

The Academy's net position was \$296,415 at June 30, 2022. Net investment in capital assets of (\$62,100) was computed by taking the original cost of the assets and subtracting the depreciation/amortization expense and related debt. The remaining amount of net position \$358,515 is unrestricted and represents the accumulation of prior and current years' operations. The operating results of the general fund will have a significant impact on the change in unrestricted net position from year to year.

The Academy's results of operations for the years ended June 30, 2022 and 2021 are reported below.

**EAGLE'S NEST ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

	<u>2022</u>	<u>2021*</u>
Revenue		
Program revenue		
Grants and contributions	\$ 926,187	\$ 712,405
General revenue		
State foundation allowance	1,422,450	1,428,890
Other	4,460	10,056
Total revenue	<u>2,353,097</u>	<u>2,151,351</u>
Function/program expenses		
Instruction	715,492	612,938
Support services	1,234,749	1,187,234
Food service	179,772	140,390
Interest	63,916	37,675
Depreciation/amortization (unallocated)	235,418	22,400
Total expenses	<u>2,429,347</u>	<u>2,000,637</u>
Increase (decrease) in net position	<u>\$ (76,250)</u>	<u>\$ 150,714</u>

\* The 2021 figures have not been updated for the adoption of GASB 87.

Funding for the above activities comes from a variety of sources. Some activities are partially funded by those who benefit from the programs or by grants and categoricals from governments and organizations. The remaining activities are paid for by the State Foundation Allowance and other revenues from local sources.

**Budget Highlights**

Eagle's Nest Academy's budget was developed according to the Uniform Budget Act of the State of Michigan requirements. The Act requires that the original budget for the upcoming fiscal year be approved prior to July 1, the start of the fiscal year.

<u>General fund</u>	<u>Original</u>	<u>Final</u>	<u>Variance</u>	<u>Actual</u>	<u>Variance</u>
Total revenue	\$ 1,925,588	\$ 2,912,039	33.87%	\$ 2,185,868	-33.22%
Total expenditures	1,925,588	3,012,920	36.09%	2,274,904	-32.44%
Excess revenue/expenditures	<u>\$ -</u>	<u>\$ (100,881)</u>		<u>\$ (89,036)</u>	

Changes to the original General Fund budget were as follows:

- When establishing the original 2021/22 revenue and expenditure budget in the summer of 2021 only estimates could be used due to the uncertain state of the amount of the per-pupil foundation grant and uncertainties regarding enrollment. Once student enrollment became known and State aid amounts became certain, in the fall of 2021 new budgets were prepared to reflect an increase in the number of students served from the original estimate. While an increase in the number of students' results in more revenue to the Academy, an increase in students' results in required expenditures increasing as well.

**EAGLE'S NEST ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

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**Final vs. Actual Budget**

- Management believes that the final budget to actual results variances were not significant.

**Academy's Funds**

**General Fund**

The General Fund is the primary operating fund for the Academy. For fiscal year ending June 30, 2022, the fund decreased by \$89,036.

**Food Service Fund**

The Academy maintained the school lunch program for the fiscal year. The food service fund balance decreased to \$28,316 at June 30, 2022.

**Capital Assets**

As of June 30, 2022, the Academy has \$1,612,140 in capital assets including equipment and leasehold improvements, less depreciation and amortization.

	<u>2022</u>	<u>2021</u>
Equipment and improvements	\$ 1,128,710	\$ 1,063,410
Right to use - leased facility	1,056,680	1,056,680
Less accumulated depreciation/amortization	<u>(573,250)</u>	<u>(337,832)</u>
Net capital assets	<u>\$ 1,612,140</u>	<u>\$ 1,782,258</u>

**Long-term Debt**

The Academy entered into an installment purchase agreement for leasehold improvements. A summary of the transactions associated with this obligation follows.

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2022</u>
Installment contracts	\$ 1,061,760	\$ -	\$ -	\$ 1,061,760
Right to use facility lease	807,927	-	195,447	612,480
Total	<u>\$ 1,869,687</u>	<u>\$ -</u>	<u>\$ 195,447</u>	<u>\$ 1,674,240</u>

**Conditions Affecting Next Year's Budget**

Our Board members and administration consider many factors when setting the Academy's 2021/22 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2021/22 fiscal year is 25 percent and 75 percent of the February 2021 and September 2022 student counts, respectively. The 2023 budget was adopted in May 2022, based on an estimate of students that will be enrolled in September 2022. Approximately 60 percent of the total General Fund revenue is from the foundation allowance.

