

**NEW PARADIGM
GLAZER-LOVING ACADEMY**

**Financial Report
with Supplemental Information
June 30, 2021**

NEW PARADIGM GLAZER-LOVING ACADEMY

CONTENTS

Independent Auditor's Report	1 - 4
Management's Discussion and Analysis	5 - 10
Basic Financial Statements	
District-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	13
Reconciliation of the Governmental Funds Balance to the Statement of Net Position	14
Revenues, Expenditures, and Changes in Fund Balance	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	16
Notes to Financial Statements	17-31
Required Supplemental Information	
Budgetary Comparison Schedule - General Fund	32

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INDEPENDENT AUDITOR'S REPORT

Board of Directors of
New Paradigm Glazer- Loving Academy

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information New Paradigm Glazer- Loving Academy, as of and for the year ended June 30,2021, and the related notes to the financial statements, which collectively comprise the 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 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 New Paradigm Glazer- Loving Academy as of June 30,2021, and the respective changes in financial position for the year then ended in accordance with accounting principles accepted in the United States of America.

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

Other Matters

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 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2021, on our consideration of New Paradigm Glazer- Loving 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 the audit performed in accordance with *Government Auditing Standards* in considering New Paradigm Glazer-Loving Academy's internal control over financial reporting and compliance.

Wilkerson & Associate PC

October 22, 2021

**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
New Paradigm Glazer-Loving Academy

We have audited the financial statements of New Paradigm Glazer-Loving Academy as of and for the year ended June 30, 2021, and have issued our report thereon dated October 22, 2021. 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.

Internal Control Over Financial Reporting

New Paradigm Glazer-Loving Academy is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered New Paradigm Glazer-Loving 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 New Paradigm Glazer-Loving Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of New Paradigm Glazer-Loving 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 weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

To the Board of Directors of
New Paradigm Glazer-Loving Academy

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Paradigm Glazer-Loving 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*.

This report is intended for the information and use of the Board of Directors, management and the Michigan Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Wilkerson & Associate PC

October 22, 2021

This section of New Paradigm Glazer-Loving Academy's annual financial report presents our discussion and analysis of the Academy's financial performance during the year ended June 30, 2021. Please read it in conjunction with the Academy's basic financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand New Paradigm Glazer-Loving Academy financially as a whole. The Academy-wide financial statements provide information about the activities of the whole Academy, presenting both an aggregate view of the Academy's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the Academy's operations in more detail than the Academy-wide financial statements by providing information about the Academy's General Fund.

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

Academy-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)

Budgetary Information for General Fund

Other Supplemental Information

Reporting the Academy as a Whole – Academy-wide Financial Statements

The statement of net assets and statement of activities report the governmental activities for the Academy, which encompass all of the Academy's services, including instruction, support services, community services and food service. Unrestricted State Aid (foundation allowance revenue) and state and federal grants finance most of these activities.

New Paradigm Glazer-Loving Academy

Management's Discussion and Analysis

These statements are prepared to include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Academy's net assets, the difference between assets and liabilities, as reported in the statement of net assets, are one way to measure the Academy's financial position. Over time, increases or decreases in the Academy's net assets are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Academy's operating results. However, since the Academy's goal is to provide services to students and not generate profits, other non-financial factors, such as the education provided and the safety of the Academy should also be considered in order to assess the overall health of the Academy. The following table provides a summary of the Academy's net assets as of June 30, 2020 and 2021.

	2021	2020
Current and other assets	\$ 840,689	\$ 843,171
Capital assets	770,621	842,341
Total assets	1,611,310	1,685,512
Liabilities		
Current liabilities	662,649	673,916
Long-term liabilities	656,668	693,240
Total liabilities	1,319,317	1,367,156
Net Position		
Invested in capital assets – Net of related debt	113,953	149,100
Restricted	-	(900)
Unrestricted	178,040	170,156
Total net position	\$ 291,993	\$ 318,356

New Paradigm Glazer-Loving Academy

Management's Discussion and Analysis

The Academy's net assets were \$291,993 on June 30, 2021. Capital assets, net of related debt, totaling \$113,953 compares the original cost (less depreciation) of the Academy's capital assets. Restricted net assets are reported separately to show legal constraints for debt covenants and enabling legislation that limit the Academy's ability to use those net assets for day-to-day operations, which the Academy has none.

