



**LIGHTHOUSE
ACADEMY**

GRAND RAPIDS, MICHIGAN

FINANCIAL STATEMENTS

and

SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2022



Vredeveld Haefner LLC
CPAs and Consultants

LIGHTHOUSE ACADEMY

TABLE OF CONTENTS

FINANCIAL SECTION	<u>PAGE</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	5-8
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	11
Fund Financial Statements	
Balance Sheet - General Fund	12
Reconciliation of Fund Balances on the Balance Sheet for the General Fund to the Net Position of Governmental Activities on the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - General Fund	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the General Fund to the Statement of Activities	15
Notes to Financial Statements	17-23
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	25
SINGLE AUDIT SECTION	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27-28
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	29-30
Schedule of Expenditures of Federal Awards	31
Notes to Schedule of Expenditures of Federal Awards	32
Schedule of Findings and Questioned Costs	33



Vredeveld Haefner LLC

CPAs and Consultants
10302 20th Avenue
Grand Rapids, MI 49534
Fax (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474
Peter S. Haefner, CPA
(616) 460-9388

INDEPENDENT AUDITORS' REPORT

October 5, 2022

Board of Directors
Lighthouse Academy
Grand Rapids, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Lighthouse Academy (the Academy) as of and for the year ended June 30, 2022, 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 and the major fund of the Academy, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 budgetary comparison information on pages 5 through 8 and 25 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 5, 2022, on 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 and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Vrederseld Haefner LLC

(This page left intentionally blank)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of Lighthouse Academy (the Academy), we offer readers of the Academy's financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

Key metrics and financial highlights of the Academy for the year ended June 30, 2022 are as follows:

Total net position	\$2,512,910
Unrestricted net position	2,437,132
Change in net position	(139,424)
Fund balance, general fund	2,437,132
Change in fund balance, general fund	(166,140)
Fund balance, general fund (as a percentage of general fund expenditures)	38.5%
Unassigned fund balance, general fund (as a percentage of general fund expenditures)	34.3%

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Academy's financial statements. The Academy's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Academy's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Academy's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., payments on debt).

Both of the government-wide financial statements display functions of the Academy that are principally supported by intergovernmental revenues (*governmental activities*). The governmental activities of the Academy include instruction, support services, athletics and unallocated depreciation. The Academy does not have any business-type activities.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Academy, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Academy maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances General fund which is considered to be a major fund.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information includes this management discussion and analysis, and a schedule of General fund budget to actual information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Academy, assets exceeded liabilities by \$2,512,910 at the close of the most recent fiscal year.

A portion of the Academy's net position reflects amounts invested in capital assets (e.g., land, buildings, equipment and software), less any related debt used to acquire those assets that is still outstanding. The Academy uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

Net Position		
	Governmental Activities	
	<u>2022</u>	<u>2021</u>
Assets		
Current assets	\$3,206,222	\$3,915,468
Capital assets	75,778	49,062
Total assets	<u>4,282,000</u>	<u>3,964,530</u>
Liabilities		
Current liabilities	<u>769,090</u>	<u>1,312,196</u>
Net position		
Net investment in capital assets	75,778	49,062
Unrestricted	<u>2,437,132</u>	<u>2,603,272</u>
Total net position	<u>\$2,512,910</u>	<u>\$2,652,334</u>

Net position of the Academy decreased by \$139,424 during the year. The decrease in net position is primarily due to a decline in students and Section 23a funding.

	Activities	
	Governmental Activities	
	<u>2022</u>	<u>2021</u>
Revenue		
Program revenue		
Operating grants and contributions	\$2,437,724	\$1,803,384
General revenue		
Unrestricted school aid	3,687,232	4,497,970
Unrestricted donations	43,473	12,640
Unrestricted interest	711	1,211
Total revenue	3,731,416	6,315,205
Expenses		
Instruction	3,131,787	2,701,142
Supporting services	3,155,034	2,833,198
Community services	-	4,429
Unallocated depreciation	21,743	25,447
Total expenses	6,308,564	5,564,216
Increase (decrease) in net position	(139,424)	750,989
Net position - beginning of year, as restated	2,652,334	1,901,345
Net position - end of year	\$2,512,910	\$2,652,334

Governmental Activities

During the year the Academy expended 49.6% of its total expenses on instruction and 50.0% on support services such as guidance service, transportation, building operation and maintenance and administration. The remaining .4% of expenses was depreciation. The increase in total expenses was due to the opening of two new sites in Ottawa County; in addition, behavioral support was increased to help mitigate the impact of the COVID disease.

