

Audited Financial Statements

Tipton Academy

Garden City, Michigan

June 30, 2024

CONTENTS

	<u>Page</u>
Independent Auditors' Report	i - iii
Management's Discussion and Analysis	iv - ix
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Combined Balance Sheet – All Governmental Funds	3
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	4
Statement of Revenues, Expenditures and Changes in Fund Balance – All Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	6
Notes to Financial Statements	7 - 21
Supplementary Information	
Budgetary Comparison Schedule – General Fund	22
Combined Balance Sheet – Non-Major Funds	23
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Funds	24
Schedule of Revenues – General Fund	25
Schedule of Expenditures – General Fund	26 - 28

CONTENTS – Continued

	<u>Page</u>
Appendix- Federal Awards Report	
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	A-1 - A-2
Independent Auditors’ Report on Compliance for Each Major Program and On Internal Control Over Compliance Required by the Uniform Guidance	A-3 - A-5
Schedule of Expenditures of Federal Awards	A-6 - A-7
Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards	A - 8
Notes to Schedule of Expenditures of Federal Awards	A - 9
Schedule of Findings and Questioned Costs	A-10 - A-11



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Tipton Academy

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Tipton Academy, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tipton 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.

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 Tipton 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tipton 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 Tipton 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tipton Academy's basic financial statements. The accompanying additional supplementary information, as identified in the Table of Contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the additional supplementary information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2024, on our consideration of Tipton 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 Tipton 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 Tipton Academy's internal control over financial reporting and compliance.



Croskey Lanni, PC

Rochester, Michigan
October 29, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Tipton 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, 2024. Please read it in conjunction with the school’s financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

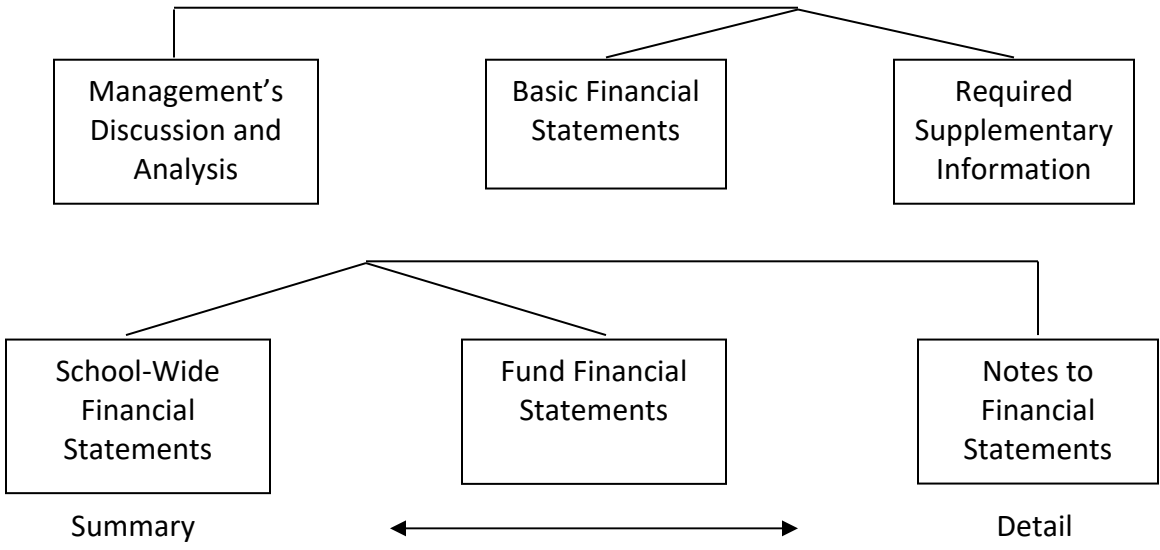
- ❖ For FY24 the total cost of basic programs was \$2,515,484.
- ❖ Revenues were at \$7,336,401 while expenditures and other financing uses were \$7,201,424 in the General Fund.
- ❖ Blended enrollment used for state aid purposes was 510.65, compared to 487.13 for the previous year.
- ❖ The school invested \$291,269 in capital assets. The academy also set aside \$150,000 for facility improvements to be completed in the 2024-2025 fiscal year.
- ❖ The school has a positive General Fund balance of \$2,832,787.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Figure A-1
Organization of Tipton’s Annual Financial Report



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

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

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

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

SCHOOL-WIDE STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

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

The school has one kind of fund:

- ❖ *Governmental funds* – Most of the school’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the school’s programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information with governmental funds statements that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

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

General Fund Budgetary Analysis

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

Financial Outlook

The Tipton Academy's financial forecast continues to be optimistic heading into the 2024-2025 school year.

