

COMMONWEALTH COMMUNITY
DEVELOPMENT ACADEMY
REPORT TO THE BOARD OF DIRECTORS

JUNE 30, 2024

Wilkerson & Associate P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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LARRY WILKERSON, C.P.A.
THOMAS E. WILKERSON, C.P.A.

To the Board of Directors of
Commonwealth Community Development Academy

We have recently completed our audit of the basic financial statements of Commonwealth Community Development Academy (the "Academy") as of and for the year ended June 30, 2024. In addition to our audit report, we are providing the following required audit communication, recommendations, and informational items which impact the Academy:

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We are grateful for the opportunity to be of service to Commonwealth Community Development Academy. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Wilkerson & Associate PC

September 30, 2024

Members: A.I.C.P.A. and M.I.C.P.A.

To the Board of Directors
Commonwealth Community Development Academy
September 30, 2024

Results of the Audit

We have audited the financial statements of Commonwealth Community Development Academy (the “Academy”) as of and for the year ended June 30, 2024, and have issued our report thereon dated September 30, 2024, Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 29, 2024, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Academy. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

Our audit of the Academy’s financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we have made some assessments of the Academy’s compliance with certain provisions of laws, regulations, contracts, and grant agreements. While those assessments are not sufficient to identify all noncompliance with applicable laws, regulations, and contract provisions, we are required to communicate all noncompliance conditions that come to our attention. We have communicated those conditions in a separate letter dated September 30, 2024, regarding our consideration of the Academy’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

To the Board of Directors
Commonwealth Community Development Academy
September 30, 2024

We are also obligated to communicate certain matters related to our audit of those responsible for the governance of the Academy, including certain instances of error or fraud and significant deficiencies in internal control that we identify during our audit. In certain situations, *Government Auditing Standards* require disclosure of illegal acts to applicable government agencies. If such illegal acts were detected during our audit, we would be required to make disclosures regarding these acts to applicable government agencies. No such disclosures were required.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters during the preliminary audit phase.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter. We will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Academy are described in Note 1 to the financial statements, a new accounting policy was adopted, GASB 87, and the application of existing policies were not changed during the year ended June 30, 2024.

We noted no transactions entered into by the Academy during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates included in this year's financial statements.

To the Board of Directors
Commonwealth Community Development Academy
September 30, 2024

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statements disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive disclosures included in the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

Management Consultants with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultant involves application of an accounting principle to the Academy's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

To the Board of Directors
Commonwealth Community Development Academy
September 30, 2024

Other Audit Findings or Issues

In the normal course of our professional association with the Academy, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Academy, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition of our retention as the Academy's auditors.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the Academy's financial statements and report does not extend beyond the financial statements. We do not have an obligation to determine whether or not such information is properly stated. However, we read the management's discussion and analysis and budgetary comparison schedule and nothing came to our attention that caused us to believe that such information, or its manner of presentation is materially inconsistent with the information or manner of its presentation in the financial statements.

In addition to the comments and recommendations in this letter, our observations and comments regarding the Academy's internal controls, including any significant deficiencies or material weaknesses that we identified, have been reported to you in the 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*.

This information is intended solely for the use of the board of directors and management of Commonwealth Community Development Academy and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Wilkerson & Associate PC

Larry D. Wilkerson, CPA

Commonwealth Community Development Academy
September 30, 2024

Recommendations

COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY RECOMMENDATIONS

As a result of auditing standards required to be implemented last year, the audit continues to require a strong emphasis to be placed on the Academy's internal control systems. The primary goal of internal controls is to provide a reasonable (as opposed to absolute) protection to the Academy and its assets and financial information. During this year's audit process, we noted no items that required management to make changes; therefore, **no recommendations are made for this year.**

**COMMONWEALTH COMMUNITY
DEVELOPMENT ACADEMY**

**Financial Report
with Supplemental Information**

June 30, 2024

COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY

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Wilkerson & Associate P.C.

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LARRY WILKERSON, C.P.A.
THOMAS E. WILKERSON, C.P.A.

Independent Auditor's Report

To Management and
The Board of Directors of
Commonwealth Community Development Academy

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund and the Food service fund of Commonwealth Community Development Academy (the 'Academy'), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the 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, the major fund and the Food service fund of Commonwealth Community Development Academy as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy, and 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.