Financial Analysis of the Academy's General Fund

As noted earlier, the Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Academy maintains one governmental fund – the general fund.

Governmental funds. The focus of the Academy's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Academy's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Academy's general fund reported ending fund balance of \$2,437,132, a decrease of \$166,140 in comparison with the prior year as compared to the final budgeted change in fund balance of \$(600,564).

Unassigned fund balance of the General fund was \$2,171,411. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 34.3% of total General fund expenditures.

Budgetary Highlights

Over the course of the year, the Academy revised the budget as it attempted to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing our original and final budget amounts

compared with amounts actually paid and received is provided in the required supplemental information section of these financial statements.

There were revisions made to our 2021-2022 General fund original budget. The general fund had a final budgeted change in fund balance of \$(600,564). This decrease was the result of lower student counts in the fall of 2021 and the fact that 25f funding will not be received until after the filing of the FID. The Academy is not allowed to recognize a receivable for the Section 25f funding at June 30, 2022.

Budgeted revenues were reduced by approximately \$1,243,000 from the original budget to reflect an increase in state aid allocation to \$8,700 per pupil offset by a decline in student counts of approximately 85 students and reduced Section 23a funding. Budgeted expenditures were decreased by approximately \$643,000 to reflect reduces staffing and other expenditures to the extent possible to align with the lower than anticipated student counts in the fall and the lower Section 23a funding.

Capital Asset and Debt Administration

Capital assets. The Academy's investment in capital assets for its governmental activities as of June 30, 2022, amounted to \$75,778 (net of accumulated depreciation).

The Academy's capital assets (net of depreciation) are summarized as follows:

	Governmental Activities
Machinery and Equipment	\$19,296
Computers	56,049
Furniture and equipment	433
Total	<u>\$75,778</u>

Additional information on the Academy's capital assets can be found in Note 4 of this report.

Debt. The Academy's only debt activity is related to its note payable which was borrowed and repaid during the year. Additional information on the Academy's long-term debt can be found in Note 5 of these financial statements.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Academy's budget for the 2022-23 fiscal year:

- The Academy continues to face uncertainty of ongoing State supplemental funding, which could impact the Academy's ability to fully recover its expenditures.
- The Academy began serving students at the Muskegon County Juvenile Transition Center on July 1, 2022. The Academy will take the necessary steps to receive Section 24 and Title 1d funding for this entity for the 2022-23 school year.
- An increase in state aid to an amount of \$9,150 per student for the 2023 school year has been announced and the Academy is anticipating this will occur.
- The Academy has received an allocation of ESSER III/ARP funds in the amount of \$3,122,274. These funds must be expended by September 30, 2024.

Requests for Information

This financial report is designed to provide a general overview of the Academy's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Integrity Educational Services, Executive Director of the Business Office, 3300 36th Street, Grand Rapids, Michigan, 49512.

BASIC FINANCIAL STATEMENTS

LIGHTHOUSE ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,062,058
Accounts receivable	47,358
Due from other governmental units	1,831,085
Prepaid items	265,721
Capital assets, net	
Land improvements, buildings and improvements, furniture and equipment	<u>75,778</u>
Total assets	<u>3,282,000</u>
Liabilities	
Accounts payable	467,057
Accrued liabilities	210,812
Due to other governmental units	21,833
Unearned revenue	69,388
Total liabilities	<u>769,090</u>
Net position	
Net investment in capital assets	75,778
Unrestricted deficit	<u>2,437,132</u>
Total net position	<u><u>\$ 2,512,910</u></u>

The accompanying notes are an integral part of these financial statements.

(This page left intentionally blank)

LIGHTHOUSE ACADEMY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
Primary government			
Governmental activities			
Instruction	\$ 3,131,787	\$ 2,301,087	\$ (830,700)
Support services	3,149,129	136,637	(3,012,492)
Depreciation - unallocated	21,743	-	(21,743)
Interest and fees	5,905	-	(5,905)
Total governmental activities	<u>\$ 6,308,564</u>	<u>\$ 2,437,724</u>	<u>(3,870,840)</u>
General revenues			
Unrestricted school aid			3,687,232
Unrestricted donations			43,473
Interest earnings			711
Total general revenues			<u>3,731,416</u>
Change in net position			(139,424)
Net position, beginning of year			<u>2,652,334</u>
Net position, end of year			<u>\$ 2,512,910</u>

The accompanying notes are an integral part of these financial statements.

