

**UNIVERSAL LEARNING  
ACADEMY**

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**Financial Report  
with Supplemental Information  
June 30, 2020**

# UNIVERSAL LEARNING ACADEMY

## CONTENTS

	Page(s)
<b>Independent Auditor's Report</b>	1 - 3
<b>Management's Discussion and Analysis</b>	4 - 10
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	13
Reconciliation of the Governmental Funds Balance to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	16
Notes to Financial Statements	17 - 29
<b>Required Supplemental Information</b>	
Budgetary Comparison Schedule - General Fund	30
<b>Other Supplemental Information</b>	
Special Revenue Funds:	
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	31
<b>Federal Awards Supplemental Information</b>	
Single Audit Report	<b>Section A</b>

# Wilkerson & Associate P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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LARRY WILKERSON, C.P.A.  
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## Independent Auditor's Report

To the Board of Directors  
Universal Learning Academy

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining information of Universal Learning Academy, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

To the Board of Directors  
Universal Learning Academy

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Universal Learning Academy as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Government Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 Universal Learning Academy's basic financial statements. The nonmajor funds combining statement of revenues, expenditures, and changes in fund balances – special revenue funds is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The nonmajor funds combining statement of revenues, expenditures, and changes in fund balances, statement of revenue and expenditures – budget and actual are the responsibility of management and were derived from and relate 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 nonmajor funds combining statement of revenues, expenditures, and changes in fund balances, statement of revenue and expenditures – budget and actual are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Directors  
Universal Learning Academy

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2020, on our consideration of Universal Learning 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 Universal Learning Academy's internal control over financial reporting and compliance.

*Wilkinson & Associates PC*

September 17, 2020  
Dearborn, Michigan

# **Universal Learning Academy**

## **28015 Joy Road**

### **Westland, Michigan, 48185**

#### **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020**

This section of Universal Learning Academy's (the Academy) annual financial report presents discussion and analysis of Universal Learning Academy's financial performance during the year ended June 30, 2020. It should be read in conjunction with the Academy's financial statements, which immediately follow this section.

Universal Learning Academy is a public school academy that is authorized by Bay Mills Community College and was established in 2004.

The Academy is required to implement the provisions of Governmental Accounting Standards Board Statement No. 34 (GASB No. 34) in its financial statement presentation. This accounting standard requires the reporting of two types of financial statements: Government-Wide Financial Statements and Fund Financial Statements.

The financial report is only one measure of an Academy's viability. The goal of the Academy is to provide educational services to the 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 schools in the assessment of the overall health of a school district.

#### **Government-Wide Financial Statements**

The Government-Wide Financial Statements provide information about the activities of the Academy as a whole, presenting both an aggregate view of the Academy's finances and a long-term view of those finances. Government-wide statements are presented on a full accrual basis, which is the primary accounting method, used in private industry. The Statement of Net Position reports all the Academy's assets regardless 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 of the Academy's revenues and expenses by type of activity.

#### **Fund Financial Statements**

The Academy segregates resources and activities in separate funds (or entities); each used for a specific purpose to facilitate accountability for those resources. The fund financial statements provide a detailed short-term view of the operations of a School District's

various fiscal components, not a long-term view of the School District as a whole. It provides information as to the amount of financial resources that can be spent in the near future to finance programs. It also provides information about the School District'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 non-major fund is the Food Service Fund. Fund financial statements are presented on a modified accrual basis. 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.

### **The School District as a Whole**

As discussed above, the Statement of Net Position provides information of the Academy as a whole. Table 1 provides a summary of Universal Learning Academy's net position as of June 30, 2019.

**Table 1-Summary of Universal Learning Academy's Net Position**

	<b>Governmental Activities (in thousands)</b>	
<b><u>Assets</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Current and Other Assets	\$ 4,318.7	\$ 3,610.1
Capital Assets – Net of Accumulated Depreciation	8,310.5	8,625.7
Deferred Outflow of Resources	444.5	468.6
<b>Total Assets</b>	<b><u>13,073.7</u></b>	<b><u>12,704.4</u></b>
<b><u>Liabilities</u></b>		
Current Liabilities	1,343.8	1,312.8
Long-Term Liabilities	<u>9,780.0</u>	<u>10,015.0</u>
<b>Total Liabilities</b>	<b><u>11,123.8</u></b>	<b><u>11,327.8</u></b>
<b><u>Net Position</u></b>		
Invested in Capital Assets	(1,469.5)	(1,389.3)
Restricted	1,766.4	1,501.4
Unrestricted	<u>1,653.0</u>	<u>1,264.6</u>
<b>Total Net Position</b>	<b><u>\$ 1,949.9</u></b>	<b><u>\$ 1,376.7</u></b>

Net position of assets held at year-end was \$1,949,944. The Academy's net investment in capital assets was \$(1,469,457). The \$1,652,972 in unrestricted net position represents the cumulative operating results for the year ended June 30, 2020 and all prior years.