The \$178,040 in unrestricted net assets represents the accumulated results of the current year's operations. The unrestricted net asset balance is used to provide working capital and cash flow requirements as well as providing for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Academy as a whole are reported in the statement of activities (Table 2), which shows the changes in Net Position for fiscal year 2021 and 2020 respectively.

TABLE 2	Governmental Activities	
	June 30, 2021	June 30, 2020
Revenue		
Program revenue:		
Operating grants and contributions	\$473,148	\$427,571
Other Revenue	223,772	361,771
General revenue:		
State foundation allowance	3,122,730	2,845,562
Total revenue	<u>3,819,650</u>	<u>3,634,904</u>
Functions/Program E:		
Instruction	1,422,666	1,279,611
Support services	2,314,848	2,168,655
Community services	410	8,684
Interest	36,370	38,279
Depreciation (unallocated)	71,720	97,483
Total functions/program expenses	<u>3,846,014</u>	<u>3,592,712</u>
Increase (Decrease) in Net Position	(26,364)	42,192
Net Position - Beginning of year	<u>318,357</u>	<u>276,164</u>
Net Position - End of year	<u>\$291,993</u>	<u>\$318,356</u>

Reporting the Academy's Most Significant Funds—Fund Financial Statements

All of the Academy's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows in to and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Academy and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy's programs.

General Fund Budgetary Highlights

Over the course of the year, the Academy revises its budget as it attempts to deal with the unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted just before year-end. A schedule showing the Academy's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

All amendments to the 2020–2021 budgets were approved by the New Paradigm Glazer–Loving Academy Board of Directors.

Capital Assets and Debt Administration

Capital Assets

On June 30, 2021 and 2020 the Academy had \$770,621 and \$842,341 (after accumulated depreciation) invested in capital assets made up of buildings and equipment.

	2021	2020
Buildings, Lease Holder Improvements and Equipment	<u>\$1,284,538</u>	<u>\$1,284,538</u>
Total capital assets	1,284,538	1,284,538
Less accumulated depreciation	<u>\$513,917</u>	<u>\$442,197</u>
Net capital assets	<u><u>\$770,621</u></u>	<u><u>\$842,341</u></u>

Economic Factors and Next Year's Budget

One of the most important factors affecting the budget is our student count. The state foundation allowance is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2022 fiscal year is 75 percent of October 2021 and 25 percent of February 2022 student counts. The original 2022 budget was adopted in June 2021 based on the estimate of 286 students to be enrolled in September 2021. Based on early enrollment data at the start of the 2021–2022 school year, we anticipate that the fall student count will meet not exceed our estimates. Once the final student count and related per pupil funding is validated, state law requires the Academy to amend the budget if actual Academy resources are not sufficient to fund original appropriations.

Since the Academy's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to academies. The State periodically holds a revenue–estimating conference to estimate revenues. If the State estimates that funds are not sufficient to fund the appropriation, the legislature must revise the appropriation and prorating of state aid will occur. The impact on the Academy of a possible State projected revenue shortfall is not known.

NEW PARADIGM GLAZER-LOVING ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets	
Cash and investments	\$ 255,723
Due from other governmental units	584,966
Capital assets, net of accumulated depreciation (Note 4)	770,621
Total assets	1,611,310
Liabilities	
Accounts payable	158,646
Accrued liabilities	42,914
State aid anticipation note	55,570
Deferred revenue	173,575
Other current liabilities	231,944
Total current liabilities	662,649
Long-term liabilities	
Long-term liabilities due within one year	38,587
Debt, net of premiums and discounts (Note 7)	618,081
Total long-term liabilities	656,668
Total liabilities	1,319,317
Net Position	
Invested in capital assets, net of related debt	113,953
Restricted	-
Unrestricted	156,428
Total Net Position	\$ 291,993