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.

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 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 Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgement 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 the 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 Government Auditing 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 Commonwealth Academy's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, 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. 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 other supplementary information as identified in the table of contents, is 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 September 30, 2024, on our consideration of Commonwealth Community Development 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 to describe the scope of our testing of 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 Commonwealth Community Development Academy's internal control over financial reporting and compliance.

Wilkinson & Associates PC

Dearborn, Michigan
September 30, 2024

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

To Management
And The Board of Directors of
Commonwealth Community Development Academy

We have audited, 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, the financial statements of the governmental activities, the major fund, and the Food service fund of Commonwealth Community Development Academy as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Commonwealth Community Development Academy's basic financial statements, and have issued our report dated September 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit, we considered Commonwealth Community Development Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Commonwealth Community Development Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Commonwealth Community Development Academy's internal control over financial reporting.

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 misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Commonwealth Community Development Academy'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 and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkerson & Associate PC

*Dearborn, Michigan
September 30, 2024*

COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY

Management's Discussion and Analysis

For the Year Ending June 30, 2024

Located in Detroit, Michigan, Commonwealth Community Development Academy (the Academy) is a K-8 public school academy with a mission to challenge each student to succeed at his/her maximum potential in a safe and secure environment. Academic and social excellence will be encouraged through effective instruction and cooperation between faculty, parents and students. The Academy believes that all students deserve the opportunity and resources to learn to the full extent of his/her ability. Their goal is to give students a solid foundation in academic learning in order that he or she will be able to compete successfully (socially, economically and financially) in the 21st Century.

This section of the Academy's annual financial report presents management's discussion and analysis of the Academy's financial performance during the year ended June 30, 2024. Please read this analysis in conjunction with the Academy's financial statements, notes, supplementary information and schedules that immediately follow this section.

Overview of the Academy's Annual Financial Report

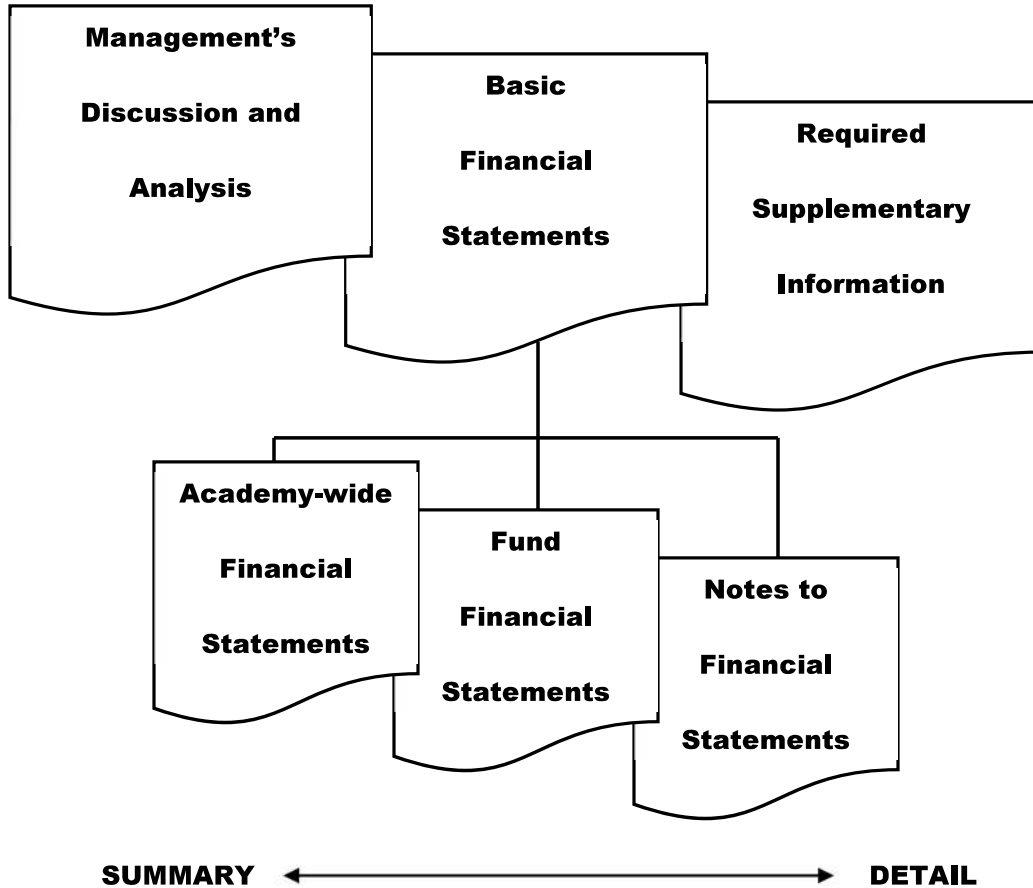
This annual financial report is intended to answer questions its readers might have regarding the Academy's financial position and results of its operation. The reader should read this report always mindful that the Academy's primary purpose is to use its resources to the best of its ability to provide quality services to its students, not to generate profits as commercial entities do. Consideration should also be given to other non-financial factors, such as the quality of the education provided and safety of the school, in the assessment of the overall health of the Academy.