The Academy's total net position increased by \$573,284 during the fiscal year ended June 30, 2020 (please refer to Table 2 below). The cost to operate the Academy's programs was \$7,009,385. Partially funding these programs were charges for services and grant revenues totaling \$1,208,891. The remaining costs of the Academy were funded by general revenues, primarily State Aid totaling \$6,339,146, other local revenues of \$34,632.

**Table 2 – Summary of the Statement of Activities**

	<b>Governmental Activities (in thousands)</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
<b><u>Revenues</u></b>		
<b>Program Revenues:</b>		
Charges for Services	\$ 16.2	\$ 10.6
Federal Grants	1,192.7	798.2
<b>General Revenues:</b>		
State Aid- All Sources	6,339.1	5,551.9
Other Revenue	-	31.4
Other Sources	<u>34.6</u>	<u>373.1</u>
<b>Total Revenues</b>	<b><u>\$ 7,582.6</u></b>	<b><u>\$ 6,765.2</u></b>
<b><u>Function/Program Expenses</u></b>		
Instruction and Instructional Staff Services	\$ 3,279.3	\$ 2,987.3
Support Services	233.1	255.8
General, Executive and School Administration	1,085.8	1,168.4
Food Services	448.1	369.3
Business Support Services	32.5	32.5
Interest and Fees - Long -Term Debt	602.2	682.2
Operation & Maintenance & Other	<u>1,328.3</u>	<u>1,260.2</u>
<b>Total Expenses</b>	<b><u>\$ 7,009.3</u></b>	<b><u>\$ 6,755.7</u></b>
<b>Increase (Decrease) in Net Position</b>	<b><u>\$ 573.3</u></b>	<b><u>\$ 9.5</u></b>

**State of Michigan Aid, Unrestricted**

The State of Michigan Aid, Unrestricted is determined by the following variables:



- Per student, foundation allowance: annually, the State of Michigan sets the per student foundation allowance. The Academy's foundation allowance was \$8,111 per student for the 2019-2020 school year.
- Student Enrollment: The Academy's student enrollment for the fall count of 2019-2020 was 698 students. To calculate total state aid to be provided by the foundation allowance, a blend of 90% of current year fall count and 10 % of the previous year winter count is multiplied by the Academy's foundation allowance.

Subsequent to year end June 30, 2020, preliminary student enrollment for 2020-2021 indicated that the 2020 fall student enrollment will be approximately 732 students, which includes 32 pre-kindergarten students.

### **Capital Assets**

At June 30, 2020, Universal Learning Academy had an investment in capital assets, net of accumulated depreciation, of \$8,310,543. (please refer to Table 3 below). This includes Improvements/Infrastructure, Computers, Software, Furniture and Other Equipment.

Capital assets purchased or acquired are capitalized at cost. The Academy's capitalization policy is individual amounts exceeding \$1,000.

The Academy added approximately \$63,857 of capital assets during the year. This included additional classroom furniture and the replacement of the old kitchen steamer.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Total depreciation expense for the year was \$378,997.

**Table 3 – Capital Assets**

<b><u>Description</u></b>	<b><u>June 30, 2020</u></b>	<b><u>June 30, 2019</u></b>
	(in thousands)	
Land and Building	\$ 11,263.6	\$ 11,263.6
Equipment and Furniture	673.7	631.6
Computer / Other Equipment	962.8	941.0
School Buses	<u>11.5</u>	<u>11.5</u>
Total Capital Assets	12,911.6	12,847.7
Less Accumulated Depreciation	<u>(4,601.1)</u>	<u>(4,222.0)</u>
<b>Net Capital Assets</b>	<b><u>\$ 8,310.5</u></b>	<b><u>\$ 8,625.7</u></b>

## **The School District's Funds**

As mentioned above, the Academy uses funds to segregate and account for resources and activities that are used for specific purposes. At June 30, 2020 the Academy's governmental funds had a combined balance of \$2,395,575 an increase of \$680,120 from June 30, 2019. The contributions of each individual fund are:

### **General Fund**

The ending balance of the General Fund, the principal operating fund of the Academy increased by \$447,835 at June 30, 2020 to \$2,682,389 from \$2,234,554 at June 30, 2019. The increase is primarily attributable to a large increase in student enrollment. The fund balance of the General Fund is available to fund costs related to school operations.

### **Other Governmental Funds**

The School District's non-major fund - Food Services, is presented in this category. At June 30, 2020, the Food Service Fund balance was \$393,306.

## **Debt**

At June 30, 2020 Universal Learning Academy's long-term debt is \$ 9,780,000, compared to \$ 10,015,000 at the same time last year. The June 30, 2020 long-term debt is comprised of \$ 245,000, which represents the current portion and \$ 9,535,000, which represents the non-current portion.

The total Limited Obligation Revenue Bonds at June 30, 2020 was \$ 9,780,000.