See accompanying notes to financial statements

**NEW PARADIGM GLAZER-LOVING ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

<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 Assets</u>
Governmental Activities				
Instruction	1,422,666	-	-	(1,422,666)
Pupil support services	2,137,508	-	(473,148)	(1,664,360)
Central services	177,340			(177,340)
Community central services	410	-	-	(410)
Interest on long-term debt	36,370			(36,370)
Depreciation	71,720			(71,720)
Total governmental activities	<u>3,846,014</u>	<u>-</u>	<u>(473,148)</u>	<u>(3,372,866)</u>
General revenues				
				\$ 3,122,730
				<u>223,772</u>
				<u>3,346,502</u>
				Change in Net Position \$ (26,364)
				<u>318,357</u>
				Net Position - End of year \$ <u>291,993</u>

See accompanying notes to financial statements

**NEW PARADIGM GLAZER-LOVING ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

ASSETS

	General Fund
Cash and investments	\$ 255,723
Due from other governmental units	584,966
Total assets	\$ 840,689

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable	\$ 158,646
Accrued liabilities	42,914
State aid anticipation note	55,570
Deferred revenue	173,575
Other current liabilities	231,944
Total liabilities	662,649
Fund Balances	
Unrestricted fund balance:	
Assigned fund balance	-
Unassigned fund balance	178,040
Total fund balances	178,040
Total liabilities and fund balances	\$ 840,689

See accompanying notes to financial statements

**NEW PARADIGM GLAZER-LOVING ACADEMY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
TO THE STATEMENT OF NET POSITON
JUNE 30, 2021**

Total Fund Balances - Governmental Funds \$ 178,040

Amounts reported for governmental activities in the statement of net assets 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 (Net of related debt)	627,873	
Accumulated depreciation	<u>(513,920)</u>	113,953

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds:

Bonds payable (net of Set Asides)

Total Net Position- Governmental Activities	\$ 291,993
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See accompanying notes to financial statements

NEW PARADIGM GLAZE- LOVING ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local sources	\$ 223,772	\$ -	\$ 223,772
State sources	3,122,730	-	3,122,730
Federal sources	473,148	-	473,148
Total revenues	3,819,650	-	3,819,650
Expenditures			
Current			
Instructional services	1,092,809	-	1,092,809
Added Needs	329,857	-	329,857
Supporting services:			
Pupil support services	187,113	-	187,113
Instructional Support	388,015	-	388,015
General administration services	479,828	-	479,828
School administration services	316,086	-	316,086
Business services	77,182	-	77,182
Operations and maintenance	620,044	-	620,044
Pupil transportation	69,240	-	69,240
Central	177,340	-	177,340
Community support	410	-	410
Athletics	-	-	-
Debt Service:			
Debt Service	72,942	-	72,942
Interest	-	-	-
Capital outlay	-	-	-
Total support services	3,810,866	-	3,810,866
Facility acquisition	-	-	-
Total expenditures	3,810,866	-	3,810,866
Surplus (Deficiency) of Revenues Over Expenditures	8,784	-	8,784
Other Financing Sources(Uses)			
Proceeds from LT Debt	-	-	-
Operating Transfers	-	-	-
Total other financing sources(uses)	-	-	-
Net Change in Fund Balance	8,784	-	8,784
Fund Balances - Beginning of year	169,256	-	169,256
Fund Balances - End of year	\$ 178,040	\$ -	\$ 178,040

See accompanying notes to financial statements

**NEW PARADIGM GLAZER-LOVING 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, 2021**

Total Net Change in Fund Balances - Governmental Funds \$ 8,784

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:

Depreciation expense	(71,720)	
Capital outlays (site improvements, equipment and furniture expenditures)	-	(71,720)

Long Term Debt is not reported as financing sources on the statement of activities:

Debt Issue		-
Principal payments on long-term debt reported as an expense		36,572

Change in Net Assets of Governmental Activities \$ (26,364)

See accompanying notes to financial statements

NEW PARADIGM GLAZER-LOVING ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of New Paradigm Glazer-Loving 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

New Paradigm Glazer-Loving Academy is a public school academy that provides instructional and support services to elementary school students from kindergarten through the eighth grade. 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.