LIGHTHOUSE ACADEMY

GENERAL FUND BALANCE SHEET

JUNE 30, 2022

	<u>General</u>
Assets	
Cash and cash equivalents	\$ 1,062,058
Accounts receivable	47,358
Due from other governmental units	1,831,085
Prepaid items	<u>265,721</u>
Total assets	<u>\$ 3,206,222</u>
 Liabilities and fund balances	
Liabilities	
Accounts payable	\$ 467,057
Due to other governmental units	21,833
Accrued liabilities	210,812
Unearned revenue	<u>69,388</u>
Total liabilities	<u>769,090</u>
 Fund balances	
Non-spendable	
Prepaid items	265,721
Unassigned	<u>2,171,411</u>
Total fund balances	<u>2,437,132</u>
Total liabilities and fund balances	<u>\$ 3,206,222</u>

The accompanying notes are an integral part of these financial statements.

LIGHTHOUSE ACADEMY

RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR THE GENERAL FUND TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

JUNE 30, 2022

Fund balance - total general fund	\$ 2,437,132
Amounts reported for <i>governmental activities</i> in the statement of net position are different because	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add - capital assets, net	<u>75,778</u>
Net position of governmental activities	<u>\$ 2,512,910</u>

The accompanying notes are an integral part of these financial statements.

LIGHTHOUSE ACADEMY

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2022

	<u>General</u>
Revenues	
Local sources	\$ 44,184
State sources	4,014,691
Federal sources	1,899,445
Interdistrict sources	<u>210,820</u>
Total revenues	<u>6,169,140</u>
Expenditures	
Current	
Instruction	3,131,787
Support services	3,198,917
Community services	<u>4,576</u>
Total expenditures	<u>6,335,280</u>
Net change in fund balances	(166,140)
Fund balances, beginning of year	<u>2,603,272</u>
Fund balances, end of year	<u><u>\$ 2,437,132</u></u>

The accompanying notes are an integral part of these financial statements.

LIGHTHOUSE ACADEMY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GENERAL FUND TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

Net changes in fund balance - general fund	\$ (166,140)
--	--------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	48,459
Deduct - depreciation expense	<u>(21,743)</u>

Change in net position of governmental activities	<u>\$ (139,424)</u>
---	---------------------

The accompanying notes are an integral part of these financial statements.

(This page left intentionally blank)

LIGHTHOUSE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Lighthouse Academy (the Academy) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

The Academy was formed as a charter school pursuant to the Michigan School Code. The Academy's authorizer is Ferris State University (the Authorizer) who is paid 3% of state-aid payments received by the Academy. The Authorizer provides certain contractual services to the Academy including the approval of the Academy's operating plan, monitoring compliance with provisions of the charter contract and selection of members for the Board of Directors. The Authorizer is paid 3% of state-aid payments received by the Academy for such services. The Academy provides education and related services to approximately 300 students in grades Kindergarten through 12th. The Academy is governed by a seven-member Board of Directors. The Academy is administered by Integrity Educational Services (IES) with whom the Board of Directors entered into a services agreement that requires IES to provide management and operational services to the Academy.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Lighthouse Academy. There are no component units to be included. The criteria for including a component unit include significant operational or financial relationships with the Academy.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by intergovernmental revenues are reported in total. The Academy has no business-type activities.

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

Separate financial statements are provided for governmental funds. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Major governmental funds are reported as separate columns in the fund financial statements.

The Academy reports the following major governmental fund:

The *General Fund* is the general operating fund of the Academy. It is used to account for all financial resources, except those required to be accounted for in another fund.

LIGHTHOUSE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants and interest which use one year. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which is recognized when due.

All governmental funds are accounted for on a spending or “flow of current financial resources” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of “available, spendable resources”.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available, spendable resources” during a period.

Budgets and Budgetary Accounting

Comparisons to budget are presented for the General fund. The Academy follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The contracted Executive Director of the Business Office establishes a proposed operating budget for the fiscal year commencing the following July 1 and submits the budget to the Board of Directors.
2. Public hearings are conducted to obtain comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for the General fund.
5. The budget for the General fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

LIGHTHOUSE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

6. Adoption and amendments of all budgets used by the Academy are governed by Michigan Law. The appropriation ordinances are based on the projected expenditures budget of the various functions of the Academy. Any amendment to the original budget must meet the requirements of Michigan Law. Any revisions that alter the total expenditures of any activity must be approved by the Board of Directors. The Academy did amend its budget for the current fiscal year.