**EAGLE'S NEST ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

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**Conditions Affecting Next Year's Budget (continued)**

As a result, Academy funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2022/23 school year, we anticipate that the fall student count will be similar to the estimates used in creating the 2021/22 budget. Once the final student count and related per pupil funding is validated, State law requires the Academy to amend the budget if actual Academy resources are not sufficient to fund original appropriations.

Since the Academy's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to academies. The State periodically holds a revenue-estimating conference to estimate revenues. Based on the results of the most recent conference, the State estimates funds are sufficient to fund the appropriation. The overall State economy remains a cause for concern, and the Academy will continue to be properly cautious in fiscal matters.

**Requests for Information**

This report is designed to provide our stakeholders with a general overview of the Academy's finances. If you have questions about this report or need additional information, contact the Academy, 5005 Cloverlawn Drive, Flint, Michigan 48504.

# BASIC FINANCIAL STATEMENTS

EAGLE'S NEST ACADEMY  
Academy Wide  
Statement of Net Position  
June 30, 2022

	Governmental Activities
<b>Assets</b>	
Cash	\$ 152,088
Receivables	324,550
Capital assets less accumulated depreciation/amortization	1,612,140
Total Assets	2,088,778
<b>Liabilities</b>	
Current liabilities	
Accounts payable	39,124
Accrued expenses	36,393
Accrued interest	9,419
Due to management company	33,187
Right to use facility lease payable, due with one year	202,701
Long-term liabilities	
Right to use facility lease payable, due in more than one year	409,779
Installment contract due in more than one year	1,061,760
Total Liabilities	1,792,363
<b>Net Position</b>	
Net investment in capital assets	(62,100)
Unrestricted	358,515
Total Net Position	\$ 296,415

The accompanying notes are an integral part of these financial statements.

EAGLE'S NEST ACADEMY  
District Wide  
Statement of Activities  
For the Year Ended June 30, 2022

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Position</u>
Functions/Programs				
Instruction	\$ 715,492	\$ -	\$ 585,048	\$ (130,444)
Support services	1,234,749	-	150,682	(1,084,067)
Food service	179,772	-	190,457	10,685
Interest	63,916	-	-	(63,916)
Amortization (unallocated)	211,336	-	-	(211,336)
Depreciation (unallocated)	24,082	-	-	(24,082)
Totals	<u>\$ 2,429,347</u>	<u>\$ -</u>	<u>\$ 926,187</u>	<u>(1,503,160)</u>
General revenues:				
State aid - unrestricted				1,422,450
Other				4,460
Total General Revenues				<u>1,426,910</u>
Change in Net Position				(76,250)
Net Position - Beginning of Year (as restated)				372,665
Net Position - End of Year				<u>\$ 296,415</u>

The accompanying notes are an integral part of these financial statements.

EAGLE'S NEST ACADEMY  
Governmental Funds  
Balance Sheet  
June 30, 2022

	<u>General Fund</u>	(Non-Major Fund) <u>Food Service</u>	<u>Totals</u>
<u>Assets</u>			
Cash	\$ 152,088	\$ -	\$ 152,088
Due from other governmental units	324,550	-	324,550
Due from other funds	-	28,316	28,316
Total Assets	<u>\$ 476,638</u>	<u>\$ 28,316</u>	<u>\$ 504,954</u>
<u>Liabilities and Fund Balance</u>			
Liabilities			
Accounts payable	\$ 39,124	\$ -	\$ 39,124
Accrued expenses	36,393	-	36,393
Due to management company	33,187	-	33,187
Due to other funds	28,316	-	28,316
Total Liabilities	<u>137,020</u>	<u>-</u>	<u>137,020</u>
Fund balance			
Assigned	-	28,316	28,316
Unassigned	339,618	-	339,618
Total Fund Balance	<u>339,618</u>	<u>28,316</u>	<u>367,934</u>
Total Liabilities and Fund balance	<u>\$ 476,638</u>	<u>\$ 28,316</u>	<u>\$ 504,954</u>

The accompanying notes are an integral part of these financial statements.