Grand Valley State University is the authorizing body for the Academy and has contracted with the Academy to charter a public school academy through June 30, 2025. The Academy’s board of directors is approved by the authorizing body and is authorized to manage the Academy and the affairs of the Academy. The Academy paid an administrative fee to Grand Valley State University in the amount of 3% percent of state school aid payments received. The total administrative fee for the year-ended June 30, 2021 was approximately \$74,539.

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, no entities should be consolidated into its basic financial statements as component units.

NEW PARADIGM GLAZER-LOVING ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 Position and the statement of changes in Net Position) 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.

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. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NEW PARADIGM GLAZER-LOVING ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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

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 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 are recorded only when payment is due.

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.

NEW PARADIGM GLAZER-LOVING ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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

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 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.

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.

NEW PARADIGM GLAZER-LOVING ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

D. Assets, Liabilities, and Net Position 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.

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 and various Debt Service Funds 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

NEW PARADIGM GLAZER-LOVING ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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

Capital Assets (Continued)

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 extend asset life are not capitalized. The Academy does not have any infrastructure-type assets.

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

MPSERS Liability

The Academy contracted with the New Paradigm for Education, Inc. – Management Company to provide all staffing personnel during the year under audit. Consequently, all staffing cost is treated as purchased services in these financial statements.

The Academy has no obligation to fund the Michigan Public School Employees Retirement System for the year ended June 30, 2021.

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

NEW PARADIGM GLAZER-LOVING ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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

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 Position. 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.

Fund Balance

In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – amounts that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

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.

NEW PARADIGM GLAZER-LOVING ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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: (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 15% of the preceding year's expenditures.

Comparative Data

Comparative data is not included.

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

NEW PARADIGM GLAZER-LOVING ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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

Capital assets of \$770,621 (net of accumulated depreciation of (\$513,917) are currently recorded in the governmental activities column of the statement of Net Position.

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.

**NEW PARADIGM GLAZER-LOVING ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

Budgetary Data (Continued)

The following segments of the budget were over expended by the amounts stated below:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>General Fund</u>			
Added Needs	327,749	329,857	2,108
General Administration Services	465,281	479,828	14,547
School Administration Services	309,187	316,086	6,899
Capital Outlay	-	-	-

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Academy formally adopted a General Fund budget by function for the fiscal year ended June 30, 2021. 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 at June 30, 2021. 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.

NEW PARADIGM GLAZER-LOVING ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, bankers' 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 has designated one bank for the deposit of its funds, and has not adopted any other formal investment policy.

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 \$255,723.

The deposits of the Academy were reflected in the accounts of the financial institution at \$340,106 of which, \$307,663 is covered by federal depository insurance.

NEW PARADIGM GLAZER-LOVING ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - CAPITAL ASSETS

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

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Balance June 30, 2021</u>
Assets being depreciated:				
Buildings	\$ 466,729	\$ -	\$ -	\$ 466,729
Furniture and fixtures	50,818	-	-	50,818
Computer equipment	330,258	-	-	330,258
Leasehold improvements	<u>436,733</u>	<u>-</u>	<u>-</u>	<u>436,733</u>
Subtotal	1,284,538	-	-	1,284,538
Accumulated depreciation:				
Buildings	54,452	15,558	-	70,010
Furniture and fixtures	17,264	5,860	-	23,124
Computer equipment	277,152	26,338	-	303,490
Leasehold improvements	<u>93,329</u>	<u>23,964</u>	<u>-</u>	<u>117,293</u>
Subtotal	442,197	71,720	-	513,917
Net capital assets	<u>\$ 842,341</u>	<u>\$ 71,720</u>	<u>\$ -</u>	<u>\$ 770,621</u>

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

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.

**NEW PARADIGM GLAZER-LOVING ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 - MANAGEMENT AGREEMENT

The Academy has entered into a management agreement with The New Paradigm for Education, Inc. (the “Management Company”), a non-profit corporation. The Management Company is responsible for all management, operation, administration, and education of the Academy. All Academy personnel are provided by the Management Company. The total management fee expensed by New Paradigm Glazer-Loving Academy for the year ended June 30, 2020 and 2021 was \$369,732 and \$377,670 respectively.

NOTE 7 - LONG-TERM OBLIGATIONS

On December 30, 2016, New Paradigm Glazer-Loving Academy, a Michigan non-profit corporation, and IFF, an Illinois non-profit corporation, executed a Promissory Note for \$750,000. The Academy purchased two buildings and made some repairs to the buildings.

Starting November 1, 2018, The terms of the loan require that the Academy make monthly interest and principal payments in the amount of \$6,078.

The amount of principal and interest paid during FY 2021 was \$72,941.

**NEW PARADIGM GLAZER-LOVING ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 7 - LONG-TERM OBLIGATIONS
(Continued)**

The annual requirements to service the long-term debt outstanding to maturity, including both interest and principal are as follows:

Year Ended June 30	Principal	Interest	Total
2022	38,587	34,354	72,941
2023	40,713	32,229	72,942
2024	42,957	29,985	72,942
2025	45,323	27,619	72,942
2026	47,820	25,122	72,942
After 2027	441,267	93,640	534,907

NOTE 8 - STATE AID ANTICIPATION NOTE

During the fiscal year, the Academy borrowed \$300,000 for operating purposes in a state anticipation note. The note bore interest at the rate of 3.45 percent. The outstanding balance on the note at June 30, 2021 was \$55,569.86.

NOTE 9 - SUBSEQUENT EVENTS

On September 3, 2021, the Academy's fiscal year 2022 State Anticipation Note in the amount of \$450,000 was funded to support operations. The interest rate on the note is 3.30%.

Subsequent events have been evaluated through November 9, 2021, which is the date the financial statements were available to be issued.

**NEW PARADIGM GLAZER-LOVING ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

REQUIRED SUPPLEMENTAL INFORMATION

**NEW PARADIGM GLAZE- LOVING ACADEMY
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual (Fund Basis)	Variances Over/(Under)
	Original	Final		Final to Actual
Revenues				
Local revenues	\$ 346,025	\$ 166,257	\$ 223,772	\$ 57,515
State program revenues	2,745,746	3,131,880	3,122,730	(9,150)
Federal program revenues	605,467	536,902	473,148	(63,754)
Total revenues	3,697,238	3,835,039	3,819,650	(15,389)
Expenditures				
Current				
Instructional services	992,847	1,108,007	1,092,809	(15,198)
Added Needs	388,226	327,749	329,857	2,108
Supporting services				
Pupil support services	114,270	202,009	187,113	(14,896)
Instructional staff services	367,673	386,664	388,015	1,351
General administration services	432,506	465,281	479,828	14,547
School administration services	354,982	309,187	316,086	6,899
Business services	107,838	76,468	77,182	714
Operations and maintenance	538,490	649,058	620,044	(29,014)
Transportation	90,914	57,844	69,240	11,396
Central	215,942	177,501	177,340	(161)
Community services	20,608	1,106	410	(696)
Athletics	-	-	-	-
Debt Service	72,942	72,942	72,942	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	3,697,238	3,833,816	3,810,866	(22,950)
Excess (Deficiency) of Revenues Over Expenditures	-	1,223	8,784	7,561
Other Financing Sources (Uses)				
Operating Transfers- in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balances	-	1,223	8,784	7,561
Fund Balance - Beginning of year	170,375	-	169,256	169,256
Fund Balance - End of year	\$ 170,375	\$ 1,223	\$ 178,040	\$ 176,817

See accompanying notes to financial statements