There are three parts to this annual financial report (see **Table 1**):

- **Management's Discussion and Analysis** presents the reader with administration's perspective and insight into the Academy's financial position and results of operations for the year just ended.
- **Basic Financial Statements** are the numerical representation of the Academy's results of operations and financial position.
- **Required Supplementary Information** adds further detail and clarification to the Basic Financial Statements.

COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY
Management's Discussion and Analysis
For the Year Ending June 30, 2024

Table 1



The Academy's Basic Financial Statements

Components of the Basic Financial Statements (refer to *Table 1* above):

Academy-wide Financial Statements are broadest in scope, and provide information about the activities of the Academy as a whole, presenting both an aggregate view of the Academy's finances and a long-term view of those finances. The financial statements are presented on a full accrual basis, which is the primary accounting method used in private industry. Transactions are recorded when resources are earned or used regardless of when cash is received or disbursed. The *Statement of Net Position* reports all the

COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY

Management's Discussion and Analysis

For the Year Ending June 30, 2024

Academy's assets regardless of if they are available for current use or legally restricted, and all of its liabilities, both short-term and long-term. The *Statement of Activities* reports all the Academy's revenues and expenses by type of activity. The *Statement of Activities* reflects whether the Academy's overall financial health has improved or declined over the past year and demonstrates how the Academy allocated its resources to the services it provided.

Fund Financial Statements are narrower in scope but can more clearly present the Academy's compliance with laws, regulations, and any restrictions that may be placed upon the use of its financial resources. Individual funds are used to demonstrate the Academy's major educational activities or smaller activities for which individual information is desired or required. Major funds are presented individually, while non-major funds are presented in aggregate. The fund financial statements provide a detailed short-term view of the operations of the Academy's various fiscal components, not a long-term view of the Academy as a whole. It provides information as to the number of financial resources that can be spent soon to finance programs. It also provides information about the Academy's most significant Fund – the General Fund (the Academy's principal operating Fund) – and its non-major Funds, which are grouped together and presented as Other Governmental Funds. The Academy's only non-major Fund is the Food Service program. The fund financial statements are presented using the modified accrual basis of accounting. Only those assets that are measurable and currently available are reported. Liabilities are recognized to the extent that they can be paid using current financial resources.

For further information on the attributes of the modified accrual basis and the full accrual basis of accounting, please refer to *Note 1 – Summary of Significant Accounting Policies* in the Notes to Financial Statements section of this report.

The Academy's Overall Financial Position and Results of Operations

The Statement of Net Position provides a snapshot of the Academy's financial position (**Table 2 below**). The Academy's net assets on June 30, 2024, were \$340,835 are the cumulative results of the Academy's operations for all years since its inception. They represent the Academy's resources at the statement date to finance all its governmental activities, meet its cash flow needs, and provide for future uncertainties. Capital assets, net of related debt, represent those resources that are more permanent and generally not readily converted to cash, such as land, buildings, and equipment. The Academy's \$40,844 of capital assets, net of related debt, compares the original cost of the assets, less accumulated depreciation, to the long-term debt used to finance them.

COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY

Management's Discussion and Analysis

For the Year Ending June 30, 2024

Because the Academy has no taxing authority, any long-term debt will be repaid from the basic per pupil foundation allowance received from the State, other fundraising efforts undertaken by the Academy, or gifts to the Academy.