EAGLE'S NEST ACADEMY  
 Reconciliation of Balance Sheet of Governmental Funds to Net Position  
 June 30, 2022

Total Fund Balances - Governmental Funds	\$ 367,934
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	
The cost of the capital assets are:	2,185,390
Accumulated depreciation/amortization is:	(573,250)
Accrued interest on long-term installment contract	(9,419)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	
Installment contract	(1,061,760)
Liability on right to use asset	(612,480)
	\$ 296,415
Total Net Position - Governmental Activities (Academy Wide)	\$ 296,415

The accompanying notes are an integral part of these financial statements.

EAGLE'S NEST ACADEMY  
Governmental Funds  
Statement of Revenue, Expenses, and Changes in Fund Balances  
For the Year Ended June 30, 2022

	General	(Non-Major Fund) Food Service	Totals
Revenue			
Local	\$ 4,460	\$ -	\$ 4,460
State	1,592,842	4,883	1,597,725
Federal	565,338	185,574	750,912
Total Revenue	2,162,640	190,457	2,353,097
Expenditures			
Instruction			
Basic programs	474,113	-	474,113
Added needs	241,379	-	241,379
Support Services			
Pupil services	13,193	-	13,193
Staff	95,568	-	95,568
General administration	302,498	-	302,498
School administration	234,650	-	234,650
Business	109,713	-	109,713
Operation and maintenance	436,147	-	436,147
Transportation	133,165	-	133,165
Central services	151,171	-	151,171
Community service	26,784	-	26,784
Facilities	56,523	-	56,523
Food service	-	179,772	179,772
Total Expenditures	2,274,904	179,772	2,454,676
Excess (Deficiency) of Revenues over Expenditures	(112,264)	10,685	(101,579)
Other Financing Sources (Uses)			
Operating transfers in	23,228	-	23,228
Operating transfers out	-	(23,228)	(23,228)
Total Other Financing Sources (Uses)	23,228	(23,228)	-
Net Change in Fund Balances	(89,036)	(12,543)	(101,579)
Fund Balance, Beginning of Year	428,654	40,859	469,513
Fund Balance, End of Year	\$ 339,618	\$ 28,316	\$ 367,934

The accompanying notes are an integral part of these financial statements.

EAGLE'S NEST ACADEMY  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
 Fund Balances of Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2022

Net Change in Fund Balances - Governmental Funds	\$	(101,579)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are capitalized and depreciated over their estimated useful lives.

Capital outlay		65,300
Depreciation expense		(24,082)
Amortization expense		(211,336)

Repayment of principal is an expenditure in the governmental funds, but not in the Academy Wide statement of activities.

Obligation under right to use asset		195,447
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Change in Net Position of Governmental Activities (Academy Wide)	\$	(76,250)
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The accompanying notes are an integral part of these financial statements.

EAGLE'S NEST ACADEMY  
NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies

Eagle's Nest Academy was formed as a Charter School Academy pursuant to the Michigan School Code of 1976, as amended by Act 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.

In July 2015, the Academy entered into an agreement with Grand Valley State University to operate as a public school academy. The Academy began operations as a public school academy in the 2015/2016 school year. The Academy is required to act exclusively as a governmental agency and is prohibited to take any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State Constitution. Grand Valley State University 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 Grand Valley State University two percent of unrestricted state aid as administrative fees. The total administrative fees incurred to Grand Valley State University for the year ended June 30, 2022 was \$46,409.

Reporting Entity

The accompanying financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational and financial relationships that determine which of the governmental organizations are a part of the Academy's reporting entity, and which organizations are legally separate component units of the Academy. The Academy has no component units.

A. Academy-Wide Statements

The statement of net position and the statement of activities display information about the Academy as a whole. The usual purpose of these statements is to distinguish between activities that are governmental and those that are considered business-type activities. Currently, all activities of the Academy are considered to be governmental.