Cash and Investments

Michigan law and Academy policy authorizes the Academy to invest in:

- a. Bonds, bills or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States, or obligations of the State. In a primary or fourth class school district, the bonds, bills or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
- b. Certificates of deposit issued by a state or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Securities issued or guaranteed by agencies or instrumentalities of the United States, United States or federal agency obligation repurchase agreements, and bankers' acceptances issued by a bank that is a member of the federal deposit insurance corporation.
- e. Mutual funds that are composed entirely of investment vehicles that are legal for direct investment by a school district.
- f. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

Receivables

The Academy follows the practice of recording revenues that have been earned but not yet received as receivables.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements.

LIGHTHOUSE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Furniture and equipment	3-10

Accrued Compensation

A liability is recorded at June 30 for amounts owed to the Academy's contracted staffing company, for those amounts owed by the staffing company to teachers and other staff members who do not work during the summer but are contracted to have their salaries paid over a twelve-month period. This has the effect of properly charging these contracted staffing costs to expenditures in the fiscal year in which the services are received, even though they are not paid until July and August of the following fiscal year.

The Academy has also recorded accrued contracted staffing costs for amounts to be reimbursed to the staffing company after June 30, 2022, for the post-year-end cost to the staffing company of funding FICA, as well as retirement plan funding, related to the services of Academy staff during the school year and fiscal year ended June 30, 2022.

State Aid Revenue

The Academy reports State of Michigan school aid in the fiscal year in which the Academy is entitled to the revenue as provided by the State of Michigan School Aid Appropriation Act. State funding accounted for 65.0% of the General fund revenues for the year. A certain portion of State Aid received by the Academy is restricted to cover specified expenses of the Academy, including special education costs and retirement costs. The unrestricted portion is for use in the general operations of the Academy.

Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Academy carries commercial insurance to cover various risks of loss and employee benefits. The Academy has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

LIGHTHOUSE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Net Position and Fund Balance Reporting

Governmental funds report fund balance in the following five categories:

1. Non-spendable – the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted – the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed – the related assets can only be spent for a specific purpose identified by formal resolution of the Academy's governing board.
4. Assigned – the related assets can only be spent for a specific purpose identified by formal resolution of the Academy's governing board. The Board has not delegated authority for the ability to assign fund balance.
5. Unassigned – is the residual classification and includes all spendable amounts not contained in the other classifications.

The Academy's policy requires maintaining fund balance in the General fund of not less than 5% of the current year state aid payment. Actual fund balance of the General fund at year-end was 37.6% of the current year state source revenues.

Net Position and Fund Balance Flow Assumptions

Sometimes the Academy will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to use restricted resources first, then unrestricted resources as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

State law provides that the Academy shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Academy's actual expenditures and budgeted expenditures for the budgeted funds have been shown at the activity level. The approved budgets of the Academy for these budgetary funds were adopted at the activity level.

During the year ended June 30, 2022, the Academy did not incur any expenditures in budgeted funds which were in excess of the amounts appropriated.

3. CASH AND CASH EQUIVALENTS

The balance on the financial statements for cash is \$1,062,058. These deposits are in financial institutions located in Michigan. The accounts are in the name of the Academy and are recorded in the Academy's records at fair value. Interest is recorded when earned.

LIGHTHOUSE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Academy's deposits may not be returned. State law does not require, and the Academy does not have, a policy for deposit custodial credit risk. As of year-end, \$823,284 of the Academy's bank balance of \$1,073,284 was exposed to custodial credit risk because it was uninsured and uncollateralized.

4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Governmental activities				
Capital assets, being depreciated				
Furniture and equipment	\$552,856	\$48,459	\$133,110	\$468,205
Less accumulated depreciation for Furniture and equipment	503,794	21,743	133,110	392,427
Net capital assets, being depreciated	49,062	26,716	-	75,778
Governmental activities capital assets, net	\$ 49,062	\$26,716	\$ -	\$ 75,778

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

5. SHORT-TERM DEBT

The following is a summary of the short-term debt transactions of the Academy for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Governmental Activities				
Michigan state aid note payable 2021; due in one payment September 1, 2022; interest payable at 3.21%	\$ -	\$350,000	\$350,000	\$ -

6. OPERATING LEASE

The Academy has entered into a lease agreement with a not-for-profit for the rental of a school building at the Lighthouse Community location through June 30, 2023. Rent is payable monthly at an amount mutually agreed upon based on available funding (but not less than \$15,278 per month). Total rental expense under this lease agreement for the year ended June 30, 2022 was \$183,331.

