



Landmark Academy

Kimball, Michigan

Audited Financial Statements

June 30, 2023

CONTENTS

	<u>Page</u>
Independent Auditor's Report	i – iii
Management's Discussion and Analysis	iv - xiii
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 - 20
Supplementary Information	
Budgetary Comparison Schedule – General Fund	21
Combining Balance Sheet – Non-Major Funds	22
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Funds	23
Schedule of Revenues – General Fund	24
Schedule of Expenditures – General Fund	25 - 27

C O N T E N T S – Continued

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



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Landmark Academy

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Landmark Academy, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Landmark 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 Landmark Academy, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Landmark 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 Landmark 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 Landmark 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 Landmark Academy's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Landmark 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 auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2023, on our consideration of Landmark 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 Landmark 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 Landmark Academy's internal control over financial reporting and compliance.



Croskey Lanni, PC

Rochester, Michigan
October 30, 2023



Landmark Academy

**A Public School Academy in Kimball, Michigan
Chartered by Saginaw Valley State University**

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

Introduction

Landmark Academy completed its twenty-third year of operation on June 30, 2023, having been chartered by Saginaw Valley State University since July of 1999. Landmark Academy is a tuition-free, public school district that serves kindergarten through twelfth grade students and has the following characteristics.

- Landmark Academy maximizes student's potential by employing a personal learning approach that identifies each student's natural giftings and strengths and engages those to promote confidence and acumen in all areas of study.
- Landmark Academy promotes the development of critical thinking skills to help students avoid adopting, acting, or thinking with misleading information.
- Landmark Academy seeks to provide all major factual information and documented known context for world and historical events to its students and leaves belief systems, practice of those belief systems and world-views to be chosen by students and parents.
- Landmark Academy exhorts and encourages students to engage in and appreciate life-long learning, growth, and discovery.
- Landmark Academy seeks to be a catalyst for its students converting opportunity and pursuit to achievement.
- Through more effective learning practices, Landmark Academy improves the human condition and the desirability of the community by giving hope to families.

The school campus is located on a sixty-six acre parcel of land on Lapeer Road in Kimball Township, near Port Huron. There are two buildings located on the campus. The first is a 42,000 square foot Elementary School building that is modular construction with a brick exterior, having 27 classrooms and two administration offices. The next is our 97,300 square foot Middle and High School building with metal stud construction, having 27 classrooms and several administration offices. The fall enrollment count for the fiscal year was approximately 850. The elementary school had 415 students, middle school had 212 students and the high school had 223 students enrolled.

In January 2010, Landmark Academy secured the financing for the building located at 4864 Lapeer Rd. Kimball, MI 48074. Part of the financing included funds to renovate the first floor of the building by constructing a full-size gymnasium, new classrooms and offices. The renovations were completed, and the Certificate of Occupancy was issued on March 2, 2011. On August 1, 2020, Landmark refinanced its 2010 revenue bonds by revenue refunding bonds with an additional \$250,000 for capital improvements. The new bonds have an interest rate of 5% and have two blocks, \$5,595,000 maturing June 1, 2035, and \$7,840,000 maturing June 2045.

Overview of Financial Statements

The financial information contained in this Management's Discussion & Analysis is derived from two methods of reporting. One method is Governmental Fund Accounting, which was the only method used prior to the Governmental Accounting Standards Board (GASB) 34 changes that were put into place. The other method reports finances on a Net Position basis, typical of full accrual accounting method.

The Governmental Fund method report separates the financial activities of the school into self-balancing funds based on the primary function of the fund. For example, the Debt Service Fund is specifically for all activity related to the school's debt service activity. The funds used for Landmark Academy are the General Fund (where most all financial activity takes place), the Debt Service Fund, the Food Service Fund (for the school Food Service activities), and the Agency activity type Fund (for money held by Landmark Academy on behalf of student groups – student council, for example).

The Net Position method reflects activity on a school-wide basis (excluding Fiduciary accounts), showing assets, short-term and long-term debt, and all revenues and expenses for the year. Depreciation of assets is included in this method of accounting.

Financial statements representing both accounting methods follow this Management's Discussion & Analysis. Included in these statements is a reconciliation between the two methods of accounting.

GASB 87 updated accounting standards for capital leases and how they are to be recognized on the financial statements. Governmental entities, including school districts are required to have this in place for year ending June 30, 2022.

Assets, Liabilities & Net Position

Assets

Capital Assets

Much of Landmark Academy's gross capital asset value of \$17,664,869 consists of land and buildings that make up \$15,985,657 of the total. In prior years, Landmark Academy's capital asset values were established on an original cost basis. Capital assets net of accumulated depreciation was \$11,965,303.

Landmark Academy opened its doors in 1999 with two (2) 6,000 square foot modular buildings that provided for 11 classrooms and an administrative office. Growth in student numbers necessitated expansion projects in 2001, 2003, 2005, 2007 and 2010.

The school issued Certificates of Participation to fund the first four projects and the Michigan Public Educational Facilities Authority (MPEFA) issued a bond for the final project.

The final addition of two modular classrooms in 2007 brings the elementary building area to approximately 42,000 square feet. In January 2010 the school purchased the adjacent 97,300 square foot building for our Middle and High School and made improvements to the first floor to accommodate a new full size gymnasium, classrooms, and offices.