The Academy-wide statements are prepared using the economic resources measurement focus and the full accrual basis of accounting. This basis is different from the manner in which the governmental fund financial statements are prepared. Therefore, reconciliations are included to identify the relationship between the Academy-wide statements and the statements for the governmental funds.

EAGLE'S NEST ACADEMY  
NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (continued)

A. Academy-Wide Statements (continued)

The Academy-wide statement of activities presents a comparison between program expenses and program revenues; revenues that are not classified as direct program revenues are presented as general revenues. The comparison of program expenses and revenues identify the extent to which each program is self-financed or draws resources from the Academy.

The Academy-wide approach is focused more on the sustainability of the Academy as an entity and the change in the Academy's net position from the current year's activities.

B. Fund Financial Statements

The accounts of the Academy are organized on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following fund types are used by the Academy:

Governmental Funds

The governmental fund statements are prepared using the current resources measurement focus and the modified accrual basis of accounting. The fund approach is focused on the currently available resources and changes in the currently available resources of the Academy.

General Fund is the general operating fund of the Academy. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for a specified purpose. The Special Revenue Fund maintained by the Academy is the Food Service Fund. The Food Service Fund is intended to be self-supporting.

Usually the emphasis in fund financial statements is on the major funds. The Academy has opted to display information for all funds without regard to the criteria for determination of major funds as determined by GASB 34. However, only the general fund met the criteria as a major fund.

EAGLE'S NEST ACADEMY  
NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures /expenses are recognized in the accounts and reported in the financial statements. Accounting basis relates to the timing of the measurements made regardless of the measurement focus applied.

Full Accrual

The full accrual basis of accounting requires recognition of revenues when earned and expenses when incurred, regardless of the timing of related cash flows. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. This method is used for the Academy-Wide statements.

Modified Accrual

The modified accrual basis recognizes revenues when they are measurable and available, available means collectible within the current period or within 60 days after year-end. Expenditures are still recognized when incurred; however, principal and interest on long-term debt is recognized when payment is due. This method is used for the Fund Level statements.

The most significant difference between the full accrual basis of accounting and the modified accrual basis of accounting is the way in which capital assets and long-term debt are recognized. The full accrual basis of accounting recognizes purchases of capital assets as an asset and long-term debt proceeds as a liability (similar to a for-profit business). The modified accrual basis of accounting recognizes the purchase of capital assets as expenditures and long-term debt proceeds as other revenue sources.

D. Financial Statement Amounts

Cash

Cash includes cash on hand and demand deposits.

Receivables

Receivables consist of all revenues earned at year-end but not yet received.

EAGLE'S NEST ACADEMY  
NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (continued)

D. Financial Statement Amounts (continued)

Capital Assets and Depreciation

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Academy does not possess infrastructure type assets.

Depreciation on all assets is provided on the straight-line method over the following estimated useful lives:

Leasehold Improvements	50 years
Equipment	10 years

Accounts Payable

Accounts payable consist of items from which the Academy benefited during the current fiscal year but has not yet paid.

Unearned Revenue

Unearned revenue represents amounts for which the Academy has received or is due to receive but has not yet earned. Unearned revenue is usually caused by the receipt of grant program revenues in excess of expenses/expenditures related to the grant. The unearned revenues are deferred until the proceeds have been fully expensed/expended at which time they will be reclassified to earned revenues. The Academy had no unearned revenue at June 30, 2022.

Due to Management Company

Due to Management Company consists of administrative fees and unreimbursed expenses/expenditures that are due and payable for the current fiscal year.

Inter-fund Activity

Inter-fund activity is reported as transfers and is eliminated upon consolidation.

EAGLE'S NEST ACADEMY  
NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (continued)

In the fund financial statements, governmental funds report the following components of fund balance:

- Nonspendable – Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted – Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- Committed – Amounts that have been formally set aside by the Board of the Academy for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of the Academy.
- Assigned – Intent to spend resources on specific purposes expressed by the Board of the Academy.
- Unassigned – Amounts that are available for any purpose.

The Academy did not have any nonspendable, restricted, or committed fund balance as of June 30, 2022.

Net position flow assumption

Sometimes the Academy will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the Academy will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.



EAGLE'S NEST ACADEMY  
NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (continued)

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Academy had no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position/balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Academy had no items that qualified for reporting in this category.