Maturities, amounts, interest rates and prices are as follows:

\$ 1,065,000	5.000%	Series 2010 Term Bond Due November 1, 2023
1,700,000	5.500%	Series 2010 Term Bond Due November 1, 2028
1,750,000	6.000%	Series 2010 Term Bond Due November 1, 2032
<u>5,265,000</u>	5.750%	Series 2010 Term Bond Due November 1, 2040
9,780,000		Total
<u>561,800</u>		MFA Debt Service Fund
<b><u>\$10,341,800</u></b>		<b>Total Obligations</b>

### **Interest Payment Periods**

### **Interest Amount**

2021	548,363
2022	535,738
2023	522,363
2024	508,362
2025	492,850

## **General Fund Budgetary Highlights**

State law requires that school districts periodically amend their 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. During the 2019-20 school year, the Academy had three budget amendments that were approved by the Board of Directors of Universal Learning Academy. A schedule showing the Academy's Original Budget, Final Budget, and actual results for the General Fund is provided in the Required Supplemental Information section of these Financial Statements.

The majority of the School Districts revenue is based on student enrollment. For the fiscal year 2019-20, it received approximately \$8,111 per pupil from the State of Michigan. The original budget which was completed at the end of the prior fiscal year, reflected certain assumptions for enrollment, grant funding, staffing and other expenditures. The June 2020 final amended budget reflected actual enrollment based on the October 2019 official pupil count and a revised estimate of federally approved grant funding, operating expenditures based on the revised revenues estimate were updated accordingly. The actual ending fund balance met expectations.

### **Final Budget vs. Actual:**

<b><u>Revenues:</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>
2007 - 2008	2,390,074	2,193,525
2008 - 2009	3,337,564	3,664,892
2009 - 2010	13,054,854	4,531,700
2010 - 2011	16,132,750	16,096,017
2011 - 2012	4,989,449	5,065,612
2012 - 2013	5,461,481	5,180,362
2013 - 2014	5,620,789	5,681,168
2014 - 2015	6,414,678	6,317,900
2015 - 2016	6,135,430	6,035,060
2016 - 2017	6,350,008	6,238,857
2017 - 2018	5,548,506	5,539,621
2018 - 2019	6,168,873	6,001,260
2019 - 2020	7,000,326	6,860,195

### **Expenditures:**

2007 - 2008	2,375,857	2,193,411
2008 - 2009	3,327,016	3,099,898
2009 - 2010	13,465,905	4,285,140
2010 - 2011	17,380,330	11,180,866
2011 - 2012	10,554,847	9,247,348
2012 - 2013	6,118,726	5,665,582
2013 - 2014	6,164,784	6,028,132

2014 - 2015	6,106,978	5,725,082
2015 - 2016	6,159,109	5,924,866
2016 - 2017	6,517,562	6,268,407
2017 - 2018	5,710,253	5,487,795
2018 - 2019	6,465,765	6,189,089
2019 - 2020	6,010,355	5,601,862

### **Economic Factors affecting Next Year's Budgets**

Our elected officials and administration consider many factors when setting the Academy's 2020 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The membership blend for the 2019-2020 fiscal year is based on 90% of the current school year October count and 10% of the prior year February count. The 2020 budget was adopted in May 2020, based on an estimate of students that will be enrolled in September 2020. Approximately 91% percent of total General Fund revenue is State Aid. As a result, the Academy's funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2020-2021 school years, we anticipate that the fall student count will be close to the estimates used in creating the 2020 budget. Once the final student count and related per pupil funding is validated, State law requires the Academy to amend the budget if actual Academy's resources are not sufficient to fund original appropriations.

Since the Academy's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to local school districts. The State periodically holds a revenue-estimating conference to estimate revenues.

### **Contacting the District's Management**

This financial report is intended to provide our parents and investors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office.

**UNIVERSAL LEARNING ACADEMY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	<b><u>Governmental Activities</u></b>
<b>Assets</b>	
Cash and cash equivalents	\$ 3,050,264
Receivables	
State aid and grants	1,051,642
Federal	208,091
Prepays and other current assets	8,715
Capital assets, net of accumulated depreciation	<u>8,310,543</u>
Total Assets	12,629,255
 <b>Deferred Outflow of Resources</b>	
Deferred cost of refunding	<u>444,523</u>
Total Assets and Deferred Outflow of Resources	13,073,778
 <b>Liabilities</b>	
Accounts payable	417,751
Accrued expenses & other liabilities	825,267
Accrued interest	100,816
Long-term liabilities:	
Long-term liabilities, due within one year	245,000
Long-term liabilities, due after one year	<u>9,535,000</u>
Total Liabilities	11,123,834
 <b>Net Position</b>	
Invested in Capital Assets, net of related debt	(1,469,457)
Restricted - Food Service	393,306
Restricted - Debt Service	1,373,123
Unrestricted	<u>1,652,972</u>
Total Net Position	<u><u>\$ 1,949,944</u></u>