- ❖ Enrollment is expected to increase above 550 for the 2024-2025 school year.
- ❖ The academy is using its strong financial position to upgrade and modernize its facilities, to obtain and retain staff and to provide a positive engagement with the local community.
- ❖ The Academy had a significant positive addition to the General Fund balance for the last five years.

Figure A-3
Tipton Academy's Net Position

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 5,539,456	\$ 5,158,934
Capital assets	<u>6,007,520</u>	<u>6,009,446</u>
Total assets and deferred outflows	11,546,976	11,168,380
Long-term debt outstanding	6,112,020	6,247,450
Current liabilities	<u>1,937,484</u>	<u>1,509,956</u>
Total liabilities	8,049,504	7,757,406
Net position:		
Net investment in capital assets	(239,930)	(368,274)
Restricted	924,456	1,101,650
Unrestricted	<u>2,812,946</u>	<u>2,677,598</u>
Total net position	<u>\$ 3,497,472</u>	<u>\$ 3,410,974</u>

Figure A-4
Changes in Tipton Academy's Net Position

	2024	2023
Revenues:		
Program revenues:		
Charges for services	\$ -	\$ 6
Federal and state operating grants	2,182,835	2,293,730
General revenues:		
State aid – unrestricted	5,112,377	4,531,987
Miscellaneous	452,245	227,831
Total revenues	7,747,457	7,053,554
Expenses:		
Instruction	3,511,960	2,820,737
Support services	3,598,452	2,768,693
Interest on long-term debt	257,352	259,384
Depreciation / amortization	293,195	253,821
Total expenses	7,660,959	6,102,635
Change in net position	\$ 86,498	\$ 950,919

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of FY24, the school had invested \$7,482,701 in capital assets, including land, buildings, improvements, computers and software. See Figure A-5 below for a listing of capital assets, and the accumulated depreciation.

Figure A-5
Tipton Academy's Capital Assets

	Balance June 30, 2024	Balance June 30, 2023
Land	\$ 900,000	\$ 900,000
Right to use assets	193,172	193,172
Building	5,100,000	5,100,000
Improvements	555,366	308,500
Furniture	255,637	211,234
Technology	478,526	478,526
Sub-total	7,482,701	7,191,432
Less: accumulated depreciation / amortization	1,475,181	1,181,986
Net book value of assets	\$ 6,007,520	\$ 6,009,446

Long-Term Debt

Long-term debt consists of a revenue bond and an equipment lease. The total outstanding at June 30, 2024 was \$6,247,450. See Note 7 to the financial statements for more detail.

FACTORS BEARING ON THE SCHOOL'S FUTURE

- Successful navigation of the current learning environment. Related to the pandemic.
- Maintaining staffing levels.
- State aid foundation grant stabilization

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

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

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

TIPTON ACADEMY

STATEMENT OF NET POSITION JUNE 30, 2024

ASSETS

Current Assets

Cash and cash equivalents	\$ 3,237,080
Investments in debt service and capital projects	558,621
Accounts receivable	34,135
Deposits	10,000
Due from other governmental units	1,682,287
Prepaid expenses	17,333
	<hr/>
Total current assets	5,539,456

Capital Assets - Net of Accumulated Depreciation / Amortization

6,007,520

Total assets \$ 11,546,976

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$ 567,380
Unearned revenue	482,566
Other accrued liabilities	752,106
Long-term debt - current portion	135,430
	<hr/>
Total current liabilities	1,937,482

Long-Term Debt - Long-Term Portion

6,112,020

Net Position

Net investment in capital assets	(239,930)
Restricted for debt services and capital projects	807,251
Restricted for food service	117,205
Unrestricted	2,812,948
	<hr/>
Total net position	3,497,474
	<hr/>
Total liabilities and net position	<u><u>\$ 11,546,976</u></u>