Leases

The Academy is a lessee for a noncancelable lease of a building. The Academy recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The Academy recognizes lease liabilities with an initial, individual value of \$10,000 or more.

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.

EAGLE'S NEST ACADEMY  
NOTES TO THE FINANCIAL STATEMENTS

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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 the lease liability.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 6, 2022, which is the date the financial statements were available to be issued.

NOTE 2--Stewardship, Compliance, and Accountability

The Academy formally adopted a General Fund and Food Service Fund budget by activity for the year ended June 30, 2022. State law requires the Academy to have its budget in place before July 1. Unexpended appropriations lapse at year-end; encumbrances are not formally recorded.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. Budgeted amounts presented in the financial statements are amended by the Board of Directors.

State law permits Academies to amend their budgets during the year. The budgetary comparison presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. Expenditures in excess of amounts budgeted are a violation of Michigan law.

The Academy's expenditure budget variances are illustrated in the required supplemental information.

NOTE 3--Deposits and Investments

The Academy is authorized, by the State of Michigan, to deposit its funds in banks, savings and loan associations, or credit unions having a principal office in Michigan.

EAGLE'S NEST ACADEMY  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3--Deposits and Investments (continued)

The Academy is also authorized to invest in the following:

- a. Direct bonds and obligations of the U.S. or agency or instrumentality,
- b. CDs, savings accounts with banks, savings and loan associations, or credit unions which are insured with the applicable federal agency,
- c. Commercial paper – within three highest rate classifications by at least two rating services, maturing not later than 270 days,
- d. U.S. or agency repurchase agreements,
- e. Banker's acceptance of U.S. banks, and
- f. Mutual funds – investments which local unit can make directly.

As of year-end, the carrying amount of the Academy deposits was \$152,088 and the bank balances were \$307,884. All cash is deposited in a federally insured financial institution. The Academy had uninsured bank balances \$31,012 at June 30, 2022. The Academy has not adopted an investment policy and does not hold any investments.

NOTE 4--Capital Assets and Accumulated Depreciation

Capital asset activity of the Academy was as follows:

	As restated Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
Capital assets subject to depreciation/amortization				
Equipment and improvements	\$ 1,063,410	\$ 65,300	\$ -	\$ 1,128,710
Right to use - leased facility	1,056,680	-	-	1,056,680
Total capital assets	<u>2,120,090</u>	<u>65,300</u>	<u>-</u>	<u>2,185,390</u>
Accumulated depreciation/amortization				
Equipment and improvements	108,885	24,082	-	132,967
Right to use - leased facility	228,947	211,336	-	440,283
Total accumulated depreciation/amortization	<u>337,832</u>	<u>235,418</u>	<u>-</u>	<u>573,250</u>
Total net capital assets	<u>\$ 1,782,258</u>	<u>\$ (170,118)</u>	<u>\$ -</u>	<u>\$ 1,612,140</u>

Allocation of depreciation and amortization to a specific program/function is not practical. Therefore, depreciation totaling \$24,082 and amortization of \$211,336 were not allocated for the year end June 30, 2022.

NOTE 5--Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2022, the Academy carried commercial insurance.

EAGLE'S NEST ACADEMY  
NOTES TO THE FINANCIAL STATEMENTS

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NOTE 6--Management Contract

The Academy entered into a management agreement with North Flint Reinvestment Corporation (NFRC) that began on July 1, 2015 and will end on June 30, 2022. Under the terms of the management agreement, NFRC provides various services to include general educational services, student management, marketing, financial services, and employee management. In addition to reimbursing NFRC for direct costs, the Academy will pay a management fee of 10% of the Academy's revenues up to a maximum of 15% of total revenue. A lesser percentage may be agreed to by NFRC and the Academy's board of directors. Fees paid to NFRC during the year ending June 30, 2022 totaled \$467,235 which includes facilities rent of \$221,692 (see Note 8).

NOTE 7--Due to Management Company

The Academy owed NFRC \$33,187 for management fees incurred during the 2021/22 school year at June 30, 2022.