See accompanying notes to the financial statements

**UNIVERSAL LEARNING ACADEMY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets
Governmental Activities				
Instruction	\$ 2,523,958	\$ -	486,268	\$ (2,037,690)
Supporting Services				
Pupil support services	233,094	-	-	(233,094)
Instructional support services	755,396	-	-	(755,396)
General administration	1,026,064	-	-	(1,026,064)
School administration services	59,733	-	-	(59,733)
Business services	32,476	-	-	(32,476)
Operations and maintenance	390,057	-	-	(390,057)
Transportation	151,154	-	-	(151,154)
Other support services	317,270	-	-	(317,270)
Community activities	90,932	-	-	(90,932)
Food services	448,060	16,208	706,415	274,563
Depreciation (unallocated)	378,997	-	-	(378,997)
Debt issuance and other cost	24,028	-	-	(24,028)
Interest & fees on long-term debt	578,166	-	-	(578,166)
Total Governmental Activities	<u>\$ 7,009,385</u>	<u>\$ 16,208</u>	<u>\$ 1,192,683</u>	(5,800,494)
General Revenues				
State aid - all sources				6,339,146
Other local sources				<u>34,632</u>
Total General Revenues				<u>6,373,778</u>
Change in Net Position				573,284
Net Position - July 1, 2019				<u>1,376,660</u>
Net Position - June 30, 2020				<u>\$ 1,949,944</u>

See accompanying notes to the financial statements

**UNIVERSAL LEARNING ACADEMY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents- unrestricted	\$ 1,677,141	\$ -	\$ 1,677,141
Cash and cash equivalents- restricted	1,373,123	-	1,373,123
Due from other governmental units	1,097,970	161,762	1,259,732
Due from other funds	-	243,019	243,019
Prepays and other current assets	8,715	-	8,715
<b>Total Assets</b>	<b>\$ 4,156,949</b>	<b>\$ 404,781</b>	<b>\$ 4,561,730</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 417,751	\$ -	\$ 417,751
Due to other funds	253,004	-	253,004
Accrued expenditures	803,807	11,475	815,282
<b>Total Liabilities</b>	1,474,562	11,475	1,486,037
<b>Fund Balances</b>			
<b>Non-Spendable Fund Balance:</b>			
Prepaid expenditures	8,715	-	8,715
<b>Restricted Fund Balance:</b>			
Food service	-	393,306	393,306
Debt service	1,373,123	-	1,373,123
<b>Unrestricted Fund Balance:</b>			
Unassigned fund balance	1,300,549	-	1,300,549
<b>Total Fund Balance</b>	2,682,387	393,306	3,075,693
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,156,949</b>	<b>\$ 404,781</b>	<b>\$ 4,561,730</b>

See accompanying notes to the financial statements

**UNIVERSAL LEARNING ACADEMY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020**

<b>Total Fund Balances - Governmental Funds</b>	\$	3,075,695
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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	\$12,911,631	
	Accumulated depreciation	<u>(4,601,088)</u>	8,310,543

Accrued interest payable is not included as a liability in governmental funds	(100,816)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(9,780,000)
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Unamortized deferred refunding cost are not financial resources and therefore, are not reported in the funds

	444,523
<b>Total Net Position - Governmental Activities</b>	<b>\$ 1,949,944</b>

See accompanying notes to the financial statements



**UNIVERSAL LEARNING ACADEMY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Non-Major Fund	Total Governmental Funds
<b>Revenues</b>			
Local sources	\$ 34,632	\$ 16,208	\$ 50,840
State sources	6,339,295	(149)	6,339,146
Federal sources	486,268	706,415	1,192,683
<b>Total governmental fund revenues</b>	<b>6,860,195</b>	<b>722,474</b>	<b>7,582,669</b>
<b>Expenditures</b>			
Instructional services	2,523,958	-	2,523,958
Supporting services:			
Pupil support services	233,094	-	233,094
Instructional staff services	777,124	-	777,124
General administration	1,026,064	-	1,026,064
School administration	59,733	-	59,733
Business support services	32,476	-	32,476
Operations and maintenance	390,057	-	390,057
Transportation	151,154	-	151,154
Central services	253,705	-	253,705
Other support services	63,565	-	63,565
Food services	-	490,189	490,189
Community services	90,932	-	90,932
<b>Total governmental fund expenditures</b>	<b>5,601,862</b>	<b>490,189</b>	<b>6,092,051</b>
<b>Excess of Revenues over Expenditures</b>	<b>1,258,333</b>	<b>232,285</b>	<b>1,490,618</b>
<b>Other Financing Sources (Uses)</b>			
Principal payment on long term debt	(235,000)	-	(235,000)
Interest and fees on long term debt	(575,498)	-	(575,498)
<b>Total Other Financing Sources (Uses)</b>	<b>(810,498)</b>	<b>-</b>	<b>(810,498)</b>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses</b>	<b>447,835</b>	<b>232,285</b>	<b>680,120</b>
<b>Fund Balance, July 1, 2019</b>	<b>2,234,554</b>	<b>161,021</b>	<b>2,395,575</b>
<b>Fund Balance, June 30, 2020</b>	<b>\$ 2,682,389</b>	<b>\$ 393,306</b>	<b>\$ 3,075,695</b>

