

**COMMONWEALTH COMMUNITY
DEVELOPMENT ACADEMY**

**Financial Report
with Supplemental Information**

June 30, 2023

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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, each major fund and the aggregate remaining information of Commonwealth Community Development Academy (the 'Academy'), as of and for the year ended June 30, 2023, 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, each major fund and the aggregate remaining fund information of Commonwealth Community Development Academy as of June 30, 2023, 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 October 26, 2023, 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
October 26, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY

Management's Discussion and Analysis

For the Year Ending June 30, 2023

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, 2023. 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, 2023

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, 2023, were \$661,098 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 \$24,988 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, 2023

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		
	2022	2023
Current assets	\$537,718	\$840,361
Capital assets, net	723,251	382,048
Total assets	\$1,260,970	\$1,222,409
Deferred Pension Related Expense		
Total Deferred Outflows of Resources		
Current liabilities	189,422	205,271
Long-term liabilities Net pension Liability	712,080	356,040
Net deposition of fixed assets		
Total liabilities	901,503	561,311
Net assets (deficit):		
Invested in capital assets, net of related debt	11,171	26,008
Unrestricted	348,296	635,090
Total net assets (deficit)	\$ 359,467	\$661,098

COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY
Management's Discussion and Analysis
For the Year Ending June 30, 2023

The *Statement of Activities* provides a snapshot of the results of operations for the Academy for the fiscal year 2022-23. **Table 3** provides a summary view of the change in net assets for 2021-22 and comparative data for the fiscal year 2022-23.

Table 3

Summary of the Statement of Activities	Government Activities	
	(In thousands)	
	Year Ended 2022	Year Ended 2023
Revenue		
Program revenue:		
Charges for services	\$ 0	\$ 0
Operating grants/contributions	959.9	943.7
General revenue:		
State foundation allowance	1,547.5	1,789.0
Other	5.4	142.2
	<u>2,509.9</u>	<u>2,874.9</u>
Function/Program Expenses		
Instruction	1004.4	1,224.7
Support services	1,064.0	1,049.7
Food services	103.7	203.7
Depreciation	344.4	341.3
	<u>2,590.2</u>	<u>2,819.4</u>
Pension Related Items	102,770	246.1
State Aid Funding for Pension	<u> </u>	<u> </u>
	<u>\$ 40.2</u>	<u>\$301.6</u>
Increase/(Decrease) in Net Assets		

As seen in **Table 3** above, the total cost of the Academy's governmental activities for the year was \$2,874.9. Grants and contributions to specific programs also contribute to the Academy's funding (\$943,679). However, most of the Academy's activities are funded from its state foundation grants (\$1,789,0049). Other miscellaneous funding sources, such as interest income and local grants also helped fund the Academy's governmental activities (\$142,216).

The Academy's Board of Directors and Administration work closely together to ensure the Academy's limited resources are allocated as efficiently and effectively as possible to benefit the approximately 196 students.

COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY

Management's Discussion and Analysis

For the Year Ending June 30, 2023

The Academy's Funds

As noted earlier, the Academy's funds are how the Academy's Board of Directors and Administration monitor the Academy's business in the current year. Budgets and appropriations are approved each year 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 \$40,628.

The Special Revenue Funds are used to account for activities where there is a need to determine the results of operations. The Academy's Special Revenue Funds is 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 in 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 in anticipation of changing operating conditions. The Academy, during the budgeting process, underbudgeted the After-school tutoring program, and this was the primary cause of the excess spending over budget.

The Academy participated in the Michigan State Aid Note (SAN) program for the 2022-23 school year and received \$250,000 to cover expenses until the first state aid payment was received in October 2022. The \$23,400.20 note repayment was deducted from monthly state aid payments and was completely repaid in August 2023.

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.