NOTE 8--Lease Commitments

The Academy extended its original school facilities lease with the North Flint Reinvestment Corporation (NFRC) for a five year period beginning in June 2020 and ending in May 2025. The basic annual rent during the term of the lease is equal to 15% of the Academy's per pupil state aid payments. The amount of the lease payments may be reduced to the extent necessary to ensure that the Academy is making its loan payments on a timely basis. Total rent incurred under this lease was \$221,692 for the year ended June 30, 2022.

Estimated future minimum rental payments using per pupil state aid payments as of June 30, 2022 are illustrated below:

<u>School Year</u>	<u>Payments</u>
2022/23	\$ 221,692
2023/24	221,692
2024/25	203,214
	<u>\$ 646,598</u>

The Academy also leases its copier. The agreement expired during the 2021/2022 school year. The agreement also includes volume-based charges in addition to the base monthly amount. Amounts paid under this lease totaled \$7,804 during the year ended June 30, 2022.

EAGLE'S NEST ACADEMY  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9--Long-Term Debt

In January 2017, the Academy executed an installment purchase agreement with IFF to finance leasehold improvements. The installment purchase agreement for \$1,049,260 called for quarterly principal and interest payments of \$27,912 including interest at 5.375%. The installment agreement was refinanced in October 2017 and calls for interest only payments made quarterly for a period of seven years. The outstanding principal balance at June 30, 2022 is \$1,061,760. Payments on this obligation are recorded in the general fund. Estimated principal and interest payments are as follows:

Year ended June 30,	Principal	Interest	Total
2023	\$ -	\$ 37,675	\$ 37,675
2024		37,675	37,675
2025	1,061,760	-	1,061,760
	<u>\$ 1,061,760</u>	<u>\$ 75,350</u>	<u>\$ 1,137,110</u>

A summary of long-term debt transactions follows:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Current Portion
Installment contracts	\$ 1,061,760	\$ -	\$ -	\$ 1,061,760	\$ -
Right to use facility lease	807,927	-	195,447	612,480	202,701
Total	<u>\$ 1,869,687</u>	<u>\$ -</u>	<u>\$ 195,447</u>	<u>\$ 1,674,240</u>	<u>\$ 202,701</u>

NOTE 10--Grant Programs

All grant programs are subject to a final audit from the grantor agency, the outcome of which may or not result in disallowed costs that the Academy may be required to be paid back.

NOTE 11--Interfund – Receivables, Payables, and Transfers

Fund	Due from General Fund	Fund	Due to Food Service
Food service	<u>\$ 28,316</u>	General	<u>\$ 28,316</u>

Fund	Transfer to General Fund	Fund	Transfer from Food Service
Food service	<u>\$ 23,228</u>	General	<u>\$ 23,228</u>

REQUIRED  
SUPPLEMENTAL INFORMATION

EAGLE'S NEST ACADEMY  
Budgetary Comparison  
For the Year Ended June 30, 2022

	General Fund			Food Service				
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Revenue								
Local	\$ 6,015	\$ 6,030	\$ 4,460	\$ (1,570)	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
State	1,595,682	1,570,650	1,592,842	22,192	5,235	5,235	4,883	(352)
Federal	318,891	1,325,092	565,338	(759,754)	126,177	126,177	185,574	59,397
Incoming transfers and other	5,000	10,267	23,228	12,961	22,888	32,588	-	(32,588)
Total revenue	<u>1,925,588</u>	<u>2,912,039</u>	<u>2,185,868</u>	<u>(726,171)</u>	<u>159,300</u>	<u>169,000</u>	<u>190,457</u>	<u>21,457</u>
Instruction								
Basic programs	361,637	711,370	474,113	237,257	-	-	-	-
Added needs	257,610	256,706	241,379	15,327	-	-	-	-
Support Services								
Pupil services	20,462	66,298	13,193	53,105	-	-	-	-
Staff	69,736	106,584	95,568	11,016	-	-	-	-
General administration	227,581	289,630	302,498	(12,868)	-	-	-	-
School administration	226,406	243,557	234,650	8,907	-	-	-	-
Business	98,400	139,375	109,713	29,662	-	-	-	-
Operation and maintenance	474,397	543,896	436,147	107,749	-	-	-	-
Transportation	85,925	142,000	133,165	8,835	-	-	-	-
Central services	89,675	320,655	151,171	169,484	-	-	-	-
Community service	5,102	23,738	26,784	(3,046)	-	-	-	-
Facilities	8,657	169,111	56,523	112,588	-	-	-	-
Outgoing transfers and other	-	-	-	-	-	-	23,228	(23,228)
Food service	-	-	-	-	159,300	169,000	179,772	(10,772)
Total expenditures	<u>1,925,588</u>	<u>3,012,920</u>	<u>2,274,904</u>	<u>738,016</u>	<u>159,300</u>	<u>169,000</u>	<u>203,000</u>	<u>(34,000)</u>
Excess (Deficiency) of revenues over expenditures	-	(100,881)	(89,036)	11,845	-	-	(12,543)	(12,543)
Fund Balance - Beginning of Year	428,654	428,654	428,654	-	40,859	40,859	40,859	-
Fund Balance - End of Year	<u>\$ 428,654</u>	<u>\$ 327,773</u>	<u>\$ 339,618</u>	<u>\$ 11,845</u>	<u>\$ 40,859</u>	<u>\$ 40,859</u>	<u>\$ 28,316</u>	<u>\$ (12,543)</u>