See accompanying notes to financial statements

TIPTON ACADEMY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense) Revenues and Changes in Net Position
		<u>Charges for Services</u>	<u>Operating Grants</u>	Government Type Activities
Functions				
Instruction				
Basic programs	\$ 2,515,484	\$ -	\$ 510,173	\$ (2,005,311)
Added needs	996,476	-	980,991	(15,485)
Support services				
Pupil support services	275,242	-	23,337	(251,905)
Instructional staff support services	139,041	-	134,698	(4,343)
General administration	822,796	-	-	(822,796)
School administration	610,996	-	-	(610,996)
Business support services	7,869	-	-	(7,869)
Operations and maintenance	1,261,423	-	106,253	(1,155,170)
Pupil transportation services	21,948	-	-	(21,948)
Central support services	19,815	-	7,260	(12,555)
Other support services	39,273	-	16,122	(23,151)
Athletics activities	14,080	-	-	(14,080)
Food services	364,597	-	382,629	18,032
Community services	21,372	-	21,372	-
Unallocated depreciation / amortization	293,195	-	-	(293,195)
Unallocated interest	257,350	-	-	(257,350)
Total primary government	<u>\$ 7,660,957</u>	<u>\$ -</u>	<u>\$ 2,182,835</u>	<u>(5,478,122)</u>
General Purpose Revenues				
State school aid - unrestricted				5,112,377
Miscellaneous revenues				<u>452,245</u>
Total general purpose revenues				<u>5,564,622</u>
Change in net position				86,500
Net position - July 1, 2023				<u>3,410,974</u>
Net position - June 30, 2024				<u>\$ 3,497,474</u>

See accompanying notes to financial statements

TIPTON ACADEMY

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2024

ASSETS

	General	Non-Major	Total
Cash and cash equivalents	\$ 3,237,080	\$ -	\$ 3,237,080
Investments	-	558,621	558,621
Accounts receivable	34,135	-	34,135
Deposits	10,000	-	10,000
Due from other governmental units	1,682,287	-	1,682,287
Due from other funds	-	365,835	365,835
Prepaid expenses	17,333	-	17,333
	<u>\$ 4,980,835</u>	<u>\$ 924,456</u>	<u>\$ 5,905,291</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 567,380	\$ -	\$ 567,380
Due to other funds	365,835	-	365,835
Unearned revenue	482,566	-	482,566
Other accrued liabilities	732,267	-	732,267
	<u>2,148,048</u>	<u>-</u>	<u>2,148,048</u>

Fund Balance

Nonspendable	17,333	-	17,333
Restricted	-	924,456	924,456
Unassigned	2,815,454	-	2,815,454
	<u>2,832,787</u>	<u>924,456</u>	<u>3,757,243</u>
Total liabilities and fund balance	<u>\$ 4,980,835</u>	<u>\$ 924,456</u>	<u>\$ 5,905,291</u>

See accompanying notes to financial statements

TIPTON ACADEMY

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

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

Total Governmental Fund Balances	\$ 3,757,243
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$7,482,701 and accumulated depreciation / amortization is \$1,475,181.	6,007,520
Interest is not payable until due in governmental activities and, therefore, is not recorded in the funds.	(19,839)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(6,247,450)</u>
Net Position of Governmental Activities	<u>\$ 3,497,474</u>

See accompanying notes to financial statements

TIPTON ACADEMY

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

	<u>General</u>	<u>Non-Major</u>	<u>Total</u>
Revenues			
Local sources	\$ 204,424	\$ 28,795	\$ 233,219
State sources	6,282,031	3,694	6,285,725
Federal sources	527,391	378,567	905,958
Interdistrict sources	322,555	-	322,555
	<hr/>	<hr/>	<hr/>
Total governmental fund revenues	7,336,401	411,056	7,747,457
Expenditures			
Instruction			
Basic program	2,515,484	-	2,515,484
Added needs	996,476	-	996,476
Support services			
Pupil support services	275,242	-	275,242
Instructional staff support services	139,041	-	139,041
General administration	822,796	-	822,796
School administration	610,996	-	610,996
Business support services	5,718	2,151	7,869
Operations and maintenance	825,492	435,931	1,261,423
Pupil transportation services	21,948	-	21,948
Central support services	19,815	-	19,815
Other support services	39,273	-	39,273
Athletics activities	14,080	-	14,080
Food services	-	364,597	364,597
Community services	21,372	-	21,372
Capital outlay	25,829	265,439	291,268
Debt principal and interest	8,594	379,400	387,994
	<hr/>	<hr/>	<hr/>
Total governmental fund expenditures	6,342,156	1,447,518	7,789,674
Excess (deficiency) of revenues over expenditures	994,245	(1,036,462)	(42,217)
Other Financing Sources (Uses)			
Operating transfers in	-	886,768	886,768
Operating transfers out	(859,268)	(27,500)	(886,768)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(859,268)	859,268	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	134,977	(177,194)	(42,217)
Fund balance - July 1, 2023	<hr/>	<hr/>	<hr/>
Fund balance - July 1, 2023	2,697,810	1,101,650	3,799,460
Fund balance - June 30, 2024	<u>\$ 2,832,787</u>	<u>\$ 924,456</u>	<u>\$ 3,757,243</u>