The Academy's Capital Asset Activity

COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY

Management's Discussion and Analysis

For the Year Ending June 30, 2023

At June 30, 2023, 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 2022	Year Ended 2023
Capital Assets, net of depreciation		
Building Improvements	\$ 21.2	\$ 20.7
Equipment and furniture	13.0	9.7
Ready To Used building	670.8	335.4
School Buses	18.2	16.2
Total Capital Assets	<u>\$ 723.2</u>	<u>\$ 382.0</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 \$9,608.
- ◆ 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.
- ◆ Health and other employee benefits continue to rise. The Academy leases it's employees from a third-party vendor and have discontinued participation in the Michigan Retirement Fund as of September 2016.

COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY

Management's Discussion and Analysis

For the Year Ending June 30, 2023

- ♦ 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 is received in October 2023. The note repayment will be deducted from monthly state aid payments and will be completely repaid by August 2024.

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.

BASIC FINANCIAL STATEMENTS

COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 85,335
Other receivables	-
State aid	508,860
Federal	
Other	
Other assets: Related to Net Pension	246,166
Capital assets, net of accumulated depreciation	382,048
Total assets	1,222,409
 Deferred Outflows of Resources:	
Related to pension	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-
 Deferred Outflows of Resources	
Liabilities	
Accounts payable	\$ 7,850
Note payable	44,577
Accrued payroll and benefits	152,844
Long-term Liabilities	
Long-term liabilities, due within one year	356,040
Long-term liabilities, due within one year	
Salaries payable	
Net pension liability	-
Total liabilities	561,311
 DEFERRED INFLOWS OF RESOURCES:	
Related to state aid funding for pensions	
Net deposition of Fixed Assets	
TOTAL DEFERRED INFLOWS OF RESOURCES	0
 Net Position	
Invested in capital assets, net of related debt	26,008
Unrestricted	635,090
Total net position	\$ 661,098

See accompanying notes to financial statements

**COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	ASSETS			
	General Fund	Food Service Fund	General Fixed Assets	Total Governmental Funds
Cash and cash equivalents	\$ 85,335	\$ -	\$ -	\$ 85,335
Due from other governmental units	472,863	35,997	-	\$ 508,860
Due From Other Funds	35,997	-	-	\$ 35,997
Fixed Assets	-	-	382,048	\$ 382,048
Prepaid expenditures	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 594,195</u>	<u>\$ 35,997</u>	<u>\$ 382,048</u>	<u>\$ 1,012,240</u>

LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable	\$ 7,850	\$ -	\$ -	\$ 7,850
Note payable	-	-	-	0
Due to other funds	-	35,997	-	35,997
Accrued expenses	-	-	-	0
Payroll Liabilities	2,724	-	-	2,724
Salaries Payable	150,120	-	-	150,120
Deferred Revenue	-	-	-	0
Loan payable	44,577	-	-	44,577
Payroll payable	-	-	-	-
Total current liabilities	<hr/> 205,271	<hr/> 35,997	<hr/> -	<hr/> 241,268

Total liabilities

Fund Balances

Non-Spendable Fund Balance:				
Investment in general fixed assets	-	-	382,048	382,048
Unrestricted fund balance	-	-	-	-
Unassigned fund balance	<hr/> 388,924	<hr/> -	<hr/> -	<hr/> 388,924

Total fund balances	<hr/> 388,924	<hr/> -	<hr/> 382,048	<hr/> 770,972
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Total liabilities and fund balances	<hr/> <u>\$ 594,195</u>	<hr/> <u>\$ 35,997</u>	<hr/> <u>\$ 382,048</u>	<hr/> <u>\$ 1,012,240</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, 2023**

Total Fund Balances - Governmental Funds \$ 388,924

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>(1,602,187)</u>	<u>382,048</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	-356040
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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 \$ 661,098