Landmark Academy

1999



Today



ELEMENTARY K-5



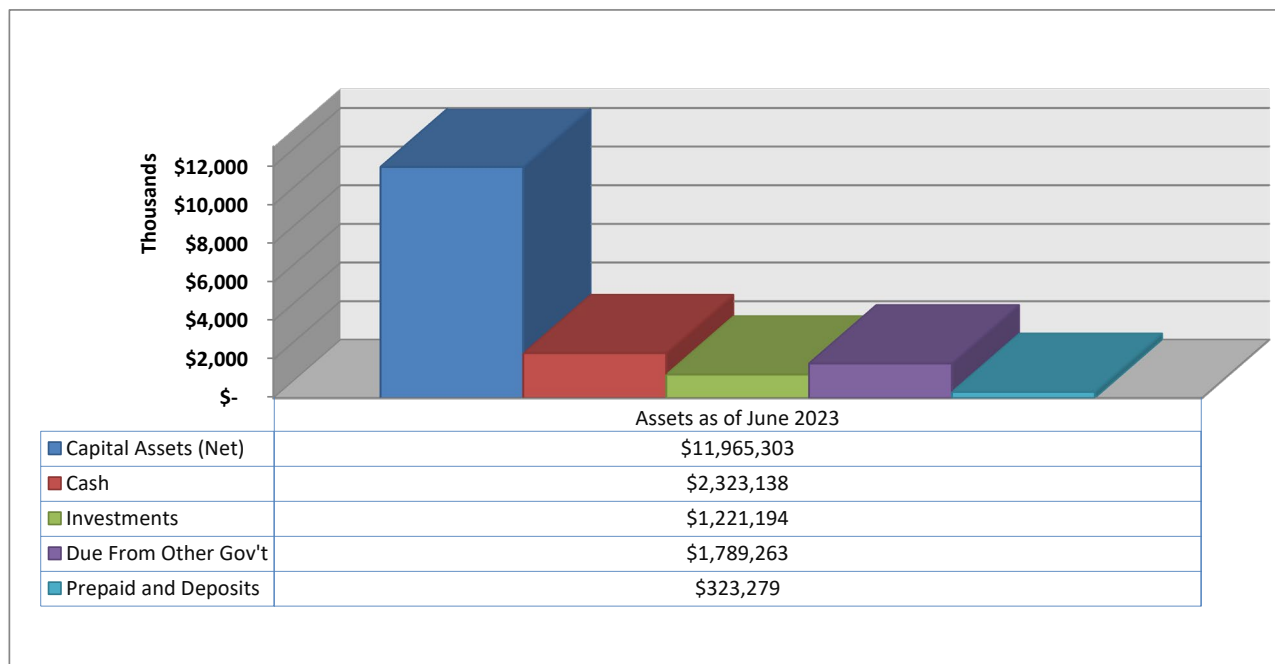
MIDDLE/HIGH SCHOOL 6-12

Current Assets

Landmark Academy's current assets total \$5,656,874. Of that amount, \$1,789,263 is recorded as due from governmental units. Most of this is derived from the State of Michigan as per-pupil aid, which was received by the end of August 2023. Landmark Academy maintains deposit accounts totaling \$2,323,138 for the fiscal year-end, which represents the cash balance in the general fund accounts. Another significant portion of the school's current asset is the \$1,221,194 shown as investments. Most of this sum is held in a trust account to pay for the principal and interest on the long-term debt (Revenue Bond).

All Assets

The following chart illustrates the categories and amounts of Landmark Academy's \$17,622,177 in assets.



Liabilities

Long-Term Liabilities

Landmark Academy presently has a long-term debt obligation \$13,072,440. The Academy was able to pay down overall debt by \$184,643 reflecting principal payments. The majority of this consisted of the retirement of the previous bond as part of the 2020 Bond refunding in the amount of \$13,421,364.

The financing agreement for the Bond calls for 20% of state aid to be directly deposited monthly into a trust account held at US Bank to satisfy principal and interest due. Deposited funds in excess of the debt service are then transferred back to the Academy's general checking account. \$875,504 was transferred into the debt service fund to provide for the debt service on the bond issue.

Current Liabilities

Current liabilities of \$2,129,038 are made up of a current portion of long-term debt of \$296,222, a security deposit of \$1,000,000, and other accrued expenses consisting of current payables, unearned revenues, accrued salaries and benefits expenses of \$832,816.

Total Liabilities are \$15,201,478.

Net Position

The total Net Position for the year ended June 30, 2023 is \$2,420,699. This represents Landmark Academy's equity position across all funds on the full accrual basis of accounting. This basis of accounting includes all liabilities and assets net of depreciation. Governmental funds are reported to the state using the modified accrual basis of accounting.

Comparative Analysis of Net Position

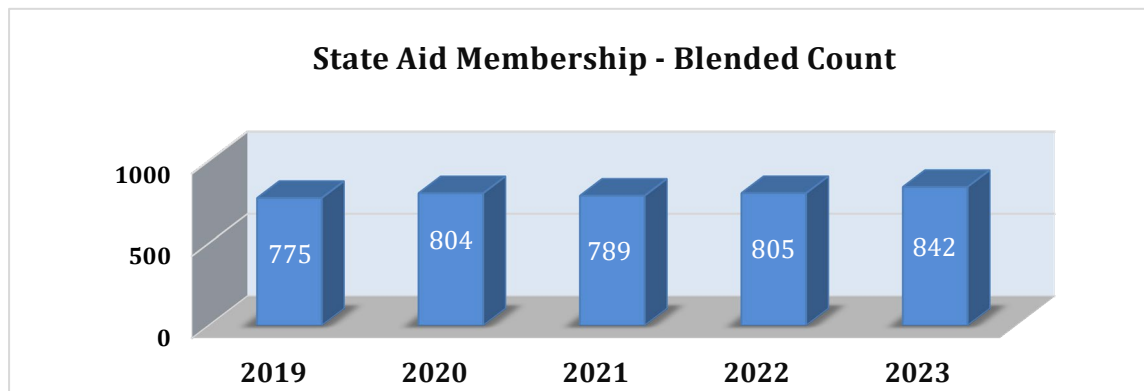
The following is a comparison of financial data between the current fiscal year and the previous fiscal year. Total Assets increased from last year by \$494,622. Long-Term Debt, Non-Current portion, has decreased by \$(300,585) from the prior year balance. Total Net Position increased by \$706,325.

Comparative Statement of Net Position			
	2022/2023	2021/2022	Variance
ASSETS AND DEFERRED OUTFLOWS			
Current Assets	\$ 5,656,874	\$ 6,194,790	\$ (537,916)
Non-Current Assets	11,965,303	10,932,765	1,032,538
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 17,622,177</u>	<u>\$ 17,127,555</u>	<u>\$ 494,622</u>
LIABILITIES, DEFERRED INFLOWS			
Current Liabilities	2,129,038	2,040,156	88,882
Non-Current Liabilities	13,072,440	13,373,025	(300,585)
Total Liabilities	<u>15,201,478</u>	<u>15,413,181</u>	<u>(211,703)</u>
NET POSITION			
Net Investment in Capital Assets	\$ (1,403,359)	\$ (2,624,903)	\$ 1,221,544
Restricted for:			
Debt Service	221,194	140,409	80,785
Food Service	105,954	129,509	(23,555)
Students Activities	57,426	95,797	(38,371)
Unrestricted	3,439,484	3,973,562	(534,078)
Total Net Position	<u>2,420,699</u>	<u>1,714,374</u>	<u>706,325</u>
TOTAL LIABILITIES, DEFERRED INFLOWS- AND NET POSITION	<u>\$ 17,622,177</u>	<u>\$ 17,127,555</u>	<u>\$ 494,622</u>

Revenue & Expenses

Revenue

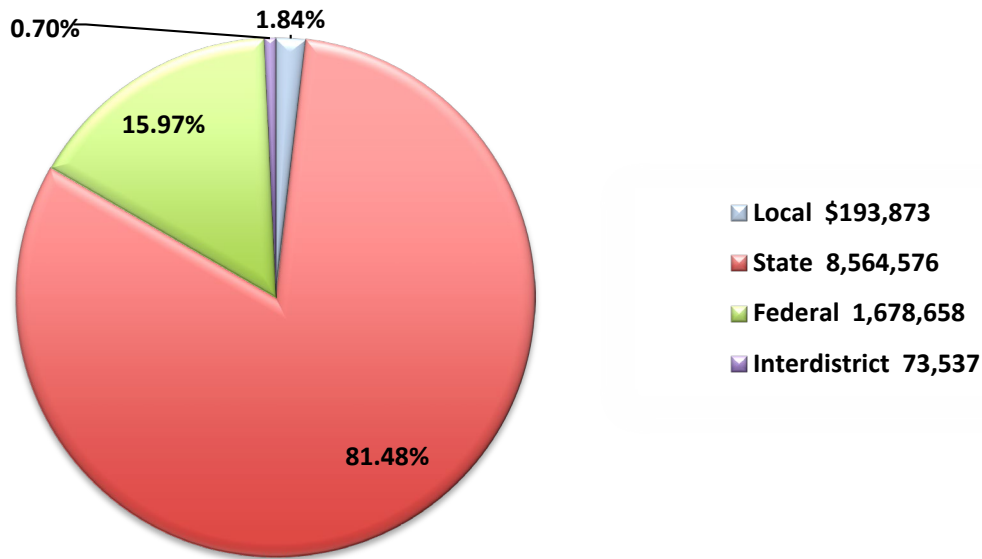
State Aid Membership increased from 805 to 842 from 2022 to 2023, respectively. The Academy has several strategic initiatives in place to continue the growth and retention of its pupils. Included in the strategic initiatives is expansion of the pupil transportation program. This program has been a significant support for families attending Landmark Academy. In addition, Landmark Academy continues to offer a school lunch and breakfast program. Both transportation and lunch school programs began after careful analysis of the community demographics that indicated an increase of free and reduced percentage and At-Risk students. Landmark Academy added to its virtual program to include all grades K-12. This addition was in response to parent request due to COVID-19 safety concerns. Landmark Academy continues to focus on Professional Learning Communities (PLC) designed to enhance the effectiveness of the Students' Learning Objectives and the impact on individual student learning.