LIGHTHOUSE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

The Academy has also entered into a lease agreement with the same not-for-profit for the rental of a school building at the Lighthouse Academy North location for \$13,711 per month payable in advance. This lease automatically renews for one year annually unless either party notifies the other of the intent to not renew. Notice was given and this lease was terminated at July 31, 2022. Rental expense under this lease agreement for the year ended June 30, 2022 was \$164,533.

7. RETIREMENT PLAN

All leased employees of the Academy are eligible to participate in a retirement plan established by Integrity Educational Services (IES). The Academy reimburses to IES a 50% match up to 6% of each employee's salary to a qualified 401(k) plan. Academy contributions for the year ended June 30, 2022 totaled \$68,947

8. OUTSOURCED FOOD SERVICE ACTIVITY

The Academy has contracted with Grand Rapids Public Schools ("GRPS") to provide breakfast and lunch food services during the school year for its students. Under this agreement, GRPS is the direct recipient of most grants and charges for services and has discretionary control over the spending of the funds. As such, any activity is included in Grand Rapids Public Schools' financial statements and therefore has been excluded from this report. If the Academy were to terminate the agreement with GRPS, it would receive a distribution of the balance of the fund maintained by GRPS. As of June 30, 2022, the food service fund balance held by GRPS on behalf of the Academy was \$20,427.

(This page left intentionally blank)

REQUIRED SUPPLEMENTARY INFORMATION

LIGHTHOUSE ACADEMY

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Local sources	\$ 128,967	\$ 190,204	\$ 44,184	\$ (146,020)
State sources	4,522,464	3,418,791	4,014,691	595,900
Federal sources	3,286,845	3,082,231	1,899,445	(1,182,786)
Interdistrict sources	-	-	210,820	210,820
Total revenues	7,938,276	6,691,226	6,169,140	(732,906)
Expenditures				
Current				
Instruction				
Basic programs	1,806,871	2,132,970	1,674,797	458,173
Added needs	2,903,735	1,577,528	1,456,990	120,538
Support services				
Pupil service	987,377	1,129,578	1,038,676	90,902
Instructional staff	254,361	323,202	270,009	53,193
General administration	223,360	233,178	183,695	49,483
School administration	667,696	713,441	662,467	50,974
Business services	362,206	349,483	339,358	10,125
Operations and maintenance	151,722	544,177	521,554	22,623
Pupil transportation services	32,175	75,910	64,629	11,281
Central services	165,536	173,808	111,272	62,536
Other	24,135	22,364	7,257	15,107
Community services	12,900	16,151	4,576	11,575
Debt service				
Principal	342,726	-	-	-
Total expenditures	7,934,800	7,291,790	6,335,280	956,510
Net changes in fund balance	3,476	(600,564)	(166,140)	434,424
Fund balance, beginning of year	2,603,272	2,603,272	2,603,272	-
Fund balance, end of year	\$ 2,606,748	\$ 2,002,708	\$ 2,437,132	\$ 434,424

(This page left intentionally blank)

SINGLE AUDIT SECTION



Vredeveld Haefner LLC

CPAs and Consultants
10302 20th Avenue
Grand Rapids, MI 49534
Fax (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474
Peter S. Haefner, CPA
(616) 460-9388

INDEPENDENT AUDITORS' 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

October 5, 2022

Board of Directors
Lighthouse Academy
Grand Rapids, Michigan

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 and the major fund of Lighthouse Academy, Grand Rapids, Michigan (the Academy) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated October 5, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Vredersold Haefner LLC



Vredeveld Haefner LLC

CPAs and Consultants
10302 20th Avenue
Grand Rapids, MI 49534
Fax (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474
Peter S. Haefner, CPA
(616) 460-9388

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

October 5, 2022

Board of Directors
Lighthouse Academy
Grand Rapids, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lighthouse Academy, Grand Rapids, Michigan's (the Academy) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2022. the Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Academy and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Academy's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Academy's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Academy's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, forgery, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that,

individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Academy's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Academy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Academy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Uredaxeld Haefner LLC