See accompanying notes to financial statements

TIPTON 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, 2024

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

Net Change in Fund Balances - Total Governmental Funds	\$	(42,217)
---	----	----------

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	\$	291,269		
Depreciation and amortization expense		<u>(293,195)</u>		(1,926)

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	\$	130,270		
Interest expense		<u>373</u>		<u>130,643</u>

Change in Net Position of Governmental Activities	\$	<u>86,500</u>
--	----	---------------

TIPTON ACADEMY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Tipton 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

Tipton 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, on July 30, 2012, and began operation in July 2013.

In July 2023, the Academy entered into a five-year contract with Lake Superior State University's Board of Trustees to charter a public-school academy. The contract has been renewed through June 30, 2030. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State constitution. The University's Board of Trustees is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws. The Academy pays Lake Superior State University's Board of Trustees three percent of State aid as administrative fees. Total administrative fees paid for the year ended June 30, 2024 were approximately \$174,200.

The Academy entered into an agreement with The Romine Group, Inc., "TRG" to run coterminous with the Contract issued between the Academy and the Lake Superior State University Board of Trustees. Under the terms of this agreement, TRG will provide a variety of services including financial management, educational programs and consulting, as well as teacher training. The Academy is obligated to pay TRG ten percent of its state school aid revenue and all other governmental revenue sources. Total compensation for these services shall not be less than \$175,000 in any one fiscal year for the Academy. The total paid for these services amounted to approximately \$597,000 for the year ended June 30, 2024.

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

Fund Financial Statements

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

TIPTON ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation – Fund Accounting

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

Governmental Funds

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

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

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

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

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

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

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

TIPTON ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- d. The State of Michigan utilizes a foundation allowance funding approach, which provides for specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenue from state sources is primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with state law. A major portion of the Academy's revenue is derived from this state aid. As such, the Academy is considered to be economically dependent on this aid. The Academy's existence is dependent upon qualification for such aid.

Government-Wide Financial Statements

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

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

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

Cash and Cash Equivalents

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

TIPTON ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Academy intends to hold the investment until maturity. The Academy held investments in mutual funds that invest solely in U.S. Government obligations. The funds are held in trust for debt service and capital projects. State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, saving accounts, deposit accounts, and or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Corporation or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Academy is also authorized to invest in U.S. Government or Federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Receivables

Accounts receivables and due from other governmental units at June 30, 2024 consist primarily of state school aid due from the State of Michigan and the federal government. All receivables are expected to be fully collected in July and August of 2024 and are considered current for the purposes of these financial statements.

Prepaid Expenses

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

Capital Assets and Depreciation

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

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

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

TIPTON ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accrued Liabilities and Long-Term Obligations

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

Net Position

Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is displayed in the following three components: Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws of regulations of other governments.

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

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

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

Fund Equity

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

TIPTON ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

Leases

Leases and Subscription Based IT Arrangements (SBITA)

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

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

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

TIPTON ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

Estimates

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

Upcoming Accounting Pronouncements

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

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

TIPTON ACADEMY

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

TIPTON ACADEMY

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

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 general and special revenue fund budgets. During the year ended June 30, 2024 the budget was amended in a legally permissible manner. A comparison of budgeted amounts against actual results is detailed on page 20 of these financial statements.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

<u>Type</u>	<u>S&P Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			\$ 3,237,080
Investments:			
U.S. Government obligations	AAAm	Various	<u>558,621</u>
Total deposits and investments			<u>\$ 3,795,701</u>

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

Deposits:			
Cash - General fund			\$ 3,237,080
Investments:			
Investments - Debt service fund			471,673
Investments - Capital projects fund			<u>86,948</u>
Subtotal			<u>558,621</u>
Total deposits and investments			<u>\$ 3,795,701</u>

TIPTON ACADEMY

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

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2024, \$3,042,214 of the Academy's cash was exposed to custodial credit risk as it was not covered by federal deposit insurance. All cash balances were uncollateralized as of June 30, 2024.