See accompanying notes to the financial statements

**UNIVERSAL LEARNING ACADEMY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**JUNE 30, 2020**

<b>Total Net Change in Fund Balance - Governmental Funds</b>	\$	680,120
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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 fund as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period:

Depreciation Expense	\$ (378,997)	
Capitalized capital outlay	<u>63,857</u>	(315,140)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Bond principal payments	235,000
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Some expenses reported on the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Amortization of deferred refunding cost	(24,028)
---	----------

Interest expense is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid

	<u>(2,668)</u>
--	----------------

<b>Change in Net Position of Governmental Activities</b>	\$	<u><u>573,284</u></u>
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See accompanying notes to the financial statements

**UNIVERSAL LEARNING ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Universal Learning 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**

Universal Learning Academy was formed as a charter 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’s agreement with Bay Mills Community College to charter a public school academy originating in August 2004, was extended, expiring June 30, 2028. 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 Bay Mills Community College Board of Trustees is the fiscal agent for the Academy and is responsible for overseeing the Academy’s compliance with the contract and all applicable laws. The Academy pays Bay Mills Community College Board of Trustees 3% of State Aid as administrative fees. The total administrative fees paid by Universal Learning Academy to the Bay Mills Community College Board of Trustees was approximately \$183,214.

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 the application of the criteria, the entity does not contain component units.

**UNIVERSAL LEARNING ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**B. 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. 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.

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.

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

**Government-Wide Statements**

The government-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.

**UNIVERSAL LEARNING ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

**Government-Wide Statements** *(continued)*

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 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 and claims and judgments, are recorded only when payment is due.

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

**UNIVERSAL LEARNING ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

**Fund-Based Statements** *(continued)*

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with state law.

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

The Academy reports the following major governmental fund:

***General Fund***

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

Additionally, the Academy reports the following nonmajor governmental Special Revenue Fund; the Food Services 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.

**UNIVERSAL LEARNING ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**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.

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

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

**Receivables**

Receivables at June 30, 2020 consist primarily of state school aid due from the State of Michigan and the federal government. All receivables are expected to be fully collected in July and August of 2020 and are considered current for the purposes of these financial statements.

**UNIVERSAL LEARNING ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**D. Assets, Liabilities, and Net Assets or Equity** *(continued)*

**Prepaid Expenses**

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and expenditure is reported in the year in which the services are consumed.

**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 \$1,000 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 extend asset life are not capitalized. The Academy does not have any infrastructure-type assets.

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

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

**MPERS Liability**

The Academy contracted with Hamadeh Educational Services, Inc. to provide all staffing personnel during the year under audit. Consequently, all staffing cost is treated as purchased services in these financial statements.

The Academy has no obligation to fund the Michigan Public School Employees Retirement System for the year ended June 30, 2020.



**UNIVERSAL LEARNING ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**D. Assets, Liabilities, and Net Assets or Equity** *(continued)*

**Deferred Revenue**

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

**Long-Term Obligations**

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

**Fund Equity**

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

- **Nonspendable**- Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted**- Amounts that are legally restricted by outside parties, constitutional provision, or by enabling legislation for use of a specific purpose.
- **Committed**- Amounts that have been formally set aside by the Board of Directors for use and specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Directors.
- **Assigned**- Intent to spend the resources on a specific purpose expressed by the Board of Directors.
- **Unassigned**- Amounts that do not fall into any of the above categories. This is the residual classification for amounts in the General Fund and represents the fund balance that has not been assigned to other funds or has not been restricted, committed or assigned for specific purposes in the General Fund.

**UNIVERSAL LEARNING ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**D. Assets, Liabilities, and Net Assets or Equity** *(continued)*

**Comparative Data**

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

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

**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.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**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 by July 1.
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.

**UNIVERSAL LEARNING ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**  
*(continued)*

**Budgetary Data** *(continued)*

The Academy formally adopted General Fund and Special Revenue Fund (Food Service Fund) budgets by function for the fiscal year ended June 30, 2020. 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 at June 30, 2020. 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.

**Excess of Expenditures Over Appropriations of Budgetary Funds**

The Academy had expenditures in certain functional areas that were insignificantly in excess of amounts appropriated, as described on page 30 of these financial statements. In all cases, adequate fund balance was available to cover these expenditures.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

**UNIVERSAL LEARNING ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 - DEPOSITS AND INVESTMENTS**  
(continued)

**Custodial Credit Risk of Bank Deposits**

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

At year end, the Academy's deposits and investments were reported in the basic financial statements as cash and cash equivalents of \$3,050,264.

The deposits of the Academy were reflected in the accounts of the financial institution at \$3,079,821 of which \$362,002 is covered by federal depository insurance.