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	\$ 142,216	\$ -	\$ 142,216
State sources	1,787,050	1,999	1,789,049
Federal sources	741,919	201,760	943,679
Other financing sources			0
Total revenues	2,671,185	203,759	2,874,944
Expenditures			
Current			
Instructional services	\$ 792,907	-	792,907
Added Needs	\$ 431,873		431,873
Supporting services:			
Pupil support services	15,634	-	15,634
Instructional staff services	69,039	-	69,039
General administration services	232,984	-	232,984
School administration services	62,866	-	62,866
Business services	70,587	-	70,587
Operations and maintenance	287,925	-	287,925
Pupil transportation	195,594	-	195,594
Facilities Acquisition	-		-
Central services	115,109	-	115,109
Community Services	-	-	-
Food services	-	203,759	203,759
Total expenditures	2,274,518	203,759	2,478,277
Other financing uses	356,040	-	356,040
Total expenditures and other financing uses	2,630,557	203,759	2,834,317
Excess (Deficiency) of Revenues Over Expenditures	40,628	-	40,628
Fund Balances - Beginning of year 06/30/2022	348,296	-	348,296
Fund Balances - End of year 06/30/2023	\$ 388,924	\$ -	\$ 388,924

...

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, 2023**

Total Net Change in Fund Balances - Governmental Funds \$ 40,628

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)

Lease Liability		356,040
State Aide funding for pension		246,166
		602,206

Change in Net Position of Governmental Activities \$ 301,629

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 2019, the contract was renewed for five years ending June 30, 2024. 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 \$43,180.91 for the year ended June 30, 2023.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant 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 Balance

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 \$382,048 (net of depreciation of (\$1,602,187) 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, 2023. 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, 2023. 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 is 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 were reported in the basic financial statements as cash and cash equivalents of \$85,335.

The deposits of the Academy were reflected in the accounts of the financial institution at \$87,335, 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.

Commowwealth Community Development Academy				
Fixed Assets 06/30/23				
	Balance June 30, 2022	Additions	Disposals and Adjustments	Balance June 30, 2023
Assets being depreciated:				
Building & Improvements	\$ 309,588	\$ -		\$ 309,588
Equipment & Furniture	648,141	-		648,141
Modular classrooms	-	-		-
Buses	20,302	-		20,302
Capital outlays-Right to Use building	1,006,204	-		1,006,204
Subtotal	1,984,235	-	-	1,984,235
Accumulated depreciation:				
Building & Improvements	288,382	530		288,912
Furniture & Equipments	635,171	3,243		638,413
Modular classrooms	-	-		-
Buses	2,030	2,030		4,060
Amortization-Right to Use building	335,401	335,401		670,802
Subtotal	1,260,984	341,204	-	1,602,187
Net capital assets being Depreciated	723,251	(341,204)	-	382,048
Net capital assets	\$ 723,251	\$ (341,204)	\$ -	\$ 382,048
Building & improvements	41.5 Years			
Furniture & Equipments	20 Years			
Modular classrooms	20 Years			
Buses	5 Years			
New assets depreciated 1/2 year in the year of acquisition				

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 inceptions.

NOTE 6 - SUBSEQUENT EVENT

The Academy obtained a bridge loan from the State of Michigan for \$250,000 with a maturity date of August 2024.

REQUIRED SUPPLEMENTARY INFORMATION

COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - All Governmental Fund Types
Period Ended June 30, 2023

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Local sources	94,812	142,216	47,404	6,500	-	(6,500)
State sources	1,652,513	1,787,050	134,537	3,500	1,999	(1,501)
Federal sources	855,143	741,919	(113,224)	150,000	201,760	51,760
Total revenues	<u>2,602,468</u>	<u>2,671,185</u>	<u>68,717</u>	<u>160,000</u>	<u>203,759</u>	<u>43,759</u>
Other financing sources	-	-	-	15,000	-	(15,000)
Total revenues and other financing sources	2,602,468	2,671,185	68,717	175,000	203,759	28,759
Expenditures:						
Basic Program	1,297,538	1,224,780	72,758	-	-	-
Added Needs	-	-	-	-	-	-
Supporting services	840,279	1,049,737	(209,458)	-	-	-
Community services	-	-	-	-	-	-
Food service activities	-	-	-	175,000	203,759	(28,759)
Facilities Acquisition	-	-	-	-	-	-
Payment of Long-term Principal & interest	-	-	-	-	-	-
Total expenditures	<u>2,137,817</u>	<u>2,274,517</u>	<u>(136,700)</u>	<u>175,000</u>	<u>203,759</u>	<u>(28,759)</u>
Other financing uses	478,976	356,040	122,936	-	-	-
Total expenditures and other financing uses	<u>2,616,793</u>	<u>2,630,557</u>	<u>(13,764)</u>	<u>175,000</u>	<u>203,759</u>	<u>(28,759)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(14,325)	40,628	54,953	-	-	-
Fund balance, beginning of year 6/30/2022	<u>348,296</u>	<u>348,296</u>	-	-	-	-
Fund balance (deficit), end of period 6/30/2023	<u><u>333,971</u></u>	<u><u>388,924</u></u>	<u><u>54,953</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