Table - 2 Commonwealth Academy's Net Assets		
	2023	2024
Current assets	\$840,361	\$980,557
Capital assets, net	382,048	40,844
Total assets	\$1,222,409	\$1,021,401
Deferred Pension Related Expense		
Total Deferred Outflows of Resources		
Current liabilities	205,271	324,526
Long-term liabilities Net pension Liability	356,040	356,040
Net deposition of fixed assets		
Total liabilities	561,311	680,566
Net assets (deficit):		
Invested in capital assets, net of related debt	26,008	(315,196)
Unrestricted	635,090	656,031
Total net assets (deficit)	\$ 661,098	\$340,835

COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY

Management's Discussion and Analysis

For the Year Ending June 30, 2024

The *Statement of Activities* provides a snapshot of the results of operations for the Academy for the fiscal year 2023-24. **Table 3** provides a summary view of the change in net assets for 2022-23 and comparative data for the fiscal year 2023-24.

Table 3

Summary of the Statement of Activities	Government Activities (In thousands)	
Revenue	Year Ended 2023	Year Ended 2024
Program revenue:		
Charges for services	\$ 0	\$ 0
Operating grants/contributions	943.7	515.4
General revenue:		
State foundation allowance	1,789.0	2,019.9
Other	142.2	125.5
Total revenue	2,874.9	2,660.9
Function/Program Expenses		
Instruction	1,224.7	803.9
Support services	1,049.7	1,340.5
Food services	203.7	175.3
Depreciation	341.3	341.2
Total expenses	2,819.4	2,981.1
Pension Related Items	246.1	0.0
State Aid Funding for Pension		
Increase/(Decrease) in Net Assets	\$301.6	\$320.2

As seen in **Table 3** above, the total cost of the Academy's governmental activities for the year was \$2,660.9. Grants and contributions to specific programs also contribute to the Academy's funding (\$515,436). However, most of the Academy's activities are funded by state foundation grants (\$2,019,935). Other miscellaneous funding sources, such as interest income and local grants, also helped fund the Academy's governmental activities (\$125,520).

The Academy's Board of Directors and Administration work closely to ensure the Academy's limited resources are allocated as efficiently and effectively as possible to benefit the approximately 176 students.

COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY

Management's Discussion and Analysis

For the Year Ending June 30, 2024

The Academy's Funds

As noted earlier, the Academy's funds are used by the Academy's Board of Directors and Administration to monitor the Academy's business in the current year. Budgets and appropriations are approved annually for the General and Special Revenue Funds.

The General Fund is the principal operating Fund of the Academy. This is the Fund in which all the Academy's activities related to the operation of the Academy, except those activities required by law to be entered in other Funds are recorded. This year's general fund balance increased by \$20,942.

The Special Revenue Funds are used to account for activities where the results of operations need to be determined. The Academy's Special Revenue Funds are comprised of a Food Services Fund.

The Academy's General Fund Budgetary Highlights

As noted earlier, the General Fund is the Fund in which all the Academy's activities related to the operation of the Academy, except those activities required by law to be entered into other Funds, are recorded. State law requires that the Academy periodically amend its budgets to ensure that expenditures do not exceed appropriations.

During the year, the Academy revised its budget in response to and/ or anticipating changing operating conditions. During the budgeting process, the academy underbudgeted the After-school tutoring program, which was the primary cause of the excess spending over budget.

The Academy participated in the Michigan State Aid Note (SAN) program for the 2023-24 school year and received \$250,000 to cover expenses until the first state aid payment was received in October 2023. The \$23,536.83 note repayment was deducted from monthly state aid payments and was completely repaid in August 2024.

The Academy's Board of Directors approved two budget amendments during the year. It was revised twice during the year. The reader will find a schedule showing the Academy's initial budget, final budget, and actual expenditure comparisons for the General Fund in the ***Required Supplemental Information*** section of this report.

COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY

Management's Discussion and Analysis

For the Year Ending June 30, 2024

The Academy's Capital Asset Activity

At June 30, 2024, the Academy had \$0.00 invested in capital assets, after accumulated depreciation (see **Table 4** below). Capital assets include modular classrooms, building improvements, school buses, equipment and furniture.