**NOTE 4- INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances is as follows:

	<u>Fund Due From</u>			<u>Total</u>
	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Agency Fund</u>	
<u>Fund Due To</u>				
General Fund	\$ -	\$ -	\$ -	\$ -
Food Service Fund	243,019	-	-	243,019
Agency Fund	9,985	-	-	9,985
<b>Total</b>	<b>\$ 253,004</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 253,004</b>

The balance is a result of the lag time between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

**UNIVERSAL LEARNING ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 5 - CAPITAL ASSETS**

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

	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Disposals and Adjustments</b>	<b>Balance June 30, 2020</b>
Capital Assets				
Land	\$ 1,530,649	\$ -	\$ -	\$ 1,530,649
Building construction	9,732,940	-	-	9,732,940
Equipment and furniture	631,605	21,728	-	653,333
Computer equipment	941,056	42,129	-	983,185
School buses	11,525	-	-	11,525
Subtotal	12,847,774	63,857	-	12,911,631
Accumulated depreciation:				
Building construction	2,744,870	350,386	-	3,095,256
Equipment and furniture	541,425	21,811	-	563,236
Computer equipment	924,272	6,800	-	931,072
School buses	11,525	-	-	11,525
Subtotal	4,222,091	378,997	-	4,601,088
Net capital assets being depreciated	<u>\$ 8,625,683</u>	<u>\$ (315,140)</u>	<u>\$ -</u>	<u>\$ 8,310,543</u>

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

**NOTE 6 - RISK MANAGEMENT**

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions and employees injuries (workers compensation), as well as medical benefits provided to employees. The Academy has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage since inception.

**UNIVERSAL LEARNING ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 7 - LONG-TERM DEBT**

On December 5th, 2018, Universal Learning Academy entered into an agreement with Michigan Finance Authority to issue Limited Obligation Revenue Bonds in the amount of \$10,576,800 to finance the acquisition and construction of real estate property located in the City of Westland, Michigan. Below is a schedule summarizing the long term debt activity.

**OUTSTANDING BALANCE AS OF JUNE 30, 2020**

(MFA) LIMITED OBLIGATION REVENUE BONDS	ORIGINAL LOAN	PAYMENTS	BALANCE JUNE 30, 2019	Due Within 1 year
SERIES 2018	\$ 10,015,000	\$ 235,000	\$ 9,780,000	\$245,000
MFA CONTRIBUTION	561,800	-	561,800	
<b>TOTAL</b>	<b>\$ 10,576,800</b>	<b>\$ 235,000</b>	<b>\$ 10,341,800</b>	

Annual debt service requirements to maturity for the above mentioned governmental bond obligations are as follows:

**BOND DEBT SERVICE:**

PAYMENT DATES	PRINCIPAL AMOUNTS	PERIOD	INTEREST AMOUNT	TOTAL DEBT SERVICE
6/30/2021	245,000	2020-2021	548,363	793,363
6/30/2022	260,000	2021-2022	535,738	795,738
6/30/2023	275,000	2022-2023	522,363	797,363
6/30/2024	285,000	2023-2024	508,363	793,363
6/30/2025	305,000	2024-2025	492,850	797,850
6/30/2026	8,410,000	2025-2041	4,567,319	12,977,319
<b>TOTAL</b>	<b>\$ 9,780,000</b>		<b>\$ 7,174,994</b>	<b>\$ 16,954,994</b>

**UNIVERSAL LEARNING ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 8 - ADMINISTRATIVE SERVICES**

The Academy has entered into a management agreement with Hamadeh Educational Services, Inc. (H.E.S.). Under the terms of the management agreement, H.E.S. provides all the required labor, materials, and supervision necessary for the provision of educational services to the students, as well as the management, operation, and maintenance of the Academy. All costs incurred in providing this educational program to the Academy are reimbursed by the Academy to H.E.S. In addition, the Academy pays a 10 percent management fee computed on all state and federal revenue sources.

The total management fees for the year ended June 30, 2020 was \$611,993.

**NOTE 9 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 17, 2020 which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