ADDITIONAL  
SUPPLEMENTAL INFORMATION





Frederick C. Gardner  
Giacamo Provenzano  
Heather Thomas-Verhaeghe  
Brett A. Luplow

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

October 6, 2022

To the Board of Directors  
Eagle's Nest 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 remaining fund information as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Eagle's Nest Academy's basic financial statements and have issued our report thereon dated October 6, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Eagle's Nest Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eagle's Nest Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Eagle's Nest 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 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.

To the Board of Directors  
Eagle's Nest Academy  
Page Two

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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



Certified Public Accountants

## SINGLE AUDIT COMPLIANCE



Frederick C. Gardner  
Giacamo Provenzano  
Heather Thomas-Verhaeghe  
Brett A. Luplow

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

October 26, 2022

To the Board of Directors  
Eagle's Nest Academy

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

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

We have audited Eagle's Nest 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 Eagle's Nest Academy's major federal programs for the year ended June 30, 2022. Eagle's Nest 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, Eagle's Nest Academy's 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 Eagle's Nest 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 Eagle's Nest 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 Eagle's Nest 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 Eagle's Nest 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 Eagle's Nest 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 Eagle's Nest 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 Eagle's Nest 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 Eagle's Nest 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.

To the Board of Directors  
Eagle's Nest Academy  
Page Three

### **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.

*Mardner, Trovanzano, Thomas & Luplow*

Certified Public Accountants

EAGLE'S NEST ACADEMY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued (Unearned) Revenue at June 30, 2021	Adjustments	Current Year Receipts Cash Basis	Current Year Expenditures	Accrued (Unearned) Revenue at June 30, 2022
Department of Agriculture							
Passed Through State of Michigan							
Seamless Summer Option - Lunch							
211961 SSO - Lunch	10.555	\$ 11,359	\$ -	\$ -	\$ 11,359	\$ 11,359	\$ -
211961 SSO - Lunch	10.555	15,705	15,705	-	15,705	-	-
221961 SSO - Lunch	10.555	96,184	-	-	89,463	96,184	6,721
Total National School Lunch Program		<u>123,248</u>	<u>15,705</u>	<u>-</u>	<u>116,527</u>	<u>107,543</u>	<u>6,721</u>
Non-cash assistance (donated foods)							
USDA Commodities							
	10.555	2,021	-	-	2,021	2,021	-
210904 Extended SFSP	10.559	32,440	15,118	-	32,440	17,322	-
Seamless Summer Option - Breakfast							
211971 SSO Breakfast	10.553	5,331	-	-	5,331	5,331	-
221971 SSO Breakfast	10.553	42,255	-	-	38,981	42,255	3,274
Total School Breakfast Program		<u>47,586</u>	<u>-</u>	<u>-</u>	<u>44,312</u>	<u>47,586</u>	<u>3,274</u>
Total Child Nutrition Cluster		<u>205,295</u>	<u>30,823</u>	<u>-</u>	<u>195,300</u>	<u>174,472</u>	<u>9,995</u>
220950 Fresh Fruit and Vegetable Program	10.582	10,488	-	-	10,488	10,488	-