Table 4

Capital Assets	Government Activities (In thousands)	
	Year ended 2023	Year Ended 2024
Capital Assets, net of depreciation		
Building Improvements	\$ 20.7	\$ 20.1
Equipment and furniture	9.7	6.5
Ready To Used building	335.4	0.0
School Buses	16.2	14.2
Total Capital Assets	<u>\$ 382.0</u>	<u>\$ 40.8</u>

The Academy's Fiscal Future

The Academy's Administration and Board of Directors consider many factors in the budget process. Factors and conditions expected to have a significant financial impact on the Academy's fiscal future:

- ◆ One of the most important factors affecting the budget is student enrollment. Majority of the Academy's revenue is derived from a funding formula based on student enrollment. The State of Michigan's formula to allocate revenue to school districts and public-school academies is based on the blending of two official pupil counts and a per-pupil funding allocation (called the "Foundation Allowance"). The resulting enrollment blend is multiplied by the State's estimated per pupil Foundation Allowance of \$9,750.
- ◆ Under State law, public school academies cannot assess property taxes. As a result, the Academy's revenue is heavily dependent on State funding and on the health of the State's School Aid Fund. The actual revenue received by the School Aid Fund depends on the State's ability to collect revenues to fund its appropriation to school districts and public-school academies.

COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY

Management's Discussion and Analysis

For the Year Ending June 30, 2024

- ◆ Health and other employee benefits continue to rise. The Academy leases its employees from a third-party vendor and have discontinued participation in the Michigan Retirement Fund as of September 2016.
- ◆ The Academy participated in the Michigan State Aid Note (SAN) program for the 2024-25 school year and received \$250,000 to cover expenses until the first state aid payment is received in October 2024. The note repayment will be deducted from monthly state aid payments and will be completely repaid by August 2025.

Contacting the Academy

This financial report is designed to provide the Academy's stakeholders with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Academy's Executive Director, Ms. Angela Moore, at 13477 Eureka, Detroit, MI, 48212.

COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 227,092
Other receivables	-
State aid	507,299
Federal	
Other	
Other assets: Related to Net Pension	246,166
Capital assets, net of accumulated depreciation	<u>40,844</u>
Total assets	<u><u>1,021,401</u></u>
Deferred Outflows of Resources:	
Related to pension	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>-</u></u>
Deferred Outflows of Resources	
Liabilities	
Accounts payable	\$ 64,655
Note payable	46,681
Accrued payroll and benefits	213,190
Long-term Liabilities	
Long-term liabilities, due within one year	356,040
Long-term liabilities, due within one year	
Salaries payable	<u> </u>
Net pension liability	<u>-</u>
Total liabilities	<u><u>680,566</u></u>
DEFERRED INFLOWS OF RESOURCES:	
Related to state aid funding for pensions	
Net deposition of Fixed Assets	
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>0</u>
Net Position	
Invested in capital assets, net of related debt	(315,196)
Unrestricted	<u>656,031</u>
Total net position	<u><u>\$ 340,835</u></u>

See accompanying notes to financial statements

**COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>
Governmental Activities				
Instruction	\$ 1,036,055	\$ -	\$ 232,165	\$ (803,890)
Supporting services				
Pupil support services	54,550	-	35,671	(18,879)
Instructional staff services	82,350	-	74,350	(8,000)
General administrative services	273,757	-	-	(273,757)
School administrative services	65,383	-	-	(65,383)
Business services	49,275	-	-	(49,275)
Operations and maintenance	375,445	-	-	(375,445)
Pupil transportation	161,057	-	1,590	(159,467)
Central Support	78,704	-	2,899	(75,805)
Fundraising	-	-	-	-
Community services	-	-	-	-
Food services	175,302	-	168,761	(6,541)
Depreciation	341,204	-	-	(341,204)
Other - loan payments and transfers	288,071	-	-	(288,071)
Total governmental activities	<u>\$ 2,981,153</u>	<u>\$ -</u>	<u>\$ 515,436</u>	<u>\$ (2,465,717)</u>
General revenues				
State aid - formula grants				2,019,935
Other revenue				125,520
Total general revenues				<u>2,145,455</u>
				-
Change in Net Position				(320,263)
Net Position - July 1, 2023				<u>661,097</u>
Net Position - June 30, 2024				<u>\$ 340,835</u>