LIGHTHOUSE ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal Assistance Listing Number	Passed Through	Pass through/ Grantor Number	Approved Grant Award Amount	Accrued (Deferred) Revenue 7/1/2021	Current Year Receipts (Cash Basis)	Expenditures (Accrual Basis)		Accrued (Deferred) Revenue 6/30/2022	
							(Memo Only) Prior Year	Current Year		
U.S. Department of Education										
Title I - Part A	84.010	MDE	211530-2021	\$ 1,060,459	\$ 202,161	\$ 202,161	\$ 257,139	\$ -	\$ -	
Title I - Part A	84.010	MDE	221530-2122	1,148,915	-	103,804	-	515,348	411,544	
Title I - Part A Flow-through	84.010	KISD	201570-2021	97,900	17,085	26,830	24,569	9,745	-	
Title I - Part A Flow-through	84.010	KISD	201570-2122	130,317	-	16,939	-	43,061	26,122	
					219,246	349,734	281,708	568,154	437,666	
Title I - Part D	84.013	MDE	211700-2021	759,259	78,479	78,479	315,078	-	-	
Title I - Part D	84.013	MDE	211700-2122	1,242,988	-	367,037	-	480,636	113,599	
					78,479	445,516	315,078	480,636	113,599	
Title III - Immigrant	84.365	MDE	220570-2122	20,198	-	-	-	2,030	2,030	
Title III - Language Instruction for English Learners	84.365	HAWM	220580-2122	31,323	-	-	-	3,477	3,477	
					-	-	-	5,507	5,507	
Title II - Part A	84.367	MDE	210520-2021	45,655	8,015	8,015	8,015	-	-	
Title II - Part A	84.367	MDE	220520-2122	40,765	-	-	-	14,433	14,433	
					8,015	8,015	8,015	14,433	14,433	
Title IV	84.424	MDE	210750-2021	46,228	5,008	5,008	10,706	-	-	
Title IV	84.424	MDE	220750-2122	56,033	-	2,019	-	13,294	11,275	
					5,008	7,027	10,706	13,294	11,275	
Coronavirus Relief Funds:										
Governor's Emergency Education Relief Funds	84.425C	MDE	201200-2021	49,198	3,634	3,634	3,634	-	-	
ESSER Formula Funds	84.425D	MDE	203710-1920	624,836	185,410	297,549	252,853	315,010	202,871	
ESSER Education Equity Funds	84.425D	MDE	203720-1920	124,936	398	398	100,906	-	-	
ESSER Education Equity Funds II	84.425D	MDE	213712-2021	1,389,248	-	121,703	-	283,183	161,480	
					189,442	423,284	357,393	598,193	364,351	
Special Education Cluster										
IDEA Flow-through	84.027	KISD	210450-2021	236,612	11,994	11,994	234,918	-	-	
IDEA Flow-through	84.027	KISD	220450-2122	216,706	-	202,817	-	216,601	13,784	
					11,994	214,811	234,918	216,601	13,784	
Total U.S. Department of Education					512,184	1,448,387	1,207,818	1,896,818	960,615	
U.S. Department of Health and Human Services										
Medicaid Outreach	93.778	KISD	n/a	1,334	-	-	1,334	-	-	
Medicaid Outreach	93.778	KISD	n/a	2,626	-	2,627	-	2,627	-	
					-	2,627	1,334	2,627	-	
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ 512,184	\$ 1,451,014	\$ 1,209,152	\$ 1,899,445	\$ 960,615	

See notes to schedule of expenditures of federal awards.

LIGHTHOUSE ACADEMY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

-
1. The Schedule of Expenditures of Federal Awards is prepared in accordance with the modified accrual basis of accounting.
 2. Management has utilized the Cash Management System Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.
 3. Revenues from federal sources per the governmental funds financial statements agree with the expenditures per the Schedule of Expenditures of Federal Awards.
 4. The Academy receives certain Federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation as follows:

**Pass-through
Agency
Abbreviation**

Pass-through Agency Name

MDE	Michigan Department of Education
HAWM	Hope Academy of West Michigan
KISD	Kent Intermediate School District

5. SVLCM did not elect to use the 10% de minimis cost rate as covered in Uniform Guidance section 2 CFR 200.414 indirect costs.

LIGHTHOUSE ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no	
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported	
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no	

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no	
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported	
Type of auditors' report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?	<u> </u> yes	<u> X </u> no	

Identification of major programs:

CFDA Number(s)

84.425

Name of Federal Program or Cluster

COVID-19 Elementary and Secondary
School Emergency Relief Program
(ESSER)

Dollar threshold used to distinguish between Type A and B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

None noted