COMMONWEALTH COMMUNITY
DEVELOPMENT ACADEMY
REPORT TO THE BOARD OF DIRECTORS

JUNE 30, 2023

Wilkerson & Associate P.C.

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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, 2023. In addition to our audit report, we are providing the following required audit communication, recommendations, and informational items which impact the Academy:

	<u>Page(s)</u>
Results of Audit	2-5
Recommendations	6

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

October 26, 2023

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

To the Board of Directors
Commonwealth Community Development Academy
October 26,2023

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 30,2023 and have issued our report thereon dated October 26,2023 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 27,2023, 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 October 26,2023, 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
October 26,2023

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. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30,2023.

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
October 26,2023

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
October 26,2023

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
October 26,2023

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

SUPPLEMENTAL INFORMATION

SINGLE AUDIT REPORT

JUNE 30, 2023

SECTION A

SINGLE AUDIT REPORT

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THOMAS E. WILKERSON, C.P.A.

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
Commonwealth Community Development Academy

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Commonwealth Community Development Academy, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Commonwealth Community Development Academy's basic financial statements, and have issued our report thereon dated October 26, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Commonwealth Community Development Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Commonwealth Community Development Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Commonwealth Community Development Academy's internal control.

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

To the Board of Directors
Commonwealth Community Development Academy

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Commonwealth Community Development Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Wilkerson & Associate PC

Dearborn, Michigan
October 26, 2023

Wilkerson & Associate P.C.

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THOMAS E. WILKERSON, C.P.A.

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors of
Commonwealth Community Development Academy

Report on Compliance for each Major Federal program

We have audited Commonwealth Community Development Academy's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Commonwealth Community Development Academy's major federal programs for the year ended June 30, 2023. Commonwealth Community Development Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Commonwealth Community Development Academy's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance

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

with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Commonwealth Community Development Academy's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Commonwealth Community Development Academy's compliance.

Opinion on Each Major Federal Program

In our opinion, Commonwealth Community Development Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Report on Internal Control Over Compliance

The management of Commonwealth Community Development Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Commonwealth Community Development Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Commonwealth Community Development Academy's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Commonwealth Community Development Academy as of and for the year ended June 30, 2023, and have issued our report thereon dated October 26, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management as was derived from and relates directly to underlying accounting and other records used to prepare the financial statements. The information