See accompanying notes to financial statements

**COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	ASSETS			
	General Fund	Food Service Fund	General Fixed Assets	Total Governmental Funds
Cash and cash equivalents	\$ 225,800	\$ 1,292	\$ -	\$ 227,092
Due from other governmental units	501,415	5,884	-	\$ 507,299
Due From Other Funds	7,176	-	-	\$ 7,176
Fixed Assets	-	-	40,844	\$ 40,844
Prepaid expenditures	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 734,391</u>	<u>\$ 7,176</u>	<u>\$ 40,844</u>	<u>\$ 782,411</u>

LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable	\$ 64,655	\$ -	\$ -	\$ 64,655
Note payable	-	-	-	0
Due to other funds	-	7,176	-	7,176
Accrued expenses	-	-	-	0
Payroll Liabilities	100,000	-	-	100,000
Salaries Payable	113,190	-	-	113,190
Deferred Revenue	-	-	-	0
Loan payable	46,681	-	-	46,681
Payroll payable	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	324,526	7,176	-	331,702

Total liabilities

Fund Balances

Non-Spendable Fund Balance:				
Investment in general fixed assets	-	-	40,844	40,844
Unrestricted fund balance	409,865	-	-	409,865
Unassigned fund balance	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	409,865	-	40,844	450,709

Total liabilities and fund
balances

	<u>\$ 734,391</u>	<u>\$ 7,176</u>	<u>\$ 40,844</u>	<u>\$ 782,411</u>
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See accompanying notes to financial statements

**COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

Total Fund Balances - Governmental Funds \$ 409,865

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

Capital assets used in governmental activities are not financial resources and, therefore, not reported as assets in governmental funds

Cost of capital assets	\$ 1,984,235	
Accumulated depreciation	<u>(1,943,391)</u>	<u>40,844</u>
Prior period adjustment		

Non-current liabilities are not due and payables in the current period , and therefore are not recorded as liabilities in the funds statement. Lng-term liabilities at year end consist of:

Lease Liability	<u>\$ (356,040.00)</u>
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Net deposition of Fixed Assets

Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.

Pension related items	<u>\$ 246,166</u>
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Total Net Position - Governmental Activities \$ 340,835

See accompanying notes to financial statements

Commonwealth Community Development Academy
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
All Government Fund Types
Period Ended June 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Local sources	\$ 125,520	\$ -	\$ 125,520
State sources	2,016,619	3,316	2,019,935
Federal sources	346,675	168,761	515,436
Other financing sources		3,225	3,225
Total revenues	2,488,814	175,302	2,664,116
Expenditures			
Current			
Instructional services	\$ 620,685	-	620,685
Added Needs	\$ 415,371		415,371
Supporting services:			
Pupil support services	54,550	-	54,550
Instructional staff services	82,350	-	82,350
General administration services	273,757	-	273,757
School administration services	65,383	-	65,383
Business services	49,275	-	49,275
Operations and maintenance	375,445	-	375,445
Pupil transportation	161,057	-	161,057
Facilities Acquisition	-		-
Central services	78,704	-	78,704
Community Services	-	-	-
Food services	-	175,302	175,302
Total expenditures	2,176,577	175,302	2,351,879
Other financing uses	291,296		291,296
Total expenditures and other financing uses	2,467,873	175,302	2,643,175
Excess (Deficiency) of Revenues Over Expenditures	20,941	-	20,941
Fund Balances - Beginning of year 06/30/2023	388,924	-	388,924
Fund Balances - End of year 06/30/2024	\$ 409,865	\$ -	\$ 409,865

...

See accompanying notes to financial statements

**COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Total Net Change in Fund Balances - Governmental Funds \$ 20,942

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period:

Cost of Capital Assets		
Accumulated Depreciation	(341,204)	
	-	(341,204)

-
-
-

Change in Net Position of Governmental Activities \$ (320,262)

See accompanying notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Commonwealth Community Development Academy (the “Academy”) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies:

A. Reporting Entity

Commonwealth Community Development Academy is a public-school academy that provides instructional and support services to elementary school students from grades K-8. The Academy is located in a leased building located in the City of Detroit. The 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 entered into a five-year contract with Eastern Michigan University to charter a public-school academy in September 1996. In 2024, the contract was renewed for three years ending June 30, 2027. 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 Academy is organized and administered by a Board of Directors in compliance with the School Code provisions. The Academy pays Eastern Michigan University Board of Trustees 3 percent of State Aid as administrative fees. The total administrative fee paid through Commonwealth Community Development Academy to the Eastern Michigan University Board of Trustees was approximately \$45,835.94 for the year ended June 30, 2024.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational and financial relationships that determine which of the governmental organizations are a part of the Academy’s reporting entity, and which organizations are legally separate, component units of the Academy. Based on application of the criteria, the entity does not contain component units.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. Substantially all interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Academy's government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational and capital requirements of a particular function. Taxes and other items not properly included among program revenue are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, although the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-Wide Statements

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The effect of the interfund activity has been substantially eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted State aid.

Fund-Based Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

Fund-Based Statements (Continued)

Unrestricted State aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The State of Michigan utilizes a foundation allowance approach, which provides for a 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. Revenues from state sources are 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.

The Academy also receives revenue from the State of Michigan to administer certain categorical educational programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the State of the expenditures incurred. For categorical funds meeting this requirement, funds received which are not expected to be expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fund-Based Statements (Continued)

The Academy reports the following major governmental fund:

General Fund

The General Fund is used to record the general operation 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.

Additionally, the Academy reports the following nonmajor governmental Special Revenue Fund. This fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes in the Academy's food service program. Any deficit generated by this activity is the responsibility of the General Fund.

Assigned - amounts intended to be used for specific purposes, as determined by the Board of Education. The Board of Education has granted the Superintendent the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned - all other resources; the remaining fund balances after non-spendable, restrictions, commitments, and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

The School District has adopted a minimum fund balance policy, as follows: The Board of Education shall ensure that adequate funds are reserved for the General Fund to maintain a secure financial position whereby the fund balance shall not fall below 10% of the preceding year's expenditures.

D. Assets, Liabilities, and Net Assets or Equity

Deposits, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of twelve months or less when acquired.

The Academy believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Academy evaluates each financial institution it deposits Academy funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk are used as depositories.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Deposits, Cash Equivalents, and Investments (Continued)

The Academy is authorized by Michigan Compiled Laws, Section 129.91 to invest surplus monies in federally insured United States banks, credit unions, and savings and loan associations that have offices in Michigan. The Academy is also authorized to invest in bonds and notes, certain commercial paper, U.S. Government repurchase agreements, bankers' acceptances and mutual funds and investment pools that are composed of authorized investment vehicles.

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Pooled investment income from the General Fund is allocated to each fund based upon the balance of the principal invested.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extended asset life are not capitalized. The Academy does not have any infrastructure-type assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Capital Assets (Continued)

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20 – 50 years
Buses and other vehicles	5 – 10 years
Furniture and other equipment	5 – 20 years

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. In the fund financial statements, governmental fund types recognize bond proceeds, premiums, and discounts, as well as issuance costs, during the current period.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data

Comparative data is not included in the Academy's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

District-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all the Academy's activities have been provided.

Capital assets of \$40,844 (net of depreciation of (\$1,943,931)) are currently recorded in the governmental activities column of the statement of net assets.

The fund financial statements focus on major funds rather than fund types.

Estimates

The preparation of the 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.

Budgetary Data

The Academy is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (the Uniform Budgetary Act). The following is a summary of the requirements of the Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds.
2. The budgets must be balanced.
3. The budgets must be amended when necessary.
4. Public hearings must be held before budget adoptions.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures must be authorized by a budget before being incurred.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Academy formally adopted General Fund, and Special Revenue Fund (Food Services) budgets by function for the fiscal year ended June 30, 2024. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. No encumbrances were outstanding in the General Fund and Special Revenue Funds on June 30, 2024. During the current year, the budget was amended in a legally permissible manner.

The combined statement of revenues, expenditures and changes in fund balances – all governmental fund types is presented in conformity with generally accepted accounting principles. The combined statement of revenues, expenditures, and changes in fund balances – budget and actual is presented on the same basis of accounting used in preparing the adopted budget.

NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes and the Academy's investment policy authorize the Academy to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan; the Academy is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, banker's acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Academy's deposits are in accordance with statutory authority.

The Academy's cash and investments are subject to custodial credit risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy evaluates its depositories and only those with an acceptable risk level are used for the Academy's deposits. The Academy believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

At year end, the Academy's deposits and investments were reported in the basic financial statements as cash and cash equivalents of \$227,092.

The deposits of the Academy were reflected in the accounts of the financial institution at \$227,092, of which 100% is covered by federal depository insurance of \$250,000.

NOTE 4 - CAPITAL ASSETS

Capital assets activity of the Academy’s governmental activities were as follows:

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

Fixed Assets as of June 30, 2024				
	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Balance June 30, 2024</u>
Assets being depreciated:				
Building & Improvements	\$ 309,588	\$ -		\$ 309,588
Equipment & Furniture	648,141			648,141
Right to Use Building	1,006,204		-	1,006,204
Buses	20,302		-	20,302
Subtotal	1,984,235	-	-	1,984,235
Accumulated depreciation:				
Building & Improvements	288,912	530		289,442
Furniture & Equipments	638,413	3,243		641,656
Amortization of Right To Use Building	670,802	335,401	-	1,006,203
Buses	4,060	2,030	-	6,090
Subtotal	1,602,187	341,204	-	1,943,391
Net capital assets being Depreciated	382,048	(341,204)	-	40,844
Net capital assets	\$ 382,048	\$ (341,204)	\$ -	\$ 40,844
<i>Building & improvements</i>	<i>41.5 Years</i>			
<i>Furniture & Equipments</i>	<i>20 Years</i>			
<i>Modular classrooms</i>	<i>20 Years</i>			
<i>Buses</i>	<i>5 Years</i>			
<i>New assets depreciated 1/2 year in the year of acquisition</i>				

NOTE 5 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions and employee's 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 since inception.

NOTE 6 - CHANGE IN ACCOUNTING PRINCIPLE

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

Summary:

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

NOTE 7 - SUBSEQUENT EVENT

The Academy obtained a \$250,000 bridge loan from the State of Michigan, with a maturity date of August 2025.

REQUIRED SUPPLEMENTARY INFORMATION

**COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances Over/(Under)</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Revenues				
Local revenues	\$ 23,699	23,699	125,520	\$ 101,821
State program revenues	1,929,969	2,002,707	2,016,619	\$ 13,912
Federal Program revenue	567,443	344,983	346,675	\$ 1,692
Other Revenue	53,113	53,113	-	\$ (53,113)
				\$ -
Other financing sources			-	\$ -
Total revenues	2,574,224	2,424,502	2,488,814	\$ 64,312
				\$ -
Expenditures				\$ -
Current				\$ -
Basic Program	891,685	858,085	620,685	\$ (237,400)
Added Needs	308,200	308,200	469,921	\$ 161,721
Supporting services	888,266	870,771	1,085,971	\$ 215,200
Community services				\$ -
Loan principal and interest payment	-	-	-	\$ -
Facilities Acquisition	25,000	25,000		\$ (25,000)
				\$ -
Total expenditures	2,113,151	2,062,056	2,176,577	\$ 114,521
				\$ -
Excess (Deficiency) of Revenues Over Expenditures	461,073	362,446	312,237	\$ (50,209)
				\$ -
Other Financing Sources (Uses)				\$ -
Operating transfers - in		-		\$ -
Operating transfers - out	(453,976)	(453,976)	(291,296)	\$ 162,680
				\$ -
Total other financing sources (uses)	(453,976)	(453,976)	(291,296)	\$ 162,680
				\$ -
Net Change in Fund Balance	7,097	(91,530)	20,941	\$ 112,471
				\$ -
Fund Balance - July 1, 2023	346,497	388,924	388,924	\$ -
				\$ -
Fund Balance - June 30, 2024	\$ 353,594	\$ 297,394	\$ 409,865	\$ 112,471

See accompanying notes to financial statements

OTHER SUPPLEMENTARY INFORMATION

**COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024**

	Food Services
Revenues	
Local sources	\$ -
State sources	3,316
Federal sources	168,761
Total revenues	172,077
Expenditures	
Food services	175,302
Total expenditures	175,302
Other Financing Sources	
	3,225
Excess of Revenues Over Expenditures and Other Financing Sources	
	-
Fund Balance - July 1, 2023	-
Fund Balance - June 30, 2024	\$ -