Custodial Credit Risk - Investments

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

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

Foreign Currency Risk

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

TIPTON ACADEMY

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

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Fair Value

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

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

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

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

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

State sources	\$ 1,140,498
Federal sources	<u>541,789</u>
Total	<u>\$ 1,682,287</u>

TIPTON ACADEMY

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

NOTE 5 - CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2024</u>
Capital assets not subject to depreciation				
Land	\$ 900,000	\$ -	\$ -	\$ 900,000
Capital assets subject to depreciation / amortization				
Right to use - copier	26,638	-	-	26,638
Right to use - subscription-based IT	166,534	-	-	166,534
Building	5,100,000	-	-	5,100,000
Improvements	308,500	246,866	-	555,366
Furniture	211,234	44,403	-	255,637
Technology	478,526	-	-	478,526
Sub-total	<u>7,191,432</u>	<u>291,269</u>	<u>-</u>	<u>7,482,701</u>
Accumulated depreciation / amortization				
Right to use - copier	13,044	5,438	-	18,482
Right to use - subscription-based IT	33,307	33,307	-	66,614
Building	272,435	130,769	-	403,204
Improvements	273,671	46,640	-	320,311
Furniture	187,745	47,568	-	235,313
Technology	401,784	29,473	-	431,257
Sub-total	<u>1,181,986</u>	<u>293,195</u>	<u>-</u>	<u>1,475,181</u>
Total net capital assets	<u>\$ 6,009,446</u>	<u>\$ (1,926)</u>	<u>\$ -</u>	<u>\$ 6,007,520</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.

TIPTON ACADEMY

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

NOTE 6 – OTHER ACCRUED LIABILITIES

Other accrued liabilities may be summarized as follows:

	<u>Net Position</u>	<u>Funds</u>
Purchased services - payroll and benefits	\$ 556,413	\$ 556,413
Management fee	144,679	144,679
University oversight fee	31,175	31,175
Interest	19,839	-
	<u>\$ 752,106</u>	<u>\$ 732,267</u>
Total other accrued liabilities	<u>\$ 752,106</u>	<u>\$ 732,267</u>

NOTE 7 – LONG-TERM OBLIGATIONS PAYABLE

Long-term obligations as of June 30, 2024 can be summarized as follows:

Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
Direct borrowing - copiers	3.00%	October, 2026	Monthly payments of \$477
Revenue bond Revenue bond 2	4% Average	June, 2051	Semi-annual interest payments, collateralized by pledge for state aid

Loan Activity

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Direct borrowing - copiers	\$ 17,720	\$ -	\$ 5,270	\$ 12,450	\$ 5,430
Revenue bond	6,360,000	-	125,000	6,235,000	130,000
	<u>\$ 6,377,720</u>	<u>\$ -</u>	<u>\$ 130,270</u>	<u>\$ 6,247,450</u>	<u>\$ 135,430</u>

TIPTON ACADEMY

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

NOTE 7 – LONG-TERM OBLIGATIONS PAYABLE - Continued

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

	<u>Principal</u>	<u>Interest</u>
2025	\$ 135,430	\$ 249,699
2026	140,595	244,334
2027	146,425	238,807
2028	150,000	233,000
2029	155,000	227,000
2030-2034	870,000	1,037,400
2035-2039	1,060,000	848,600
2040-2044	1,300,000	618,000
2045-2049	1,570,000	337,400
2050-2051	720,000	43,400
	<u>6,247,450</u>	<u>4,077,640</u>

NOTE 8 – INTERFUND TRANSFERS

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

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
Transfer In	\$ -	\$ 477,500	\$ 409,268
Transfer Out	859,268	-	27,500

As stipulated by the Academy's revenue bond agreement, which is described in Note 7, the Academy must transfer 20% of its state aid to a trustee. The trustee retains the required portion for debt service and returns the remainder to the Academy. Additionally, the Academy transferred funds to the Capital Project Fund for future facility improvements.