## **REQUIRED SUPPLEMENTAL INFORMATION**



**UNIVERSAL LEARNING ACADEMY**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances</b>
	<b>Original</b>	<b>Final</b>	<b>(GAAP Basis)</b>	<b>Over/(Under) Final to Actual</b>
<b>Revenues</b>				
Local sources	\$ 26,752	\$ 35,186	\$ 34,632	\$ (554)
State sources	5,641,965	6,429,351	6,339,295	(90,056)
Federal sources	501,731	535,789	486,268	(49,521)
Total Revenues	6,170,448	7,000,326	6,860,195	(140,131)
<b>Expenditures</b>				
Instructional services	2,530,573	2,709,548	2,523,958	(185,590)
Supporting services				
Pupil support services	233,733	262,387	233,094	(29,293)
Instructional staff services	559,576	811,791	777,124	(34,667)
General administration services	992,844	1,077,822	1,026,064	(51,758)
School administration services	73,447	70,988	59,733	(11,255)
Business services	39,934	39,678	32,476	(7,202)
Operations and maintenance	368,315	404,315	390,057	(14,258)
Transportation	114,054	156,482	151,154	(5,328)
Central support services	294,133	237,695	253,705	16,010
Other support services	103,465	134,282	63,565	(70,717)
Facility acquisition & construction	-	3,500	-	(3,500)
Community activities	71,261	101,867	90,932	(10,935)
Total Expenditures	5,381,333	6,010,355	5,601,862	(408,493)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	789,115	989,971	1,258,333	268,362
<b>Other Financing Sources (Uses)</b>				
Principal payment on long term debt	(235,000)	(235,000)	(235,000)	-
Interest and fees on long term debt	(542,688)	(573,051)	(575,498)	(2,447)
Total Other Financing Sources (Uses)	(777,688)	(808,051)	(810,498)	(2,447)
<b>Net Change in Fund Balance</b>	11,427	181,920	447,835	265,915
<b>Fund Balance, July 1, 2019</b>	2,432,024	2,234,554	2,234,554	-
<b>Fund Balance, June 30, 2020</b>	<u>\$2,443,451</u>	<u>\$ 2,416,474</u>	<u>\$ 2,682,389</u>	<u>\$ 265,915</u>

See accompanying notes to the financial statements

## **OTHER SUPPLEMENTAL INFORMATION**

**UNIVERSAL LEARNING ACADEMY  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b><u>Food Services</u></b>
<b>Revenues</b>	
Local sources	\$ 16,208
State sources	(149)
Federal sources	<u>706,415</u>
Total Revenues	722,474
<b>Expenditures</b>	
Food services	<u>490,189</u>
Total Expenditures	490,189
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	232,285
<b>Fund Balance, July 1, 2019</b>	<u>161,021</u>
<b>Fund Balance, June 30, 2020</b>	<u><u>\$ 393,306</u></u>

See accompanying notes to the financial statements

**UNIVERSAL LEARNING ACADEMY**

**SUPPLEMENTAL INFORMATION**

**SINGLE AUDIT REPORT**

**JUNE 30, 2020**

**SECTION A**

**UNIVERSAL LEARNING ACADEMY  
SUPPLEMENTAL INFORMATION  
SINGLE AUDIT REPORT**

**TABLE OF CONTENTS**

	PAGE(S)
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1- 1A
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	2A - 5A
Schedule of Expenditures of Federal Awards	6A - 7A
Notes to Schedule of Expenditures of Federal Awards	8A
Schedule of Findings and Questioned Costs	9A -10A

# Wilkerson & Associate P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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LARRY WILKERSON, C.P.A.  
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  
Universal Learning 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 Universal Learning Academy (the Academy), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Universal Learning Academy's basic financial statements, and have issued our report thereon dated September 17, 2020

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Universal Learning 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 Universal Learning Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Universal Learning 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.

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

To the Board of Directors  
Universal Learning 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 Universal Learning 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.

*Wilkinson & Associates PC*

Dearborn, Michigan  
September 17, 2020

# Wilkerson & Associate P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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LARRY WILKERSON, C.P.A.  
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  
Universal Learning Academy

### **Report on Compliance for each Major Federal program**

We have audited Universal Learning 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 Universal Learning Academy's major federal programs for the year ended June 30, 2020. Universal Learning 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 Universal Learning 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 Universal Learning 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 Universal Learning Academy's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Universal Learning 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, 2020.

**Report on Internal Control Over Compliance**

Management of Universal Learning 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 Universal Learning 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 Universal Learning 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 the governmental activities, each major fund, and the aggregate remaining fund information of Universal Learning Academy (the “Academy”) as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Academy’s basic financial statements, and have issued our report thereon dated September 17, 2020, 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

Universal Learning 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.