210980 Pandemic EBT Local Level Costs	10.649	614	-	-	614	614	-
Total Department of Agriculture		<u>205,295</u>	<u>30,823</u>	<u>-</u>	<u>206,402</u>	<u>185,574</u>	<u>9,995</u>
Department of Education							
Passed Through State of Michigan							
211530 Title I, Part A	84.010	140,475	1,469	-	1,469	-	-
221530 Title I, Part A	84.010	150,387	-	-	136,708	149,589	12,881
Total Title I, Part A		<u>150,387</u>	<u>1,469</u>	<u>-</u>	<u>138,177</u>	<u>149,589</u>	<u>12,881</u>
210520 Title II Part A	84.367	27,309	-	-	8,334	8,334	-
220520 Title II Part A	84.367	25,749	-	-	3,871	12,599	8,728
Total Title II, Part A		<u>53,058</u>	<u>-</u>	<u>-</u>	<u>12,205</u>	<u>20,933</u>	<u>8,728</u>
210750 Title IV Part A	84.424	21,181	857	-	857	-	-
220750 Title IV Part A	84.424	20,427	-	-	20,427	20,427	-
Total Title IV, Part A		<u>41,608</u>	<u>857</u>	<u>-</u>	<u>21,284</u>	<u>20,427</u>	<u>-</u>
201200 ESSER Funds - K-12	84.425C	16,630	1,650	-	3,724	2,074	-
211202 ESSER Funds - K-12	84.425C	6,000	-	-	6,000	6,000	-
Total ESSER Funds - K-12		<u>22,630</u>	<u>1,650</u>	<u>-</u>	<u>9,724</u>	<u>8,074</u>	<u>-</u>
203710 ESSER - Formula	84.425D	117,778	4,379	-	11,136	6,757	-
213712 ESSER - Formula	84.425D	346,479	52,110	-	337,650	285,540	-
213722 ESSER - Formula	84.425D	26,950	-	-	26,950	26,950	-
Total ESSER - Formula		<u>491,207</u>	<u>56,489</u>	<u>-</u>	<u>375,736</u>	<u>319,247</u>	<u>-</u>
213713 ESSER III - Formula	84.425U	778,695	-	-	30,060	35,404	5,344
Passed Through Intermediate District							
220450 IDEA (2021-22)	84.027	11,664	-	-	11,664	11,664	-
Total IDEA		<u>11,664</u>	<u>-</u>	<u>-</u>	<u>11,664</u>	<u>11,664</u>	<u>-</u>
Total Department of Education		<u>1,549,249</u>	<u>60,465</u>	<u>-</u>	<u>598,850</u>	<u>565,338</u>	<u>26,953</u>
Total Federal Financial Assistance		<u>\$ 1,754,544</u>	<u>\$ 91,288</u>	<u>\$ -</u>	<u>\$ 805,252</u>	<u>\$ 750,912</u>	<u>\$ 36,948</u>

See notes to Schedule of Expenditures of Federal Awards

Eagles's Nest 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 Eagle's Nest 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Eagle's Nest Academy, it is not intended to and does not present the financial position or changes in net position of Eagle's Nest Academy. The Academy does not qualify for low risk auditee status. Management has utilized NexSys, Cash Management System, and the Grant Auditor's Report (GAR) in preparing the schedule of expenditures of federal awards.

NOTE 2--Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles of OMB circular A-87, or the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Academy did not elect to use a flat de minimus rate of 10% of modified total direct costs for their indirect cash rate.

NOTE 3--Noncash Assistance

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



Eagle's Nest Academy  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2022

Section 1 – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  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 material weaknesses?  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 Section 2 CFR 200.516 (a)?  Yes  No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425C, 84.425D, 84.425U	Education Stabilization Fund

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

Auditee qualified as low risk auditee?  Yes  No

Eagle's Nest Academy  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2022

Section 2 – Financial Statement Audit Findings

None

Section 3 – Federal Program Findings

None

Section 4 – Financial Statement Audit Findings

None

Federal Program Findings

None