NOTE 9 - RETIREMENT PLAN

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

TIPTON ACADEMY

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

NOTE 10 – RISK MANAGEMENT

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

SUPPLEMENTARY INFORMATION

TIPTON ACADEMY

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Local sources	\$ 114,355	\$ 198,399	\$ 204,424	\$ 6,025
State sources	5,774,032	6,742,121	6,282,031	(460,090)
Federal sources	573,242	800,576	527,391	(273,185)
Interdistrict sources	-	293,947	322,555	28,608
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund revenues	6,461,629	8,035,043	7,336,401	(698,642)
Expenditures				
Instruction				
Basic programs	2,546,541	2,827,694	2,515,484	(312,210)
Added needs	895,240	1,028,778	996,476	(32,302)
Support services				
Pupil support services	198,245	369,080	275,242	(93,838)
Instructional staff support services	167,877	513,862	139,041	(374,821)
General administration	758,800	821,502	822,796	1,294
School administration	576,947	619,587	610,996	(8,591)
Business support services	1,000	5,800	5,718	(82)
Operations and maintenance	784,152	920,443	825,492	(94,951)
Pupil transportation services	-	22,000	21,948	(52)
Central support services	-	44,535	19,815	(24,720)
Other support services	51,600	50,439	39,273	(11,166)
Athletics	36,830	23,250	14,080	(9,170)
Community services	14,159	22,752	21,372	(1,380)
Capital outlay	-	-	25,829	25,829
Debt principal and interest	-	8,800	8,594	(206)
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund expenditures	6,031,391	7,278,522	6,342,156	(936,366)
Excess (deficiency) of revenues over expenditures	430,238	756,521	994,245	237,724
Other Financing Sources (Uses)				
Operating transfers out	(415,550)	(715,550)	(859,268)	(143,718)
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	14,688	40,971	134,977	94,006
Fund balance - July 1, 2023	2,697,810	2,697,810	2,697,810	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - June 30, 2024	\$ 2,712,498	\$ 2,738,781	\$ 2,832,787	\$ 94,006
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

TIPTON ACADEMY

**COMBINED BALANCE SHEET – NON-MAJOR FUNDS
JUNE 30, 2024**

ASSETS

	Special Revenue - Food Service	Debt Service	Capital Projects	Total
Investments	\$ -	\$ 471,673	\$ 86,948	\$ 558,621
Due from other funds	<u>117,205</u>	<u>-</u>	<u>248,630</u>	<u>365,835</u>
Total assets	<u>\$ 117,205</u>	<u>\$ 471,673</u>	<u>\$ 335,578</u>	<u>\$ 924,456</u>

LIABILITIES AND FUND BALANCE

Fund Balance				
Restricted	<u>\$ 117,205</u>	<u>\$ 471,673</u>	<u>\$ 335,578</u>	<u>\$ 924,456</u>

TIPTON ACADEMY

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

	Special Revenue - Food Service	Debt Service	Capital Projects	Total
Revenues				
Local sources	\$ -	\$ 25,562	\$ 3,233	\$ 28,795
State sources	3,694	-	-	3,694
Federal sources	<u>378,567</u>	<u>-</u>	<u>-</u>	<u>378,567</u>
Total governmental fund revenues	382,261	25,562	3,233	411,056
Expenditures				
Support services				
Business support services	-	2,151	-	2,151
Operations and maintenance	-	-	435,931	435,931
Food services	364,597	-	-	364,597
Capital outlay	-	-	265,439	265,439
Debt principal and interest	<u>-</u>	<u>379,400</u>	<u>-</u>	<u>379,400</u>
Total governmental fund expenditures	<u>364,597</u>	<u>381,551</u>	<u>701,370</u>	<u>1,447,518</u>
Excess (deficiency) of revenues over expenditures	17,664	(355,989)	(698,137)	(1,036,462)
Other Financing Sources (Uses)				
Operating transfers in	-	409,268	477,500	886,768
Operating transfers out	<u>-</u>	<u>(27,500)</u>	<u>-</u>	<u>(27,500)</u>
Total other financing sources (uses)	<u>-</u>	<u>381,768</u>	<u>477,500</u>	<u>859,268</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	17,664	25,779	(220,637)	(177,194)
Fund balance - July 1, 2023	<u>99,541</u>	<u>445,894</u>	<u>556,215</u>	<u>1,101,650</u>
Fund balance - June 30, 2024	<u>\$ 117,205</u>	<u>\$ 471,673</u>	<u>\$ 335,578</u>	<u>\$ 924,456</u>

TIPTON ACADEMY

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

Local Sources

Earnings on investments	\$ 126,638
Student activities	20,378
Other local revenues	<u>57,408</u>
Total local sources	204,424

State Sources

At risk	501,888
Great start readiness program	565,842
Headlee data collection	14,927
Special education	101,924
State aid	<u>5,097,450</u>
Total state sources	6,282,031

Federal Sources

IDEA	124,381
Title I	221,472
Title II A	15,748
Title IV	22,261
Other federal revenues	<u>143,529</u>
Total federal sources	527,391