Commonwealth Community Development Academy
To the Board of Directors
Page 4

has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Wilkerson & Associate PC

Dearborn, Michigan
October 26, 2023

Commonwealth Community Development
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE JULY 1, 2022	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	ADJUSTMENT AND TRANSFERS	ACCRUED (DEFERRED) REVENUE JUNE 30, 2023
U.S. DEPARTMENT OF EDUCATION								
Passed Through Michigan Department of Education								
Title I, Part A	84.010							
Project Number: 231530 2223		173,884			173,884	173,884	-	-
Project Number: 221530 2222		183,036	37,733	37,733		37,733		-
Total Title I, Part A Cluster		<u>\$ 356,920</u>	<u>\$ 37,733</u>	<u>\$ 37,733</u>	<u>\$ 173,884</u>	<u>\$ 211,617</u>	<u>\$ -</u>	<u>-</u>
Title II, Part A	84.367							
Project Number: 230520 2223		10,027			10,027	8,000		2,027.00
Project Number: 220520 2122		11,355	4,542	4,542		4,542		-
Total Title II, Part A		<u>\$ 21,382</u>	<u>\$ 4,542</u>	<u>\$ 4,542</u>	<u>\$ 10,027</u>	<u>\$ 12,542</u>	<u>\$ -</u>	<u>2,027.00</u>
Title III								
Project Number:								-
Total Title III		<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>-</u>
Title IV, Part A	84.424							
Project Number: 230750 2223		13,579	-		13,579	-		13,579.00
Project Number: 220750 2122		14,027	14,027	14,027		14,027		-
Total Title IV, Part A		<u>\$ 27,606</u>	<u>\$ 14,027</u>	<u>\$ 14,027</u>	<u>\$ 13,579</u>	<u>\$ 14,027</u>	<u>\$ -</u>	<u>13,579.00</u>
ESSER-Formula	84.425							
Project Number: 213712 20-21 II		342,354	20,116	20,116	24,700	44,816		-
Project Number: 213713 2122 III		769,425	81,300	81,300	497,495	394,745		102,750.00
Total ESSER - Formula		<u>\$ 1,111,779</u>	<u>\$ 101,416</u>	<u>\$ 101,416</u>	<u>\$ 522,195</u>	<u>\$ 439,561</u>	<u>\$ -</u>	<u>102,750.00</u>
GEER II	84.425							
Project Number:								-
Project Number:								-
Total GEER II		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Commonwealth Community Development
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023**

CRF Grant		21.019						-
Project Number:								
Total COVID Grant			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Passed Through Wayne County Regional Educational Service Agency								
I.D.E.A. Flowthrough		84.027						
Project Number: 21-22			22,234			22,234	22,234	-
Project Number:								
Total IDEA Flowthrough Cluster			\$ 22,234	\$ -	\$ -	\$ 22,234	\$ 22,234	\$ -
U.S. DEPARTMENT OF AGRICULTURE								
Passed Through Michigan Department of Education								
Child Nutrition Cluster								
Non-Cash Assistance								
National School Lunch Program								
Entitlement Commodities 2021-2022			12,028			12,028	12,028	-
Total Non-Cash Assistance			\$ 12,028	\$ -	\$ -	\$ 12,028	\$ 12,028	\$ -
U.S. DEPARTMENT OF AGRICULTURE (Continued)								
Passed Through Michigan Department of Education								
Child Nutrition Cluster (Continued)								
Cash Assistance								
National School Breakfast Program		10.553						
Project Number 211970						-		-
Project Number 211971								-
Project Number 221970			6,143	\$ 2,023	\$ 2,023	4,120	6,143	-
Project Number 221971			31,041			31,041	29,036	2,005.00
Total National School Breakfast Program			\$ 37,184	\$ 2,023	\$ 2,023	\$ 35,161	\$ 35,179	\$ -
National School Lunch Program		10.555						
Project Number 231980	x		5,831			5,831	5,747	84.00
Project Number 231960			92,928			92,927	87,921	5,006.00
Project Number 220910	x		7,631			7,631	7,631	-
Project Number 230910			6,475			6,475	6,475	-
Project Number 221960	x		17,200	5,359	5,359	11,841	17,200	-
Project Number 221980	x		505	170	170	335	505	-
Project Number 221980						-		-
						-		-

Commonwealth Community Development
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

							-
							-
							-
Total National School Lunch Program	\$ 130,570	\$ 5,529	\$ 5,529	\$ 125,040	\$ 125,479	\$ -	5,090.00
Summer Food Service Program for Children							
Project Number							-
Project Number							-
Total Summer Food Service Program for Children	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Total Child Nutrition Cluster	\$ 179,782	\$ 7,552	\$ 7,552	\$ 172,229	\$ 172,686		7,095.00
U.S. DEPARTMENT OF AGRICULTURE (Continued)							
Passed Through Michigan Department of Education							
Cash Assistance							
Child and Adult Care Food Program							
Project Number 212010							-
Project Number 211920							-
Project Number 211925							-
Project Number 222010							-
Project Number 221920							-
Total Child and Adult Care Food Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Extended SFSP							
Project Number 200900	50,313	17,820	17,820	28,903	21,412		25,311.00
Project Number 200901				-			-
Project Number 210904				-			-
Project Number 220900				-			-
Total Extended SFSP	\$ 50,313	\$ 17,820	\$ 17,820	\$ 28,903	\$ 21,412	\$ -	25,311.00
Food Equipment Assistance Grant							
Project Number 201991							-
Total Food Equipment Assistance Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