*Wilkinson & Associate PC*

Dearborn, Michigan  
September 17, 2020

# UNIVERSAL LEARNING ACADEMY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2020

PROGRAM TITLE/ PROJECT NUMBER/ SUBRECIPIENT NAME	CFDA NUMBER	APPROVED AWARD AMOUNT	(MEMO ONLY) PRIOR YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE JULY 1, 2019	FEDERAL FUNDS/ PAYMENTS IN-KIND RECEIVED	EXPENDITURES	ACCRUED (DEFERRED) REVENUE AT JUNE 30, 2020
<b>Cluster:</b>							
Child Nutrition Cluster:							
U.S. Department of Agriculture - Passed through the Michigan Department of Education: Non-Cash Assistance (Commodities) 2019-20 National School Lunch Program - Regular	10.555	40,467	-	-	40,467	40,467	-
Cash Assistance							
National School Breakfast Program - 2018-19 (Grant No. 191970)	10.553	109,905	92,153	6,328	24,080	17,752	-
National School Breakfast Program - 2019-20 (Grant No. 201970)	10.553	81,578	-	-	81,578	81,578	-
National School Lunch Program - 2018-19 (Grants No. 191960)	10.555	266,312	233,198	12,167	45,281	33,114	-
National School Lunch Program - 2019-20 (Grants No. 201960)	10.555	187,278	-	-	187,278	187,278	-
National School Lunch Program - 2019-20 (Grants No. 201980)	10.555	4,903	-	-	4,903	4,903	-
Unanticipated School Closure - 2019-20 (Grants No. 200902)	10.555	341,323	-	-	180,348	341,323	160,975
<b>Total Cash Assistance</b>		991,299	325,351	18,495	523,468	665,948	160,975
<b>Total Child Nutrition Cluster</b>		1,031,766	325,351	18,495	563,935	706,415	160,975
Special Education Cluster - U.S. Department of Education - Passed through the Wayne County RESA - IDEA							
IDEA - Regular Flow through 2018-19 (Grant No. 190450)	84.027	74,777	74,777	14,684	14,684	-	-
IDEA - Regular Flow through 2019-20 (Grant No. 200450)	84.027	96,028	-	-	78,394	96,028	17,634
<b>Total Special Education Cluster</b>		170,805	74,777	14,684	93,078	96,028	17,634
<b>Other Federal Awards:</b>							
U.S. Department of Education - Passed through the Michigan Department of Education - Title I, Part A:							
Improving Basic Program - 2018-19 Regular (Grant No. 191530)	84.010	333,805	236,807	42,556	107,748	65,192	-
Improving Basic Program - 2019-20 Regular (Grant No. 201530)	84.010	340,804	-	-	252,525	269,936	17,411
<b>Total Title I</b>		674,609	236,807	42,556	360,273	335,128	17,411

# UNIVERSAL LEARNING ACADEMY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2020

PROGRAM TITLE/ PROJECT NUMBER/ SUBRECIPIENT NAME	CFDA NUMBER	APPROVED AWARD AMOUNT	(MEMO ONLY) PRIOR YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE JULY 1, 2019	FEDERAL FUNDS/ PAYMENTS IN-KIND RECEIVED	EXPENDITURES	ACCRUED (DEFERRED) REVENUE AT JUNE 30, 2020
<b>Other Federal Awards (con't):</b>							
U.S. Department of Education:							
Passed through the Michigan Department of Education:							
Title II, Part A:							
Teacher/Principal Training - 2018-19 (Grant No. 190520)	84.367	53,489	3,342	-	140	140	-
Teacher/Principal Training - 2019-20 (Grant No. 200520)	84.367	86,417	-	-	21,545	31,945	10,400
<b>Total Title II</b>		139,906	3,342	-	21,685	32,085	10,400
U.S. Department of Education:							
Passed through the Michigan Department of Education:							
Title III, Part A:							
Language Instruction Immigrant Students- 2018-19 (Grant No. 190570)	84.365A	16,489	2,045	2,045	11,626	9,581	-
<b>Total Title III</b>		16,489	2,045	2,045	11,626	9,581	-
U.S. Department of Education:							
Passed through the Michigan Department of Education:							
Title IV, Part A:							
Student Support & Academic Enrichment - 2018-19 (Grant No. 190750)	84.424	23,171	10,609	1,566	2,869	1,303	-
Student Support & Academic Enrichment - 2019-20 (Grant No. 200750)	84.424	33,814	-	-	10,471	12,142	1,671
<b>Total Title IV</b>		56,985	10,609	1,566	13,340	13,445	1,671
Total noncluster programs passed through the Michigan Department of Education		887,989	252,803	46,167	406,924	390,240	29,482
<b>TOTAL FEDERAL AWARDS</b>		<b>\$ 2,090,560</b>	<b>\$ 652,931</b>	<b>\$ 79,345</b>	<b>\$ 1,063,937</b>	<b>\$ 1,192,683</b>	<b>\$ 208,091</b>

**UNIVERSAL LEARNING ACADEMY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Universal Learning Academy under programs of the federal government for the year ended June 30, 2020. The information in this Schedule 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 Schedule presents only a selected portion of the operations of Universal Learning Academy, it is not intended to, and does not, present the financial position, changes in net position, or cash flows, if applicable, of Universal Learning Academy. Pass-through entity identify numbers are presented where available.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 - INDIRECT COST RATE**

Universal Learning Academy has elected to use the 10 percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

**NOTE 4 – RECONCILIATION FUNDS STATEMENT – FEDERAL SOURCES**

General Fund	\$ 486,268
Food Service Fund	<u>706,415</u>
Total Revenue per Schedule of	
Expenditures of Federal Awards	<u><u>\$ 1,192,683</u></u>

**NOTE 5 - GRANT SECTION AUDITOR REPORT**

Management has utilized the Cash Management System (CMS) Grant Auditor Report and the related Disbursement and Payment Ledger reports, in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

**UNIVERSAL LEARNING ACADEMY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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
84.027 & 10.553, 10.555	IDEA FLOW THROUGH & NSLP

**UNIVERSAL LEARNING ACADEMY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Auditee qualified as low-risk auditee?   X   Yes        No

## Section 2 - Financial Statement Audit Findings

None

### Section 3 - Federal Program Audit Findings

None