Interdistrict Sources

	<u>322,555</u>
Total general fund revenues	<u><u>\$ 7,336,401</u></u>

TIPTON ACADEMY

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

Basic Programs

Purchased services	\$ 2,381,519
Supplies and materials	90,990
Other expenditures	42,975
	<hr/>
Total basic programs	2,515,484

Added Needs

Purchased services	952,733
Supplies and materials	43,743
	<hr/>
Total added needs	996,476

Pupil Support Services

Health services	40,259
Psychological services	17,375
Speech pathology and audiology	43,755
Social work services	173,853
	<hr/>
Total pupil support services	275,242

Instructional Staff Support Services

Purchased services	131,885
Supplies and materials	7,156
	<hr/>
Total instructional staff support services	139,041

General Administration

Purchased services	51,271
Management fees	596,727
University oversight	174,168
Other expenditures	630
	<hr/>
Total general administration	822,796

TIPTON ACADEMY

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

School Administration

Purchased services	578,611
Supplies and materials	19,198
Non-depreciable capital assets	1,262
Other expenditures	11,925

Total school administration 610,996

Business Support Services

Purchased services	5,500
Other expenditures	218

Total business support services 5,718

Operations and Maintenance

Purchased services	187,604
Repairs and maintenance	452,590
Supplies and materials	182,960
Other expenditures	2,338

Total operations and maintenance 825,492

Pupil Transportation Services

Purchased services	21,948
--------------------	--------

Central Support Services

Purchased services	14,134
Other purchased services	4,228
Supplies and materials	1,453

Total central support services 19,815

Other Support Services

Other expenditures	39,273
--------------------	--------

Athletic Activities

Purchased services	10,313
Supplies and materials	2,617
Other expenditures	1,150

Total athletic activities 14,080

TIPTON ACADEMY

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

Community Services	
Purchased services	21,372
Capital Outlay	25,829
Debt Principal and Interest	<u>8,594</u>
Total general fund expenditures	<u><u>\$ 6,342,156</u></u>

APPENDIX

Federal Awards Report



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

**To the Board of Directors
of Tipton 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tipton Academy, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Tipton Academy's basic financial statements, and have issued our report thereon dated October 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tipton 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 Tipton Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Tipton 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 Tipton 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 29, 2024



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

**To the Board of Directors
of Tipton Academy**

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

We have audited Tipton 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 Tipton Academy's major federal programs for the year ended June 30, 2024. Tipton Academy's major federal programs are identified in the summary of Auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Tipton 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, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Tipton 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 Tipton 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 Tipton Academy's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Tipton 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 GAAS, *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 Tipton Academy's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Tipton 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 Tipton 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 Tipton 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

A handwritten signature in blue ink that reads "Crosby Lanni, PC". The signature is written in a cursive style with a large initial "C" and a stylized "L".

Croskey Lanni, PC

Rochester, Michigan
October 29, 2024

TIPTON ACADEMY

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

Program Title/Project Number Subrecipient Name	Grant/ Project Number	Federal ALN	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2023	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2024	Current Year Cash Transferred To Subrecipient
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture - Passed Through Michigan Department of Education:										
National School Lunch Program:										
Noncash Assistance (Commodities) -										
National School Lunch Program Commodities 2023-2024	N/A	10.555	\$ 14,402	\$ -	\$ -	\$ -	\$ 14,402	\$ 14,402	\$ -	\$ -
Cash Assistance -										
COVID-19 - Supply Chain Assistance 2022-2023	220910	10.555	28,230	15,397	(12,833)	-	-	10,975	(1,858)	-
National School Lunch Program 2023-2024	231960/ 241960	10.555	275,678	-	-	-	259,108	275,678	16,570	-
COVID-19 - Supply Chain Assistance 2024	240910	10.555	<u>18,111</u>	-	-	-	<u>18,111</u>	-	<u>(18,111)</u>	-
Total National School Lunch Program Cash and Noncash Assistance		10.555	336,421	15,397	(12,833)	-	291,621	301,055	(3,399)	-
National School Breakfast Program:										
National School Breakfast Program 2023-2024	231970/ 241970	10.553	69,331	-	-	-	69,331	69,331	-	-
Summer Food Service Program:										
Summer Food Service Program Operating 2023-2024	230900	10.559	<u>8,181</u>	-	-	-	<u>8,181</u>	<u>8,181</u>	-	-
Total Child Nutrition Cluster			413,933	15,397	(12,833)	-	369,133	378,567	(3,399)	-
Special Education Cluster - U.S. Department of Education - Passed Through the Wayne County RESA:										
IDEA Special Education – Formula Grants to ISDs:										
IDEA Flowthrough 2223	230450	84.027A	139,268	139,268	139,268	-	139,268	-	-	-
IDEA Flowthrough 2324	240450	84.027A	<u>124,381</u>	-	-	-	-	<u>124,381</u>	<u>124,381</u>	-
Total Special Education Cluster			263,649	139,268	139,268	-	139,268	124,381	124,381	-