Commonwealth Community Development
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2023

Pandemic EBT (P-EBT) Local Costs Grants	10.649						
Project Number 210980 2021	<u>628</u>	<u> </u>	<u> </u>	<u>628</u>	<u>628</u>	<u> </u>	<u> </u>
Total Pandemic EBT (P-EBT) Local Costs Grants	<u>\$ 628</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 628</u>	<u>\$ 628</u>	<u>\$ -</u>	<u> </u>
Total Cash Assistance	<u>\$ 218,695</u>	<u>\$ 32,924</u>	<u>\$ 32,924</u>	<u>\$ 160,201</u>	<u>\$ 160,658</u>	<u>\$ -</u>	<u>32,406.00</u>
Total U.S. Department of Agriculture	<u>\$ 230,095</u>	<u>\$ 25,372</u>	<u>\$ 25,372</u>	<u>\$ 201,132</u>	<u>\$ 194,098</u>	<u>\$ -</u>	<u>32,406.00</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Passed Through Wayne County Regional Education Service Agency Medicaid Administrative Outreach 202122	93.778						
Early Literacy Project Number				-	-		-
Total U.S. Department of Health and Human Services		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL FEDERAL AWARDS		<u><u>\$ 1,770,016</u></u>	<u><u>\$ 183,090</u></u>	<u><u>\$ 183,090</u></u>	<u><u>\$ 943,679</u></u>	<u><u>\$ 894,707</u></u>	<u><u>\$ -</u></u> <u><u>\$ 150,762</u></u>

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2023

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of under programs of the federal government for the year ended June 30, 2023. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of, it is not intended to and does not present the financial position, or changes in financial position of.

Note 2 – Summary of Significant Accounting Policies

Expenditures

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance where certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

Elected to use indirect costs for both Title I and Title II at rates that are less than the maximum allowed under the Uniform Guidance. Title I indirect costs were calculated at 6.52% and Title II indirect costs were calculated at 5.92%. 7.5% is the de minimums indirect cost rate allowed under the Uniform Guidance.

Note 4 – Reconciliation to the Financial Statements

Total Expenditures per Schedule of Federal Awards	\$943,679
Revenue from Federal Sources – As reported in financial statements	<u>\$943,679</u>

Note 5 – Michigan Department of Education Disclosures

The amounts reported on the CMS Grant Auditor Report (GAR) agree with the schedule of expenditures of federal awards except for the following timing differences, which are included in Due from Other Governmental Units:

Program Title	CFDA Number	Grant Numbers	2022-2023 GAR	2022-2023 SEFA	Variance
School Breakfast Program	10.553	221971	35,161	35,161	-
National School Lunch Program	10.555	221960	125,040	125,040	-
Extended SFSP	10.559	210904	28,903	28,903	-
Pandemic EBT Local	10.649	210980	628.00	628.00	-
Title I	84.010A	231530	173,884	173,884	-
Title II	84.367A	230520	10,027	10,027	-
Title IV	84.424A	223750	13,579	13,579	-
ESSER Formula Fund	84.425D	213712	24,700	24,700	
ESSER Formula Fund	84.425U	213713	497,495	497,495	

Note 6 – Subrecipients

No amounts were provided to subrecipients.

**COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

* Material weakness(es) identified? Yes X No

* Reportable condition(s) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? Yes X No

* Reportable condition(s) identified that are not considered to be material weaknesses? Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with the Audit Requirements of the Uniform Guidance? Yes X No

Identification of major program:

CFDA Number	Federal Program
84.010,84.027,84.367,84.424	Title I, II ,IV & IDEA
10.553,10.555 & 10.559	NSLP Cluster.

**COMMONWEALTH COMMUNITY DEVELOPMENT ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Section 2 - Financial Statement Audit Findings

None

Section 3 - Federal Program Audit Findings

None