Landmark Academy's primary source of revenue is derived from the State of Michigan. Approximately 81% of total annual revenue for this school year was from state aid and state grants. In the 2022/2023 school year, state aid increased over the previous year's payment, which was the case for all public schools, the net result per student for Landmark Academy was \$9150. The per pupil allowance was based on a blended student count formula that weighs the current October student count at 90% and prior fiscal year's February student count at 10% of the calculation.

Total State sources have a net increase in the amount of \$947,080. Federal sources decreased from the prior year by \$192,882. Federal sources represented about 16% of revenues mostly due to programs such as Special Education, food service, Federal Title programs and COVID Relief Funds, specifically Elementary and Secondary. The state approved Wraparound Services categorical funding, line item (31o) to support schools and help with the cost of hiring additional psychologists, social workers, counselors and school nurse, the funding is for 3 years. Local Sources represents 2% of total revenues, which increased by \$58,582 from prior year. Local sources mainly consist of facility rental income, student activities fees, summer program charges. Combined Landmark Academy's revenues increased by \$843,562 or about 8%.

2022/2023 Revenue by Source

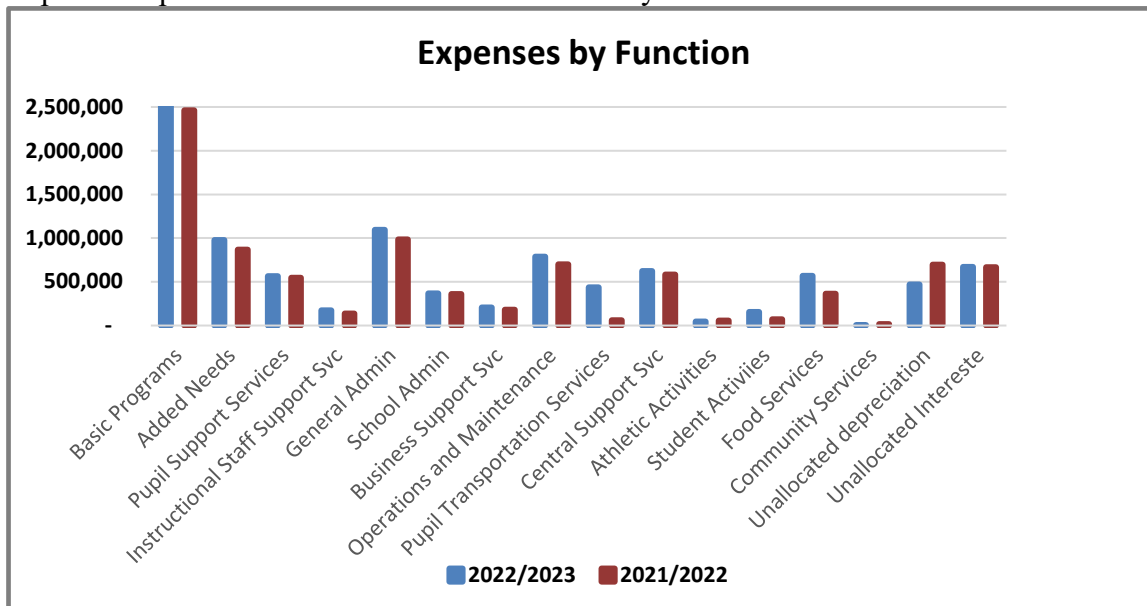


Total Revenues - \$10,510,644

During the fiscal year ending in June 30, 2023 the charter received a total of \$10,510,644 of revenues. General purpose revenues consist of \$8,564,576 unrestricted state school aid, and \$193,873 of local revenues. Total restricted revenues of \$1,678,658 which includes \$73,537 of Interdistrict sources.

Expenses 2022/2023

Expenses reported on the statement of activities by function:



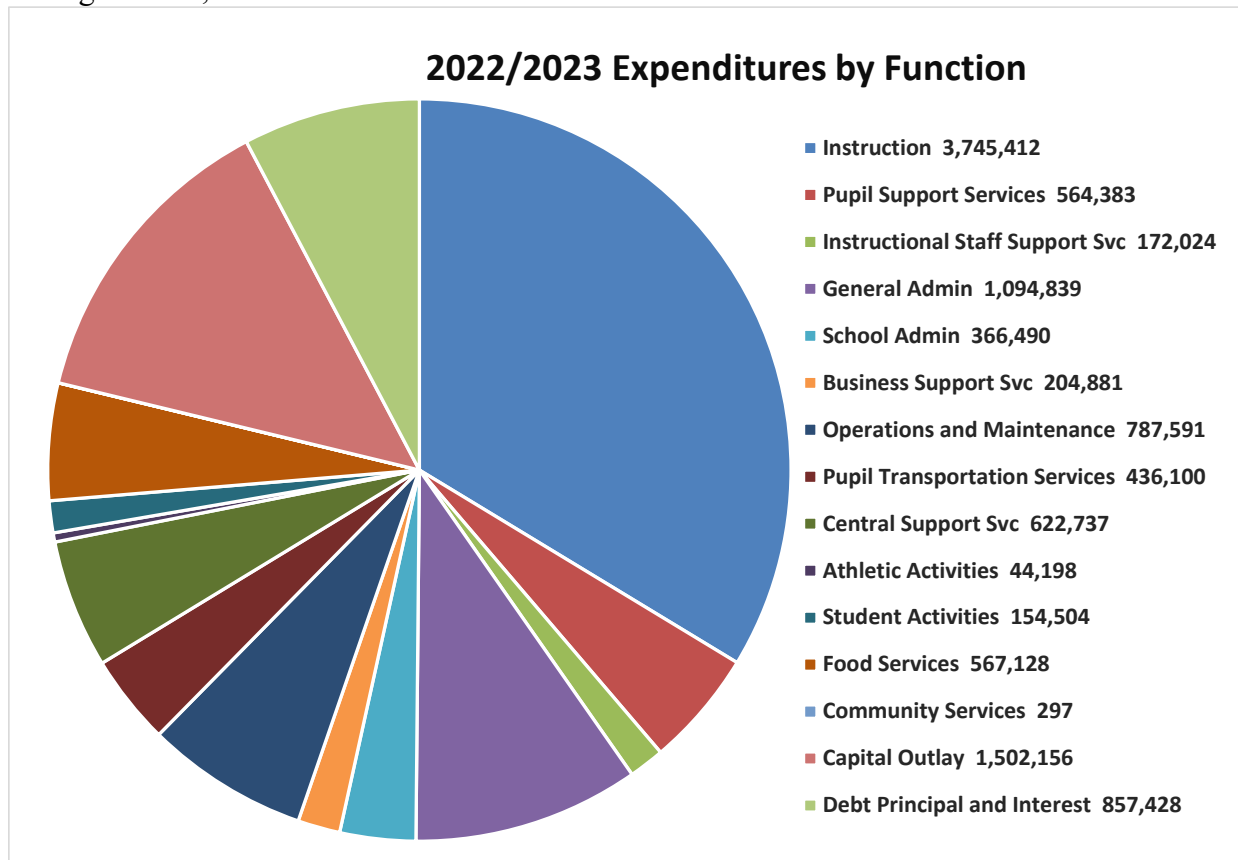
Total expenses for the fiscal year ended June 30, 2023, were \$9,898,397 which is a \$1,159,346 increase from the prior year. Unallocated depreciation expense in the amount of \$469,618 represents the current year decrease in assets value. Unallocated interest expense in the amount of \$668,195 represents cost of financing debts.

Overall Financial Position Under Modified Accrual Method

As of the fiscal year ended June 30, 2023, the fund balance is positive and decreased over the prior fiscal year. Fall student enrollment is within projections and costs were held to an appropriate level. As a result, Landmark Academy continues to have a healthy fund balance.

The General Fund has a fund balance of \$3,365,535 of which \$2,595,581 is unassigned, \$448,775 is assigned for the 2023-2024 operation and \$321,179 is nonspendable. As of the end of the fiscal year the unassigned and nonspendable fund balance portion accounts for about 86% of General Fund Expenditures. The Michigan School Business Officials (MSBO) recommends that public school districts maintain a fund balance of at least 15% of expenditures to cover a two-month period. Landmark Academy's fund balance percentage has the district well positioned to shield against unanticipated financial challenges.

Expenditures are approved and reported on a functional level. The following chart represents those levels and the corresponding expenditures (based upon a modified accrual method) for the fiscal year ending June 30, 2023.



Total Expenditures - \$11,120,168

Expenditures were evaluated across all functions to support the school's operation. Instructional expenses increased by 25% primarily driven by positions and instructional program needs. Pupil Support Services increased by 3% due to additional availability of 31a. School Administration costs increased by 2%. Business Support Services increased by 15% overall all due to increase in HR support staff. Debt Service fund increase of \$59,117. The Business Support Services related to the General Fund stayed relatively consistent from the prior year.

Operations and Maintenance expenses increased by 13%. Pupil Transportation Services show a reduction of approximately 655% from last year due to the GASB 87 update implemented in prior year that requires expense be showed as capital lease on the financial statements. Central Support costs increased by 7% as staffing support was added in Hospitality. Food Services expenses increased by 57% primarily due to increase in students from and those returning from online in PY. It should be noted that debt principal and interest reflected the refunded 2020 revenue bond. On August 1, 2020, Landmark refinanced its 2010 revenue bonds by revenue refunding bonds with an additional \$250,000 for capital improvements. The new bonds have an interest rate of 5% and have two blocks, \$5,595,000 maturing June 1, 2035, and \$7,840,000 maturing June 2045.

Comparative Analysis of Revenues, Expenditures, and Changes in Fund Balance

Total revenues increased by 8.73% over last year. State revenues increased by 12.43% and Federal revenue decreased by 10.31% while Local revenues increased by 43.3%. All State sources as a percentage of total revenue was 81.48%. Total expenditures increased by approximately 21.5%, which is in alignment with school operational goals and decisions and reflects the bond refunding. A favorable fund balance position was maintained.

The year-end fund balance increased by 13% from the previous fiscal year. The following chart outlines the changes in the revenues and expenditures.

**Comparative Statement of Revenues,
Expenditures and Changes in Fund Balance -
All Governmental Funds**

	2022/2023	2021/2022	Variance
REVENUES			
Local Sources	\$ 193,873	\$ 135,291	\$ 58,582
State Sources	8,564,576	7,617,496	947,080
Federal Sources	1,678,658	1,871,540	(192,882)
Interdistrict Sources	73,537	42,755	30,782
Total Revenues	<u>10,510,644</u>	<u>9,667,082</u>	<u>843,562</u>
EXPENDITURES			
Instruction			
Basic Programs	2,767,690	2,464,419	303,271
Added Needs	977,722	866,159	111,563
Support Services			
Pupil Support Services	564,383	546,946	17,437
Instructional Staff Support Svc	172,024	137,329	34,695
General Admin	1,094,839	985,537	109,302
School Admin	366,490	358,701	7,789
Business Support Svc	204,881	178,482	26,399
Operations and Maintenance	787,591	699,812	87,779
Pupil Transportation Services	436,100	57,744	378,356
Central Support Svc	622,737	580,503	42,234
Athletic Activities	44,198	53,539	(9,341)
Student Activities	154,504	70,856	83,648
Food Services	567,128	360,998	206,130
Community Services	297	15,420	(15,123)
Capital Outlay	1,502,156	773,156	729,000
Debt Principal and Interest	857,428	1,002,756	(145,328)
Total Expenditures	<u>11,120,168</u>	<u>9,152,357</u>	<u>1,967,811</u>
Excess (deficiency) of Revenues - over Expenditures	(609,524)	514,725	(1,124,249)
Other Financing Sources (Uses)			
Proceeds from long-term debt	-	-	-
Operation transfers in	875,504	714,502	161,002
Operating transfers out	<u>(875,504)</u>	<u>(714,502)</u>	<u>(161,002)</u>
Total Other Financing Sources (Uses)	-	-	-
Excess (deficiency) of Revenues and other financing- sources over expenditures and other uses	(609,524)	514,725	(1,124,249)
Fund Balance at Beginning of Year	* <u>4,359,633</u>	<u>3,844,908</u>	<u>514,725</u>
Fund Balance at End of Year	<u>\$ 3,750,109</u>	<u>\$ 4,359,633</u>	<u>\$ (609,524)</u>

Fund Balance Restrictions

Landmark Academy presently maintains a combined fund balance position of \$3,750,109 for all governmental funds. The unassigned and assigned portion are \$2,595,581 and \$448,775, respectively. The restricted fund balance is \$384,574, of which \$163,380 is restricted for food service and student activities and \$221,194 is restricted for debt service. Also, \$321,179 representing the amount of prepaid expense is designated as non-spendable.

Budget

The Landmark Academy Board of Directors approved the initial budget prior to July 1 of fiscal year. Much of the school's income (almost 80%) is based on enrollment projections and anticipated state aid, with expenses increasing proportionately. Since the formal student count occurs in October, it is common to revise the budget in November to reflect the actual student enrollment that impacts per pupil funding. The Academy's state aid revenue projection for the fiscal year was based largely on verbal enrollment commitments from parents.

Currently Known Facts

The following list highlights Landmark Academy's recent achievements and other facts regarding the school:

- Landmark Academy's 24th year of operation
- Landmark Academy's 20th Year Anniversary was celebrated in 2020
- Landmark Academy was reauthorized by SVSU June 2023
- Cognia (formerly AdvancED) Accreditation) was renewed and approved in June 2019
- Top 50th percentile of schools in the state according to the state's most recent Top to Bottom List
- Expanded virtual program to include all grades K-12
- Breakfast and Lunch program for K-12 grades
- Expanded Transportation Program
- 2013, 2017 and 2018 Best High School Bronze Medal by U.S. News and World Report
- For the 2020-21 school year Landmark Academy created a COVID-19 Preparedness and Response Plan detailing its educational plan during the COVID-19 pandemic with the first priority of ensuring the well-being of all members of the school community.
- For the 2022-2023 school year Landmark Academy partnered with OptimaEd to create a Virtual Science Pilot Program with the 5th grade students. It was welcomed with great success and enthusiasm and plan is to continue and expand upon for the 2023-24 school year.

For information regarding the content contained in this Management Discussion and Analysis please contact Travis Gostinger, Landmark Academy's CEO, at 810-982-7210.

LANDMARK ACADEMY

**A Public School Academy in Kimball, Michigan
Chartered by Saginaw Valley State University**



LANDMARK ACADEMY

STATEMENT OF NET POSITION JUNE 30, 2023

ASSETS AND DEFERRED OUTFLOWS

Current Assets

Cash and cash equivalents	\$ 2,323,138
Investments - restricted for debt service and capital projects	1,221,194
Accounts receivable	2,100
Deposits	200,000
Due from other governmental units	1,789,263
Prepaid expenses	121,179

Total current assets 5,656,874

Capital Assets - Net of Accumulated Depreciation / Amortization

11,965,303

Total assets \$ 17,622,177

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current Liabilities

Accounts payable	\$ 60,406
Security deposit	1,000,000
Unearned revenue	142,862
Other accrued expenses	629,548
Long-term debt - current portion	296,222

Total current liabilities 2,129,038

Long-Term Debt - Long-Term Portion

13,072,440

Net Position

Net investment in capital assets	(1,403,359)
Restricted for debt, food services, and student activities	384,574
Unrestricted	3,439,484

Total net position 2,420,699

Total liabilities, deferred inflows and net position \$ 17,622,177

See accompanying notes to financial statements

LANDMARK ACADEMY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

			Program Revenues	Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Government Type Activities
Functions				
Instruction				
Basic programs	\$ 2,767,690	\$ -	\$ 657,433	\$ (2,110,257)
Added needs	977,722	-	468,527	(509,195)
Support services				
Pupil support services	564,383	-	800,817	236,434
Instructional staff support services	172,024	-	54,847	(117,177)
General administration	1,094,839	-	-	(1,094,839)
School administration	366,490	-	-	(366,490)
Business support services	204,881	-	-	(204,881)
Operations and maintenance	787,591	-	-	(787,591)
Pupil transportation services	436,100	-	-	(436,100)
Central support services	622,737	-	-	(622,737)
Athletic activities	44,198	-	-	(44,198)
Student activities	154,504	-	116,133	(38,371)
Food services	567,128	111	553,405	(13,612)
Community services	297	-	-	(297)
Unallocated depreciation / amortization	469,618	-	-	(469,618)
Unallocated interest	668,195	-	-	(668,195)
Total primary government	<u>\$ 9,898,397</u>	<u>\$ 111</u>	<u>\$ 2,651,162</u>	<u>(7,247,124)</u>
General Purpose Revenues				
State school aid - unrestricted				7,875,820
Other miscellaneous revenue				<u>77,629</u>
Total general purpose revenues				<u>7,953,449</u>
Change in net position				706,325
Net position - July 1, 2022				<u>1,714,374</u>
Net position - June 30, 2023				<u>\$ 2,420,699</u>

See accompanying notes to financial statements

LANDMARK ACADEMY

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2023

ASSETS

	General	Debt Service	Non-Major Funds	Total
Cash and cash equivalents	\$ 2,157,372	\$ -	\$ 165,766	\$ 2,323,138
Investments	-	1,221,194	-	1,221,194
Accounts receivable	2,100	-	-	2,100
Deposits	200,000	-	-	200,000
Due from other governmental units	1,767,361	-	21,902	1,789,263
Due from other funds	108,340	-	84,122	192,462
Prepaid expenses	121,179	-	-	121,179
Total assets	<u>\$ 4,356,352</u>	<u>\$ 1,221,194</u>	<u>\$ 271,790</u>	<u>\$ 5,849,336</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 60,336	\$ -	\$ 70	\$ 60,406
Security deposit	-	1,000,000	-	1,000,000
Due to other funds	84,122	-	108,340	192,462
Unearned revenue	142,862	-	-	142,862
Other accrued expenses	609,419	-	-	609,419
Total liabilities	896,739	1,000,000	108,410	2,005,149

Deferred Inflows of Resources

Unavailable revenue	94,078	-	-	94,078
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Fund Balance

Nonspendable	321,179	-	-	321,179
Restricted	-	221,194	163,380	384,574
Assigned	448,775	-	-	448,775
Unassigned	2,595,581	-	-	2,595,581
Total fund balance	<u>3,365,535</u>	<u>221,194</u>	<u>163,380</u>	<u>3,750,109</u>
Total liabilities and fund balance	<u>\$ 4,356,352</u>	<u>\$ 1,221,194</u>	<u>\$ 271,790</u>	<u>\$ 5,849,336</u>

See accompanying notes to financial statements

LANDMARK ACADEMY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2023

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

Total Governmental Fund Balances	\$ 3,750,109
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$17,664,869 and the accumulated depreciation / amortization is \$5,699,566.	11,965,303
Interest is not payable until due in governmental activities and, therefore, is not recorded in the funds.	(20,129)
Deferred inflows of resources (unavailable revenue) not available to benefit the current period and are not reported in the statement of net position.	94,078
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(13,368,662)</u>
Net Position of Governmental Activities	<u><u>\$ 2,420,699</u></u>

See accompanying notes to financial statements

LANDMARK ACADEMY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	General	Debt Service	Non-Major Funds	Total
Revenues				
Local sources	\$ 61,584	\$ 16,045	\$ 116,244	\$ 193,873
State sources	8,542,742	-	21,834	8,564,576
Federal sources	1,147,087	-	531,571	1,678,658
Interdistrict sources	73,537	-	-	73,537
Total governmental fund revenues	9,824,950	16,045	669,649	10,510,644
Expenditures				
Instruction				
Basic programs	2,767,690	-	-	2,767,690
Added needs	977,722	-	-	977,722
Support services				
Pupil support services	564,383	-	-	564,383
Instructional staff support services	172,024	-	-	172,024
General administration	1,094,839	-	-	1,094,839
School administration	366,490	-	-	366,490
Business support services	204,881	-	-	204,881
Operations and maintenance	787,591	-	-	787,591
Pupil transportation services	436,100	-	-	436,100
Central support services	622,737	-	-	622,737
Athletic activities	44,198	-	-	44,198
Student activities	-	-	154,504	154,504
Food services	-	-	567,128	567,128
Community services	297	-	-	297
Capital outlay	1,492,213	-	9,943	1,502,156
Debt principal and interest	24,996	832,432	-	857,428
Total governmental fund expenditures	9,556,161	832,432	731,575	11,120,168
Excess (deficiency) of revenues over expenditures	268,789	(816,387)	(61,926)	(609,524)
Other Financing Sources (Uses)				
Operating transfers in	-	875,504	-	875,504
Operating transfers out	(875,504)	-	-	(875,504)
Total other financing sources (uses)	(875,504)	875,504	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(606,715)	59,117	(61,926)	(609,524)
Fund balance - July 1, 2022	3,972,250	162,077	225,306	4,359,633
Fund balance - June 30, 2023	\$ 3,365,535	\$ 221,194	\$ 163,380	\$ 3,750,109

See accompanying notes to financial statements

LANDMARK 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, 2023

Net Change in Fund Balances - Total Governmental Funds	\$	(609,524)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.

Capital outlay	\$	1,502,156	
Depreciation and amortization expense		<u>(469,618)</u>	1,032,538

Revenue is reported in the statement of activities when earned, but not reported in the funds until collected or collectible within 60 days of year end.		94,078
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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	\$	184,643	
Amortization of bond premium		4,364	
Interest expense		<u>226</u>	<u>189,233</u>

Change in Net Position of Governmental Activities	\$	<u>706,325</u>
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LANDMARK ACADEMY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Landmark 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

Landmark 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 May 26, 1999, and began operation in July 1999.

In July 2019, the Academy extended its contract with Saginaw Valley State University’s Board of Control to charter a public school academy for an additional five years. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State constitution. The University’s Board of Control is the fiscal agent for the Academy and is responsible for overseeing the Academy’s compliance with the contract and all applicable laws. The Academy pays Saginaw Valley State University’s Board of Control three percent of state aid as administrative fees. Total administrative fees paid for the year ended June 30, 2023 were approximately \$231,000.

In July 2019, the Academy entered into a four-year consulting agreement with Summit Management, LLC. The agreement has been renewed through June 2027. Under the terms of this agreement, Summit will provide a variety of services including oversight of administration and staff and coordinate the development of budgets and financial reports. The Academy is obligated to pay Summit 8% of total state allowance plus any supplemental funding from the State of Michigan. These supplemental funds include amounts received from Coronavirus Relief and District COVID Costs. This provision shall be reviewed annually for an increase based upon Summit Management, LLC being evaluated as highly effective. There is also a 10% fee on all other revenues other than IDEA and Title funds. The total paid for these services amounted to approximately \$765,000 for the year ended June 30, 2023.

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 operation of 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.

LANDMARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2023

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.

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

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

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

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

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

LANDMARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Government-Wide Financial Statements

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

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

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

LANDMARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

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

Receivables

Receivables at June 30, 2023 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 2023 and are considered current for the purposes of these financial statements.

Prepaid Assets

Payments made to vendors for services that will benefit periods beyond June 30, 2023, 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.

LANDMARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

Accrued Liabilities and Long-Term Obligations

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position 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 reports unavailable revenue under a modified accrual basis of accounting, as a deferred inflow of resources in the governmental funds balance sheet. Revenues are considered unavailable if they are not received within 60 days of the Academy’s year end.

Net Position

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

Fund Equity

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

LANDMARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2023

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. The balances shown as restricted, include \$221,194 of resources held in trust for the payment of revenue bond obligations, \$105,954 for school lunch operations, and \$57,426 for student activities.
- 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. The balances shown as assigned, include \$448,775 of resources held in the general fund. This amount is assigned to cover budgeted appropriations.
- d. *Unassigned fund balance* – amounts that are available for any purpose; these amounts are reported only in the general fund.

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

Leases

Leases and Subscription Based IT Arrangements (SBITA)

The Academy is a lessee for a noncancelable lease/subscription of equipment. The Academy recognizes a lease liability and an intangible right-to-use lease 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.

LANDMARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

- 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. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

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.

LANDMARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2023

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, 2023 the budget was amended in a legally permissible manner. Page 21 of these financial statements details the budget to actual comparison.

NOTE 3 - DEPOSITS AND INVESTMENTS

As of June 30, 2023, the Academy had the following investments:

<u>Type</u>	<u>S&P Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			\$ 2,323,138
Investments:			
U.S. Treasury and agency obligations	AAAm	Various	<u>1,221,194</u>
Total deposits and investments			<u><u>\$ 3,544,332</u></u>

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

	<u>Carrying Value</u>
Deposits:	
Cash - General Fund	\$ 2,157,372
Cash - Special Revenue Fund - Student Activities	<u>165,766</u>
Subtotal	2,323,138
Investments:	
Investments - Debt Service Fund	<u>1,221,194</u>
Total deposits and investments	<u><u>\$ 3,544,332</u></u>

LANDMARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, 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, 2023, \$2,128,356 of the Academy's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of June 30, 2023.

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.

LANDMARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

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

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

State sources	\$ 1,553,550
Federal sources	<u>235,713</u>
Total	<u>\$ 1,789,263</u>

LANDMARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Capital assets not subject to depreciation				
Land	\$ 984,050	\$ -	\$ -	\$ 984,050
Capital assets subject to depreciation / amortization				
Right to use - assets	294,419	-	294,419	-
Building	13,762,952	1,238,655	-	15,001,607
Equipment	880,839	145,058	-	1,025,897
Furniture	524,763	118,443	-	643,206
Software	10,109	-	-	10,109
Sub-total	16,457,132	1,502,156	294,419	17,664,869
Accumulated depreciation / amortization				
Right to use - assets	294,419	-	294,419	-
Building	4,327,717	380,103	-	4,707,820
Equipment	522,153	62,139	-	584,292
Furniture	369,969	27,376	-	397,345
Software	10,109	-	-	10,109
Sub-total	5,524,367	469,618	294,419	5,699,566
Total net capital assets	\$ 10,932,765	\$ 1,032,538	\$ -	\$ 11,965,303

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

LANDMARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6 – OTHER ACCRUED EXPENSES

Other accrued expenses may be summarized as follows:

	<u>Net Position</u>	<u>Funds</u>
Oversight and management fees	\$ 181,973	\$ 181,973
Purchased services - payroll and benefits	427,446	427,446
Interest	20,129	-
	<u> </u>	<u> </u>
Total accrued expenses	<u>\$ 629,548</u>	<u>\$ 609,419</u>

NOTE 7 - LONG-TERM OBLIGATIONS PAYABLE

The following is a summary of long-term obligations for the Academy during the year ended June 30, 2023:

Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
Equipment lease	6.66%	February, 2024	Lease of depreciable office equipment.
Revenue bond	5.00%	May, 2045	Issued to refinance previously issued revenue bonds. Require semi annual principal and interest payments. Secured by Academy assets and 20% pledge of State School Aid payments.

Loan Activity

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Equipment lease	\$ 36,319	\$ -	\$ 23,279	\$ 13,040	\$ 13,040
Revenue bond	13,421,364	-	161,364	13,260,000	283,182
Plus unamortized premium	-	-	-	95,622	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total long term debt	<u>\$ 13,457,683</u>	<u>\$ -</u>	<u>\$ 184,643</u>	<u>\$ 13,368,662</u>	<u>\$ 296,222</u>

LANDMARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED JUNE 30, 2023

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>
2024	\$ 296,222	\$ 667,636
2025	366,364	653,204
2026	381,818	654,886
2027	401,818	615,795
2028	421,818	595,704
2029 - 2033	2,456,364	2,639,701
2034 - 2038	3,134,091	1,960,633
2039 - 2043	3,998,182	775,021
2044 - 2045	1,816,363	282,862

NOTE 8 - RETIREMENT PLAN

All leased employees of the Academy are eligible to participate in a retirement plan established by Summit which qualifies under the provisions of Section 401(k) of the Internal Revenue Code. The employer under this plan will contribute a 3% safe harbor non-matching contribution. In addition, the employer may discretionarily match up to 4% of employee compensation in any plan year. Eligible employees may contribute up to the maximum amount allowed by the Internal Revenue Service.

NOTE 9 - INTERFUND TRANSFERS

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

	<u>General</u>	<u>Debt Service</u>
Transfer In	\$ -	\$ 875,504
Transfer Out	875,504	-

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

LANDMARK ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 - RISK MANAGEMENT

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

NOTE 11 - RELATED PARTY TRANSACTION

Summit Management, LLC provides management services to the Academy as described in Note 1 of these financial statements. The Academy's CEO is also a member/owner of Summit Management, LLC. The board of directors is directly responsible for appointing the management firm and he is not eligible to vote for his appointment.

SUPPLEMENTARY INFORMATION

LANDMARK ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local sources	\$ 18,000	\$ 30,139	\$ 61,584	\$ 31,445
State sources	6,894,514	8,557,927	8,542,742	(15,185)
Federal sources	1,336,804	1,367,810	1,147,087	(220,723)
Interdistrict sources	35,000	42,755	73,537	30,782
Total general fund revenues	8,284,318	9,998,631	9,824,950	(173,681)
Expenditures				
Instruction				
Basic programs	2,372,322	2,988,225	2,767,690	(220,535)
Added needs	1,084,506	1,269,374	977,722	(291,652)
Support services				
Pupil support services	457,883	655,978	564,383	(91,595)
Instructional staff support services	227,882	201,854	172,024	(29,830)
General administration	904,055	1,149,270	1,094,839	(54,431)
School administration	307,404	409,151	366,490	(42,661)
Business support services	211,902	234,502	204,881	(29,621)
Operations and maintenance	711,901	860,314	787,591	(72,723)
Pupil transportation services	295,582	450,616	436,100	(14,516)
Central support services	525,370	641,320	622,737	(18,583)
Athletic activities	-	-	44,198	44,198
Community services	2,400	297	297	-
Capital outlay	647,558	1,500,000	1,492,213	(7,787)
Debt principal and interest	24,996	-	24,996	24,996
Total general fund expenditures	7,773,761	10,360,901	9,556,161	(804,740)
Excess (deficiency) of revenues over expenditures	510,557	(362,270)	268,789	631,059
Other Financing Sources (Uses)				
Operating transfers out	(722,360)	(900,560)	(875,504)	25,056
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(211,803)	(1,262,830)	(606,715)	656,115
Fund balance - July 1, 2022	3,972,250	3,972,250	3,972,250	-
Fund balance - June 30, 2023	\$ 3,760,447	\$ 2,709,420	\$ 3,365,535	\$ 656,115

LANDMARK ACADEMY

SUPPLEMENTARY INFORMATION COMBINING BALANCE SHEET – NON-MAJOR FUNDS JUNE 30, 2023

ASSETS

	Special Revenue Funds		
	Food Service	Student Activities	Total
Cash and cash equivalents	\$ -	\$ 165,766	\$ 165,766
Due from other governmental units	21,902	-	21,902
Due from other funds	84,122	-	84,122
Total assets	<u>\$ 106,024</u>	<u>\$ 165,766</u>	<u>\$ 271,790</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 70	\$ -	\$ 70
Due to other funds	-	108,340	108,340
Total liabilities	70	108,340	108,410

Fund Balance

Restricted	<u>105,954</u>	<u>57,426</u>	<u>163,380</u>
Total liabilities and fund balance	<u>\$ 106,024</u>	<u>\$ 165,766</u>	<u>\$ 271,790</u>

LANDMARK ACADEMY

SUPPLEMENTARY INFORMATION COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – NON-MAJOR FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds		
	Food Service	Student Activities	Total
Revenues			
Local sources	\$ 111	\$ 116,133	\$ 116,244
State sources	21,834	-	21,834
Federal sources	531,571	-	531,571
Total governmental fund revenues	553,516	116,133	669,649
Expenditures			
Student activities	-	154,504	154,504
Food services	567,128	-	567,128
Capital outlay	9,943	-	9,943
Total governmental fund expenditures	577,071	154,504	731,575
Excess (deficiency) of revenues over expenditures	(23,555)	(38,371)	(61,926)
Fund balance - July 1, 2022	129,509	95,797	225,306
Fund balance - June 30, 2023	\$ 105,954	\$ 57,426	\$ 163,380

LANDMARK ACADEMY

SCHEDULE OF REVENUES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023

Local Sources

Earnings on investments	\$ 15,917
Student activities	9,144
Other local revenues	<u>36,523</u>
Total local sources	61,584

State Sources

At risk	520,819
Special education	146,103
State aid	<u>7,875,820</u>
Total state sources	8,542,742

Federal Sources

IDEA	237,807
Title I	237,842
Title II A	54,847
Other program revenue	<u>616,591</u>
Total federal sources	1,147,087

Interdistrict Sources

	<u>73,537</u>
Total general fund revenues	<u><u>\$ 9,824,950</u></u>

LANDMARK ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023

Basic Programs

Purchased services	\$ 2,467,316
Repairs and maintenance	10,695
Supplies and materials	277,311
Other expenditures	<u>12,368</u>

Total basic programs 2,767,690

Added Needs

Purchased services	919,415
Repairs and maintenance	1,231
Supplies and materials	56,842
Other expenditures	<u>234</u>

Total added needs 977,722

Pupil Support Services

Guidance services	122,602
Health services	68,116
Psychological services	14,140
Speech pathology and audiology	56,776
Social work services	243,059
Other pupil services	<u>59,690</u>

Total pupil support services 564,383

Instructional Staff Support Services

Purchased services	170,811
Supplies and materials	<u>1,213</u>

Total instructional staff support services 172,024

General Administration

Purchased services	1,083,802
Other purchased services	932
Supplies and materials	1,756
Other expenditures	<u>8,349</u>

Total general administration 1,094,839

LANDMARK ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND - Continued FOR THE YEAR ENDED JUNE 30, 2023

School Administration

Purchased services	345,299
Repairs and maintenance	6,113
Other purchased services	1,070
Supplies and materials	7,185
Other expenditures	6,823

Total school administration 366,490

Business Support Services

Purchased services	187,716
Repairs and maintenance	2,689
Supplies and materials	2,114
Other expenditures	12,362

Total business support services 204,881

Operations and Maintenance

Purchased services	464,675
Repairs and maintenance	109,009
Rentals	8,787
Other purchased services	20,845
Supplies and materials	184,275

Total operations and maintenance 787,591

Pupil Transportation Services

Purchased services	399,935
Supplies and materials	36,165

Total pupil transportation services 436,100

Central Support Services

Purchased services	552,168
Repairs and maintenance	25,430
Other purchased services	3,516
Supplies and materials	8,083
Other expenditures	33,540

Total central support services 622,737

LANDMARK ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND - Continued FOR THE YEAR ENDED JUNE 30, 2023

Athletic Activities

Purchased services	29,040
Other expenditures	<u>15,158</u>
Total athletic activities	44,198

Community Services

Purchased services	100
Supplies and materials	<u>197</u>
Total community services	297

Capital Outlay	1,492,213
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Debt Principal and Interest	<u>24,996</u>
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Total general fund expenditures	<u><u>\$ 9,556,161</u></u>
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APPENDIX

Federal Awards Report



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

**To the Board of Directors
of Landmark Academy**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Landmark Academy, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Landmark Academy's basic financial statements, and have issued our report thereon dated October 30, 2023.

Report on Internal Control over Financial Reporting

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

A handwritten signature in blue ink, appearing to read "Croskey Lanni, PC".

Croskey Lanni, PC

Rochester, Michigan
October 30, 2023



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

**To the Board of Directors
of Landmark Academy**

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

We have audited Landmark 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 Landmark Academy's major federal programs for the year ended June 30, 2023. Landmark 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, Landmark 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, 2023.

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 Landmark 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 Landmark 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 Landmark 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 Landmark 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 Landmark 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 Landmark 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 Landmark 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 Landmark Academy's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in blue ink, reading "Crosby Lanni, PC".

Croskey Lanni, PC

Rochester, Michigan
October 30, 2023

LANDMARK ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2023

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, 2022	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2023	Current Year Cash Transferred To Subrecipient
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:										
National School Lunch Program:										
Noncash Assistance (Commodities) -										
National School Lunch Program Commodities 2022-2023	N/A	10.555	\$ 25,373	\$ -	\$ -	\$ -	\$ 16,592	\$ 16,592	\$ -	\$ -
Cash Assistance -										
COVID-19 - Supply Chain Assistance 2022-2023	220910/ 230910	10.555	31,654	-	-	-	31,654	31,654	-	-
National School Lunch Program 2022-2023	221960/ 231960	10.555	371,518	-	-	-	354,902	371,518	16,616	-
COVID-19 - Seamless Summer Option (SSO) - Lunch 2021-2022	221961	10.555	244,575	244,273	21,096	-	21,398	302	-	-
National School Lunch Program - After School Snack 2022-2023	221980/ 231980	10.555	1,701	-	-	-	1,662	1,701	39	-
Total National School Lunch Program Cash and Noncash Assistance		10.555	674,821	244,273	21,096	-	426,208	421,767	16,655	-
National School Breakfast Program:										
National School Breakfast Program 2022-2023	221970/ 231970	10.553	102,849	-	-	-	97,602	102,849	5,247	-
COVID- 19 - Seamless Summer Option - Breakfast 2021-2022	221971	10.553	6,955	-	-	-	6,955	6,955	-	-
Total National School Breakfast Program		10.553	109,804	-	-	-	104,557	109,804	5,247	-
Total Child Nutrition Cluster			784,625	244,273	21,096	-	530,765	531,571	21,902	-
Special Education Cluster - U.S. Department of Education - Passed through the St. Clair County RESA:										
IDEA Special Education – Formula Grants to ISDs:										
IDEA Flowthrough 2122	220450	84.027A	241,229	166,024	62,838	-	144,745	81,907	-	-
IDEA Flowthrough 2223	230450	84.027A	166,980	-	-	-	36,167	166,980	130,813	-
Total IDEA Flowthrough		84.027A	408,209	166,024	62,838	-	180,912	248,887	130,813	-
American Rescue Plan Individuals with Disabilities Education Act (ARP-IDEA):										
ARP-IDEA 2122	220450	84.027X	38,091	-	-	-	36,861	36,861	-	-
IDEA Preschool Incentive:										
IDEA Preschool 2122	220460	84.173A	1,426	1,411	1,111	-	1,111	-	-	-
Total Special Education Cluster			447,726	167,435	63,949	-	218,884	285,748	130,813	-

See accompanying notes to schedule of expenditures of federal awards

LANDMARK ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued FOR THE YEAR ENDED JUNE 30, 2023

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, 2022	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2023	Current Year Cash Transferred To Subrecipient
Other Federal Awards:										
U.S. Department of Agriculture -										
Passed through Michigan Department of Education:										
Pandemic EBT Local Level Costs:										
COVID-19 - Pandemic EBT Local Level Costs 2022	220980	10.649	628	-	-	-	628	628	-	-
U.S. Department of Education -										
Passed through Michigan Department of Education:										
Title I Part A: Improving Basic Programs Operated by LEAS:										
Title I Part A 2122	221530	84.010A	433,021	286,224	137,743	-	137,743	-	-	-
Title I Part A 2223	231530	84.010A	477,330	-	-	-	237,842	279,998	42,156	-
Total Title I Part A		84.010A	910,351	286,224	137,743	-	375,585	279,998	42,156	-
Title II Part A: Supporting Effective Instruction:										
Title II Part A 2122	220520	84.367	71,349	39,137	8,477	-	8,477	-	-	-
Title II Part A 2223	230520	84.367	72,166	-	-	-	54,847	54,847	-	-
Total Title II Part A		84.367	143,515	39,137	8,477	-	63,324	54,847	-	-
Title IV Part A: Student Support & Academic Enrichment:										
Title IV Part A 2122	220750	84.424A	26,306	25,512	767	-	767	-	-	-
Title IV Part A 2223	230750	84.424A	21,912	-	-	-	20,320	20,320	-	-
Total Title IV Part A		84.424A	48,218	25,512	767	-	21,087	20,320	-	-
Education Stabilization Fund:										
COVID-19 - Supplemental Elementary and Secondary School Emergency Relief (ESSER II) 2021	213712	84.425D	994,063	700,817	24,333	-	290,356	266,023	-	-
COVID-19 - ESSER III Formula – American Rescue Plan (ARP-ESSER) 2122	213713	84.425U	2,234,114	134,716	134,716	-	427,475	333,601	40,842	-
Total Education Stabilization Fund		84.425	3,228,177	835,533	159,049	-	717,831	599,624	40,842	-
Total Federal Awards			<u>\$5,563,240</u>	<u>\$ 1,598,114</u>	<u>\$ 391,081</u>	<u>\$ -</u>	<u>\$1,928,104</u>	<u>\$1,772,736</u>	<u>\$ 235,713</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards

LANDMARK ACADEMY

RECONCILIATION OF BASIC FINANCIAL STATEMENTS FEDERAL RECEIVABLES AND REVENUE WITH SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2023

Revenue to Expenditures

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

General Fund	\$ 1,147,087
Special Revenue Fund - Food Service	<u>531,571</u>
Subtotal	1,678,658
Current year unavailable revenue not collected within 60 days after year end	<u>94,078</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><u>\$ 1,772,736</u></u>

LANDMARK ACADEMY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Landmark Academy under programs of the federal government for the year ended June 30, 2023. 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 Landmark Academy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Landmark 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

Landmark 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.

LANDMARK ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF THE AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

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

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

Unmodified

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

☐ yes ☒ no

Identification of major programs:

Assistance Listing Number(s)
84.425

Name of Federal Program or Cluster
Education Stabilization Fund

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

\$750,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

SECTION II – FINANCIAL STATEMENT FINDINGS NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS NONE