See accompanying notes to schedule of expenditures of federal awards

TIPTON ACADEMY

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

Program Title/Project Number Subrecipient Name	Grant/ Project Number	Federal ALN	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2023	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2024	Current Year Cash Transferred To Subrecipient
Other Federal Awards:										
U.S. Department of Treasury -										
Passed Through the Michigan Department of Education:										
Grow Your Own – Federal, Coronavirus State and Local Fiscal Recovery Fund:										
COVID-19 - Grow Your Own Program 20231	232423	21.027	213,755	-	-	-	-	24,004	24,004	-
U.S. Department of Education -										
Passed Through the Michigan Department of Education:										
Title I, Part A: Improving Basic Programs Operated by LEAS:										
Title I Part A 2223	231530	84.010A	295,132	251,748	251,748	-	251,748	-	-	-
Title I Part A 2324	241530	84.010A	270,610	-	-	-	-	221,472	221,472	-
Title I Part A Subtotal		84.010A	565,742	251,748	251,748	-	251,748	221,472	221,472	-
Passed through the Calhoun ISD:										
Title I, Part A: Technical Assistance Grant (TAG):										
Title I Part A TAG 2223	231580	84.010A	20,000	20,000	20,000	-	20,000	-	-	-
Total Title I Part A		84.010A	585,742	271,748	271,748	-	271,748	221,472	221,472	-
Title II, Part A: Supporting Effective Instruction:										
Title II Part A 2223	230520	84.367	30,278	15,000	15,000	-	15,000	-	-	-
Title II Part A 2324	240520	84.367	38,390	-	-	-	-	15,748	15,748	-
Total Title II Part A		84.367	68,668	15,000	15,000	-	15,000	15,748	15,748	-
Title IV, Part A: Student Support and Academic Enrichment:										
Title IV Part A 2223	230750	84.424A	22,121	6,000	6,000	-	6,000	-	-	-
Title IV Part A 2324	240750	84.424A	34,635	-	-	-	-	22,261	22,261	-
Total Title IV Part A		84.424A	56,756	6,000	6,000	-	6,000	22,261	22,261	-
Education Stabilization Fund:										
COVID-19 - ESSER III Formula –American Rescue Plan (ARP-ESSER) 2122	213713	84.425U	1,390,527	1,273,174	497,104	-	497,104	117,353	117,353	-
COVID-19 - ESSER II –Section 98c Per-Pupil Payments for Learning Loss 2223	213782	84.425D	24,426	22,255	22,255	-	24,427	2,172	-	-
Total Education Stabilization Fund		84.425	1,414,953	1,295,429	519,359	-	521,531	119,525	117,353	-
Total U.S. Department of Education			2,126,119	1,588,177	812,107	-	814,279	379,006	376,834	-
Total Federal Awards			\$ 3,017,456	\$ 1,742,842	\$ 938,542	\$ -	\$ 1,322,680	\$ 905,958	\$ 521,820	\$ -

See accompanying notes to schedule of expenditures of federal awards

TIPTON ACADEMY

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

Revenues to Expenditures

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

General Fund	\$ 527,391
Special Revenue Fund - Food Services	<u>378,567</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 905,958</u>

Receivables

Receivables from federal sources - As reported on financial statements	\$ 541,789
Supply Chain Assistance Grant deferred revenue per the schedule of expenditures of federal awards	<u>(19,969)</u>
Federal receivables per the schedule of expenditures of federal awards	<u>\$ 521,820</u>

TIPTON ACADEMY

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

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Tipton Academy under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Tipton Academy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Tipton 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

Tipton 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.

TIPTON ACADEMY

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

SECTION I - SUMMARY OF THE AUDITORS' RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Unmodified

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

yes no

Identification of major programs:

Assistance Listing Number(s)
84.010A

Name of Federal Program or Cluster
Title I, Part A

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

\$750,000

Auditee qualified as low-risk auditee?

yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported