

Audited Financial Statements

White Pine Academy

Leslie, Michigan

June 30, 2021

CONTENTS

| | <u>Page</u> |
|--|-------------|
| Independent Auditor’s Report | i - ii |
| 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> | iii - iv |
| Management’s Discussion and Analysis | v - x |
| 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 - 17 |
| Supplementary Information | |
| Budgetary Comparison Schedule – General Fund | 18 |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Funds | 19 |
| Schedule of Revenues – General Fund | 20 |
| Schedule of Expenditures – General Fund | 21 – 22 |



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of White Pine Academy

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of White Pine Academy as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise White Pine Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 White Pine Academy, as of June 30, 2021, 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.

Emphasis of a Matter

The financial statements for the year ended June 30, 2021 reflect certain prior period adjustments as described in Note 12 of the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise White Pine Academy's basic financial statements. The combining and individual nonmajor fund financial statements and schedules of revenues and expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules of revenues and expenditures are 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. Such 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 combining and individual nonmajor fund financial statements and schedules of revenues and expenditures 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 26, 2021, on our consideration of White Pine 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 White Pine 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 White Pine Academy's internal control over financial reporting and compliance.



Croskey Lanni, PC

Rochester, Michigan
October 26, 2021



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 White Pine 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 White Pine Academy, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise White Pine Academy's basic financial statements, and have issued our report thereon dated October 26, 2021.

Internal Control over Financial Reporting

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

Compliance and Other Matters

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

Purpose of this Report

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



Croskey Lanni, PC

Rochester, Michigan
October 26, 2021

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of White Pine Academy’s “WPA”, annual financial report presents our discussion and analysis of the school’s financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the school’s financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

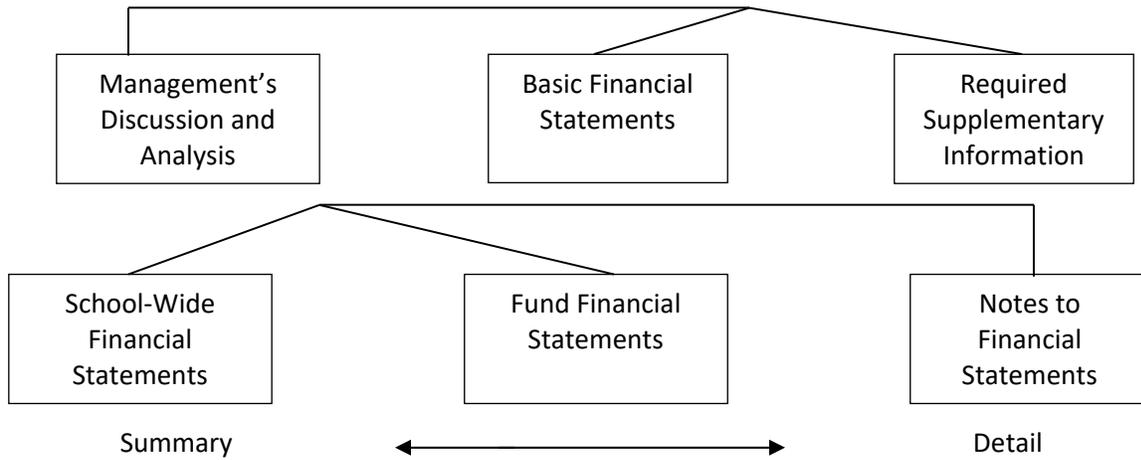
- ❖ The school’s general fund balance increased this year by \$179,542.
- ❖ The total cost of basic programs was \$235,173.
- ❖ Revenues were at \$839,579 while expenditures were \$654,357 in the General Fund.
 - Blended enrollment used for state aid purposes was 72.01 compared to 66.67 last year.
- ❖ The school decreased its outstanding long term debt by \$120,000.
- ❖ The school has a positive fund balance in the General Fund of \$282,338.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**Figure A-1
Organization of WPA'S Annual Financial Report**



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

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

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

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

SCHOOL-WIDE STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

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

The school has two kinds of funds:

- ❖ *Governmental funds* – Most of the school's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the school's programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information with governmental funds statements that explains the relationship (or differences) between them.
- ❖ *Fiduciary funds* – The school is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the school-wide financial statements because the school cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

The comparison of current year to prior year financial information is on the following pages. See figures A-3, A-4, and A-5.

The school's financial position is the product of many factors. Due to little or no increases in state aid for the seventh straight year, there were no new asset purchases for the year in the general fund.

School Governmental

The stability of the school's finances is a result of the following measures:

- ❖ A strong fund balance had been accumulated over the years; however, in recent years the fund balance has been used to offset the costs of operations. The current year did not see the use of existing fund balance to cover operations costs. In fact, with the increase to the fund balance, the fund balance grew to approximately 43% of the annual budget.
- ❖ WPA consistently curtails excessive spending which helps to prevent an annual deficit resulting from a low enrollment.

General Fund Budgetary Analysis

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

Financial Outlook

White Pine Academy's financial forecast is cautiously optimistic heading into the 2021-2022 school year. Over the last few years White Pine Academy has invested in a marketing strategy to increase the visibility of the school to the surrounding communities. As a result of this marketing strategy White Pine Academy has seen an increase in interest in the school which we expect to result in stabilizing the student population. In addition, state aid revenues are expected to increase to \$8,700 per student.

The Board has adopted budgets for 2021-2022 that reflect its commitment to a balanced budget while ensuring quality education to all students.

**Figure A-3
White Pine Academy's Net Position**

| | <u>2021</u> | <u>2020</u> |
|------------------------------------|---------------------|---------------------|
| Current assets | \$ 347,640 | \$ 152,121 |
| Capital assets, net | <u>859,876</u> | <u>957,810</u> |
| Total assets and deferred outflows | <u>1,207,516</u> | <u>1,109,931</u> |
| Current liabilities | 183,712 | 169,325 |
| Long-term liabilities | <u>1,429,919</u> | <u>1,549,919</u> |
| Net Position: | | |
| Net investment in capital assets | (690,043) | (712,109) |
| Restricted | 1,590 | - |
| Unrestricted | <u>282,338</u> | <u>102,796</u> |
| Total net position | <u>\$ (406,115)</u> | <u>\$ (609,313)</u> |

**Figure A-4
Changes in White Pine Academy's Net Position**

| | <u>2021</u> | <u>2020</u> |
|--------------------------------------|-------------------|------------------|
| Revenues: | | |
| Program revenues: | | |
| Federal and state categorical grants | \$ 132,038 | \$ 92,469 |
| Charges for service | <u>7,494</u> | <u>1,129</u> |
| Total program revenues | <u>139,532</u> | <u>93,598</u> |
| General revenues: | | |
| State aid - unrestricted | 717,698 | 532,603 |
| Other | <u>19,192</u> | <u>30,979</u> |
| Total general revenues | <u>736,890</u> | <u>563,582</u> |
| Total revenues | <u>876,422</u> | <u>657,180</u> |
| Expenses: | | |
| Instruction | 257,334 | 247,031 |
| Support and community services | 301,745 | 259,512 |
| Unallocated depreciation | 103,934 | 103,975 |
| Unallocated interest | <u>12,000</u> | <u>12,000</u> |
| Total expenses | <u>675,013</u> | <u>622,518</u> |
| Change in net position | <u>\$ 201,409</u> | <u>\$ 34,662</u> |

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2021, the school had invested \$859,876 in capital assets, including facility, computers and software, net of accumulated depreciation. This amount represents a net decrease of \$97,934 from last year after depreciation. (More detailed information about capital assets can be found in Note 5 to the financial statements.). The school's fiscal year 2022 budget anticipates no additions in capital assets.

| | Balance June 30, 2021 | Balance June 30, 2020 |
|-------------------------------------|----------------------------------|----------------------------------|
| Land | \$ 62,500 | \$ 62,500 |
| Building and improvements | 2,382,931 | 2,382,931 |
| Computers, furniture, and equipment | 246,843 | 240,843 |
| Total cost | 2,692,274 | 2,686,274 |
| Less accumulated depreciation | 1,832,398 | 1,728,464 |
| Net book value | <u>\$ 859,876</u> | <u>\$ 957,810</u> |

Long-Term Debt

At year end the school had debt of \$1,549,919 consisting of a capital land contract.

- The Academy reduced its long-term debt by \$120,000.

FACTORS BEARING ON THE SCHOOL'S FUTURE

- Improvement of enrollment trends
- State aid foundation stabilized with federal funds
- Stabilized staffing
- Renewed school purpose

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

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

White Pine Academy, 510 Russell Street, Leslie, MI 49251

WHITE PINE ACADEMY

STATEMENT OF NET POSITION JUNE 30, 2021

ASSETS AND DEFERRED OUTFLOWS

Current Assets

| | | |
|-----------------------------------|----|---------------|
| Cash and cash equivalents | \$ | 184,279 |
| Accounts receivable | | 16 |
| Due from other governmental units | | 152,345 |
| Prepaid expenses | | <u>11,000</u> |
| Total current assets | | 347,640 |

Capital Assets - Net of Accumulated Depreciation

859,876

Total assets and deferred outflows \$ 1,207,516

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current Liabilities

| | | |
|----------------------------------|----|----------------|
| Accounts payable | \$ | 10,886 |
| Notes payable | | 22,489 |
| Other accrued expenses | | 30,337 |
| Long-term debt - current portion | | <u>120,000</u> |
| Total current liabilities | | 183,712 |

Long-Term Debt - Long-Term Portion

1,429,919

Net Position

| | |
|--|---------------------|
| Net investment in capital assets | (690,043) |
| Restricted for student activities | 1,590 |
| Unrestricted | <u>282,338</u> |
| Total net position | <u>(406,115)</u> |
| Total liabilities, deferred inflows and net position | <u>\$ 1,207,516</u> |

See accompanying notes to financial statements

WHITE PINE ACADEMY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

| | | Program Revenues | | Net (Expense) Revenues and Changes in Net Position |
|---------------------------------------|-------------------|-------------------------|---------------------|---|
| | Expenses | Charges for Services | Operating Grants | Government Type Activities |
| Functions | | | | |
| Instructions | | | | |
| Basic sources | \$ 235,173 | \$ - | \$ 70,156 | \$ (165,017) |
| Added needs | 22,161 | - | 16,533 | (5,628) |
| Support services | | | | |
| Instructional staff support services | 11,088 | - | 10,000 | (1,088) |
| General administration | 28,340 | - | - | (28,340) |
| School administration | 91,902 | - | - | (91,902) |
| Business support services | 27,151 | - | - | (27,151) |
| Operations and maintenance | 86,968 | - | 6,000 | (80,968) |
| Central support services | 10,491 | - | - | (10,491) |
| Other student activities | 7,224 | 7,025 | - | (199) |
| Food services | 35,498 | 469 | 29,349 | (5,680) |
| Community services | 3,083 | - | - | (3,083) |
| Unallocated depreciation | 103,934 | - | - | (103,934) |
| Unallocated interest | 12,000 | - | - | (12,000) |
| | <u>\$ 675,013</u> | <u>\$ 7,494</u> | <u>\$ 132,038</u> | <u>(535,481)</u> |
| Total primary government | \$ 675,013 | \$ 7,494 | \$ 132,038 | (535,481) |
| General Purpose Revenues | | | | |
| State school aid - unrestricted | | | | 717,698 |
| Miscellaneous revenues | | | | 19,192 |
| | | | | <u>736,890</u> |
| Total general purpose revenues | | | | 736,890 |
| Change in net position | | | | 201,409 |
| Net position - July 1, 2020 | | | | <u>(607,524)</u> |
| Net position - June 30, 2021 | | | | <u>\$ (406,115)</u> |

See accompanying notes to financial statements

WHITE PINE ACADEMY

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2021

| | <u>General</u> | <u>Non-Major Special Revenue - Student Activities</u> | <u>Total</u> |
|-----------------------------------|-------------------|---|-------------------|
| Cash and cash equivalents | \$ 182,689 | \$ 1,590 | \$ 184,279 |
| Accounts receivable | 16 | - | 16 |
| Due from other governmental units | 152,345 | - | 152,345 |
| Prepaid expenses | 11,000 | - | 11,000 |
| | | | |
| Total assets | <u>\$ 346,050</u> | <u>\$ 1,590</u> | <u>\$ 347,640</u> |

LIABILITIES AND FUND BALANCE

Liabilities

| | | | |
|------------------------|-----------|------|-----------|
| Accounts payable | \$ 10,886 | \$ - | \$ 10,886 |
| Notes payable | 22,489 | - | 22,489 |
| Other accrued expenses | 30,337 | - | 30,337 |
| | | | |
| Total liabilities | 63,712 | - | 63,712 |

Fund Balance

| | | | |
|---------------------------------------|-------------------|-----------------|-------------------|
| Nonspendable | 11,000 | - | 11,000 |
| Restricted | - | 1,590 | 1,590 |
| Unassigned | 271,338 | - | 271,338 |
| | | | |
| Total fund balance | <u>282,338</u> | <u>1,590</u> | <u>283,928</u> |
| | | | |
| Total liabilities and fund balance | <u>\$ 346,050</u> | <u>\$ 1,590</u> | <u>\$ 347,640</u> |

See accompanying notes to financial statements

WHITE PINE ACADEMY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2021

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

| | |
|--|---------------------|
| Total Governmental Fund Balances | \$ 283,928 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$2,692,274 and the accumulated depreciation is \$1,832,398. | 859,876 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | <u>(1,549,919)</u> |
| Net Position of Governmental Activities | <u>\$ (406,115)</u> |

WHITE PINE ACADEMY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

| | <u>General</u> | <u>Non-Major</u> | <u>Total</u> |
|--|----------------|------------------|--------------|
| Revenues | | | |
| Local sources | \$ 19,192 | \$ 7,494 | \$ 26,686 |
| State sources | 745,116 | 3,109 | 748,225 |
| Federal sources | 75,271 | 26,240 | 101,511 |
| | <hr/> | <hr/> | <hr/> |
| Total governmental fund revenues | 839,579 | 36,843 | 876,422 |
| Expenditures | | | |
| Instructions | | | |
| Basic programs | 235,173 | - | 235,173 |
| Added needs | 22,161 | - | 22,161 |
| Support services | | | |
| Instructional staff support services | 11,088 | - | 11,088 |
| General administration | 28,340 | - | 28,340 |
| School administration | 91,902 | - | 91,902 |
| Business support services | 27,151 | - | 27,151 |
| Operations and maintenance | 86,968 | - | 86,968 |
| Central support services | 10,491 | - | 10,491 |
| Other student activities | - | 7,224 | 7,224 |
| Food services | - | 35,498 | 35,498 |
| Community services | 3,083 | - | 3,083 |
| Capital outlay | 6,000 | - | 6,000 |
| Debt principal and interest | 132,000 | - | 132,000 |
| | <hr/> | <hr/> | <hr/> |
| Total governmental fund expenditures | 654,357 | 42,722 | 697,079 |
| Excess (deficiency) of revenues over expenditures | 185,222 | (5,879) | 179,343 |
| Other Financing Sources (Uses) | | | |
| Operating transfers in | - | 5,680 | 5,680 |
| Operating transfers out | (5,680) | - | (5,680) |
| | <hr/> | <hr/> | <hr/> |
| Total other financing sources (uses) | (5,680) | 5,680 | - |
| Excess (deficiency) of revenues and other financing sources over expenditures and other uses | 179,542 | (199) | 179,343 |
| Fund balance - July 1, 2020 | 102,796 | 1,789 | 104,585 |
| | <hr/> | <hr/> | <hr/> |
| Fund balance - June 30, 2021 | \$ 282,338 | \$ 1,590 | \$ 283,928 |
| | <hr/> | <hr/> | <hr/> |

See accompanying notes to financial statements

WHITE PINE 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, 2021

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

| | | |
|---|----|---------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | 179,343 |
|---|----|---------|

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 | \$ | 6,000 | |
| Depreciation and amortization expense | | <u>(103,934)</u> | (97,934) |

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

| | | |
|-----------------------------|--|----------------|
| Repayment of loan principal | | <u>120,000</u> |
|-----------------------------|--|----------------|

| | | |
|--|----|----------------|
| Change in Net Position of Governmental Activities | \$ | <u>201,409</u> |
|--|----|----------------|

See accompanying notes to financial statements

WHITE PINE ACADEMY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of White Pine 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

White Pine 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, 2000, and began operation in July 2000.

In July 2017, the Academy entered into a six-year contract with the Saginaw Valley State University Board of Control to charter a public school academy. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State constitution. The University’s Board of Control is the fiscal agent for the Academy and is responsible for overseeing the Academy’s compliance with the contract and all applicable laws. The Academy pays the Saginaw Valley State University Board of Control three percent of state aid as administrative fees. Total administrative fees paid for the year ended June 30, 2021 were approximately \$17,500.

The Academy entered into an agreement with American Charter Education Services, Inc., “ACES” through August, 2021. Under the terms of this agreement, ACES will provide a variety of financial services. The contract has been subsequently renewed through August, 2022. Under the contract the Academy was obligated to pay ACES a flat fee for the year ended June 30, 2021. The total paid for these services amounted to \$16,250 for the year ended June 30, 2021.

In July 2017, the Academy entered into a three-year agreement with Axios Charter HR, LLC, “Axios”, through June 30, 2020 and was subsequently renewed through July 2023. Axios will provide staffing, payroll, and benefits administration to the Academy and will receive three and one half percent of total gross pay of all covered Axios employees assigned to the Academy. The total paid for these services amounted to approximately \$10,000 for the year ended June 30, 2021.

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

Funding

The Academy’s operations and primary revenue source is derived from State Aid revenues on a per pupil basis received from the Michigan Department of Education. The Academy has experienced a decline in its student population over the past years and as such a similar reduction in its state sourced funding. If the Academy continues to experience a reduction in the student population it may be required to take action to remain a going concern. The Academy believes that it currently has sufficient cash and short term liquidity to meet its operational needs for the foreseeable future.

WHITE PINE ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fund Financial Statements

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

Basis of Presentation – Fund Accounting

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

Governmental Funds

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

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

Special Revenue Fund (Food Services)- The special revenue fund is used to account for the food service program operations. The special revenue fund is a subsidiary operation and is an obligation of the general fund. Therefore, any shortfall in the special revenue fund will be covered by an operating transfer from the general fund. The special revenue fund does not maintain its own assets and liabilities; accordingly, no balance sheet is presented for this 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.

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.

WHITE PINE ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Government-Wide Financial Statements

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

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

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

WHITE PINE ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2021

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 no investments during the year ended June 30, 2021. 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, 2021 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 2021 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, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

Capital Assets and Depreciation

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

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. 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 |

WHITE PINE ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accrued Liabilities and Long-Term Obligations

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

Net Position

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

Fund Equity

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

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

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

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

WHITE PINE ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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.

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 fund and special revenue fund budgets. During the year ended June 30, 2021 the budget was amended in a legally permissible manner. Actual results as compared to the budget are detailed on page 18 of these financial statements.

NOTE 3 - DEPOSITS AND INVESTMENTS

Interest Rate Risk

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

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2021, the Academy did not have any investments.

WHITE PINE ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2021, none of the Academy's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of June 30, 2021.

Custodial Credit Risk - Investments

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

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

Foreign Currency Risk

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

Fair Value

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

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

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Academy has the ability to access.
- b. Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.

WHITE PINE ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

- 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:

| | | |
|-----------------|----|----------------|
| Local sources | \$ | 345 |
| State sources | | 135,786 |
| Federal sources | | 16,214 |
| | | <hr/> |
| Total | \$ | <u>152,345</u> |

NOTE 5 - CAPITAL ASSETS

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

| | <u>Balance</u> <u>July 1, 2020</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance</u> <u>June 30, 2021</u> |
|--|---------------------------------------|--------------------|------------------|--|
| Capital assets not subject to depreciation | | | | |
| Land | \$ 62,500 | \$ - | \$ - | \$ 62,500 |
| Capital assets subject to depreciation | | | | |
| Building | 2,380,902 | - | - | 2,380,902 |
| Equipment | 240,843 | 6,000 | - | 246,843 |
| Improvements | 2,029 | - | - | 2,029 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Sub-total | 2,686,274 | 6,000 | - | 2,692,274 |
| Accumulated depreciation | | | | |
| Building | 1,485,590 | 103,334 | - | 1,588,924 |
| Equipment | 240,845 | 600 | - | 241,445 |
| Improvements | 2,029 | - | - | 2,029 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Sub-total | 1,728,464 | 103,934 | - | 1,832,398 |
| Total net capital assets | <u>\$ 957,810</u> | <u>\$ (97,934)</u> | <u>\$ -</u> | <u>\$ 859,876</u> |

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

WHITE PINE ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6 – NOTES PAYABLE

Notes payable at June 30, 2021 can be summarized as follows:

Loan Information

| | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Other</u> |
|------------|--------------------------|--------------------------|--|
| SAAN 19/20 | 6.75% | August, 2019 | Paid in full |
| SAAN 20/21 | 6.75% | August, 2021 | Issued to provide the Academy with funds to finance operations before first state aid payment is received; secured by future state aid payments. |

Loan Activity

| | <u>Balance July 1, 2020</u> | <u>Additions</u> | <u>Retirements and Payments</u> | <u>Balance June 30, 2021</u> |
|---------------------|---------------------------------|-------------------|-------------------------------------|----------------------------------|
| SAAN 19/20 | \$ 22,545 | \$ - | \$ 22,545 | \$ - |
| SAAN 20/21 | - | 120,000 | 97,511 | 22,489 |
| Total loan activity | <u>\$ 22,545</u> | <u>\$ 120,000</u> | <u>\$ 120,056</u> | <u>\$ 22,489</u> |

NOTE 7 – OTHER ACCRUED EXPENSES

Other accrued expenses may be summarized as follows:

| | |
|---|------------------|
| Purchased services - payroll and benefits | \$ 27,158 |
| University oversight fee | <u>3,179</u> |
| Total other accrued expenses | <u>\$ 30,337</u> |

WHITE PINE ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - LONG-TERM OBLIGATIONS PAYABLE

Long-term obligations as of June 30, 2021 can be summarized as follows:

Loan Information

| | Interest Rate | Maturity Date | Other |
|---------------|--------------------------|--------------------------|---|
| Land contract | Variable | November, 2034 | Payable monthly at \$11,000, including interest at \$1,000 per month. |

Loan Activity

| | Balance July 1, 2020 | Additions | Retirements and Payments | Balance June 30, 2021 | Due Within One Year |
|---------------|---------------------------------|------------------|-------------------------------------|----------------------------------|--------------------------------|
| Land contract | \$ 1,669,919 | \$ - | \$ 120,000 | \$ 1,549,919 | \$ 120,000 |

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

| | Principal | Interest |
|-------------|------------------|-----------------|
| 2022 | \$ 120,000 | \$ 12,000 |
| 2023 | 120,000 | 12,000 |
| 2024 | 120,000 | 12,000 |
| 2025 | 120,000 | 12,000 |
| 2026 | 120,000 | 12,000 |
| 2027 - 2031 | 600,000 | 60,000 |
| 2032 - 2035 | 349,919 | 34,000 |

NOTE 9 – INTERFUND TRANSFERS

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

| | General | Special Revenue - Food Services |
|--------------|----------------|--|
| Transfer In | \$ - | \$ 5,680 |
| Transfer Out | 5,680 | - |

The general fund subsidizes the Special Revenue Food Services activities. The above transaction accounts for the major activity in the Academy’s interfund transfer accounts.

WHITE PINE ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2021

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 - CONTINGENCIES

The COVID-19 pandemic that the world is experiencing is unprecedented. It is nearly impossible to fully anticipate the long term effects the impact it will have on the economy and the Academy's operations. As of the date of these financial statements, the Academy continues to evaluate and implement risk mitigation tactics including all aspects of the Academy's activities related to public school education, relationships with local, state, and federal government funding sources, compliance with the requirements of these funding sources and with business transactions with customers, vendors and human interaction within and outside of the Academy.

NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT

The Academy implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, for the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

The implementation of GASB 84 had the following effect on net position as reported on June 30, 2020:

| | <u>Government Wide</u> | <u>Student Activities Fund</u> |
|---|----------------------------|------------------------------------|
| Net position / Fund balance- July 1, 2020 | \$ (609,313) | \$ - |
| Prior period adjustment | | |
| To reclassify funds as a result of the implementation of GASB Statement No. 84 | <u>1,789</u> | <u>1,789</u> |
| Net position / Fund balance - July 1, 2020, as restated | <u>\$ (607,524)</u> | <u>\$ 1,789</u> |

SUPPLEMENTARY INFORMATION

WHITE PINE ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|----------------------------|-------------------------|---------------|-----------------|
| Revenues | | | | |
| Local sources | \$ 6,500 | \$ 16,500 | \$ 19,192 | \$ 2,692 |
| State sources | 527,758 | 723,204 | 745,116 | 21,912 |
| Federal sources | 34,951 | 80,514 | 75,271 | (5,243) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total general fund revenues | 569,209 | 820,218 | 839,579 | 19,361 |
| Expenditures | | | | |
| Instruction | | | | |
| Basic programs | 187,159 | 253,595 | 235,173 | (18,422) |
| Added needs | 15,409 | 27,524 | 22,161 | (5,363) |
| Support services | | | | |
| Instructional staff support services | 10,000 | 11,088 | 11,088 | - |
| General administration | 30,208 | 35,750 | 28,340 | (7,410) |
| School administration | 78,784 | 101,244 | 91,902 | (9,342) |
| Business support services | 40,691 | 43,062 | 27,151 | (15,911) |
| Operations and maintenance | 172,591 | 210,641 | 86,968 | (123,673) |
| Central support services | 15,320 | 17,820 | 10,491 | (7,329) |
| Community services | 4,555 | 4,555 | 3,083 | (1,472) |
| Capital outlay | - | - | 6,000 | 6,000 |
| Debt principal and interest | - | 12,289 | 132,000 | 119,711 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total general fund expenditures | 554,717 | 717,568 | 654,357 | (63,211) |
| Excess of revenues over expenditures | 14,492 | 102,650 | 185,222 | 82,572 |
| Other Financing Sources (Uses) | | | | |
| Operating transfers out | (3,060) | - | (5,680) | (5,680) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other uses | 11,432 | 102,650 | 179,542 | 76,892 |
| Fund balance - July 1, 2020 | 102,796 | 102,796 | 102,796 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Fund balance - June 30, 2021 | \$ 114,228 | \$ 205,446 | \$ 282,338 | \$ 76,892 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

WHITE PINE ACADEMY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – NON-MAJOR FUNDS FOR THE YEAR ENDED JUNE 30, 2021

| | Special Revenue | | Total |
|--|------------------|-----------------------|----------|
| | Food Services | Student Activities | |
| Revenues | | | |
| Local sources | \$ 469 | \$ 7,025 | \$ 7,494 |
| State sources | 3,109 | - | 3,109 |
| Federal sources | 26,240 | - | 26,240 |
| | 29,818 | 7,025 | 36,843 |
| Expenditures | | | |
| Support services | | | |
| Other student activities | - | 7,224 | 7,224 |
| Food services | 35,498 | - | 35,498 |
| | 35,498 | 7,224 | 42,722 |
| Excess (deficiency) of revenues over expenditures | (5,680) | (199) | (5,879) |
| Other Financing Sources (Uses) | | | |
| Operating transfers in | 5,680 | - | 5,680 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other uses | - | (199) | (199) |
| Fund balance - July 1, 2020 | - | 1,789 | - |
| Fund balance - June 30, 2021 | \$ - | \$ 1,590 | \$ (199) |

WHITE PINE ACADEMY

SCHEDULE OF REVENUES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

Local Sources

| | |
|----------------------|---------------|
| Authorizer grant | \$ 9,000 |
| Other local revenues | <u>10,192</u> |
| Total local sources | 19,192 |

State Sources

| | |
|---------------------|----------------|
| At risk | 26,171 |
| Special education | 1,247 |
| State aid | <u>717,698</u> |
| Total state sources | 745,116 |

Federal Sources

| | |
|-----------------------------|-------------------|
| Title I | 17,361 |
| Other program revenue | <u>57,910</u> |
| Total federal sources | <u>75,271</u> |
| Total general fund revenues | <u>\$ 839,579</u> |

WHITE PINE ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

Basic Programs

| | | |
|--------------------------------|----|---------------|
| Purchased services | \$ | 214,159 |
| Rentals | | 6,513 |
| Supplies and materials | | 1,912 |
| Non-depreciable capital assets | | <u>12,589</u> |
| Total basic programs | | 235,173 |

Added Needs

| | | |
|--------------------|--|--------|
| Purchased services | | 22,161 |
|--------------------|--|--------|

Instructional Staff Support Services

| | | |
|--|--|--------------|
| Purchased services | | 10,000 |
| Supplies and materials | | <u>1,088</u> |
| Total instructional staff support services | | 11,088 |

General Administration

| | | |
|------------------------------|--|---------------|
| Purchased services | | 10,853 |
| University oversight | | <u>17,487</u> |
| Total general administration | | 28,340 |

School Administration

| | | |
|-----------------------------|--|--------------|
| Purchased services | | 89,623 |
| Supplies and materials | | 1,276 |
| Other expenditures | | <u>1,003</u> |
| Total school administration | | 91,902 |

Business Support Services

| | | |
|--------------------|--|--------|
| Other expenditures | | 27,151 |
|--------------------|--|--------|

Operations and Maintenance

| | | |
|----------------------------------|--|---------------|
| Purchased services | | 43,804 |
| Repairs and maintenance | | 2,712 |
| Other purchased services | | 15,584 |
| Supplies and materials | | <u>24,868</u> |
| Total operations and maintenance | | 86,968 |

WHITE PINE ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND - Continued
FOR THE YEAR ENDED JUNE 30, 2021

| | |
|------------------------------------|--------------------------|
| Central Support Services | |
| Purchased services | 10,491 |
| Community Services | |
| Purchased services | 3,083 |
| Capital Outlay | 6,000 |
| Debt Principal and Interest | <u>132,000</u> |
| Total general fund expenditures | <u><u>\$ 654,357</u></u> |