

Audited Financial Statements

American International Academy

Westland, Michigan

June 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of American International Academy

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of American International Academy, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise American International Academy's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 American International Academy, as of June 30, 2024, and the respective changes in financial position 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American International 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 American International 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.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 American International 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 American International 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 as detailed in the Table of Contents 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 GAAS, 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 American International Academy's basic financial statements. The accompanying additional supplementary information, as identified in the Table of Contents, including the 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* are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the additional supplementary information, including the schedule of expenditures of federal awards are 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 31, 2024, on our consideration of American International 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 American International 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 American International Academy's internal control over financial reporting and compliance.



Croskey Lanni, PC

Rochester, MI
October 31, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of American International Academy’s annual financial report presents our discussion and analysis of the public school Academy’s financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the Academy’s financial statements, which immediately follow this section.

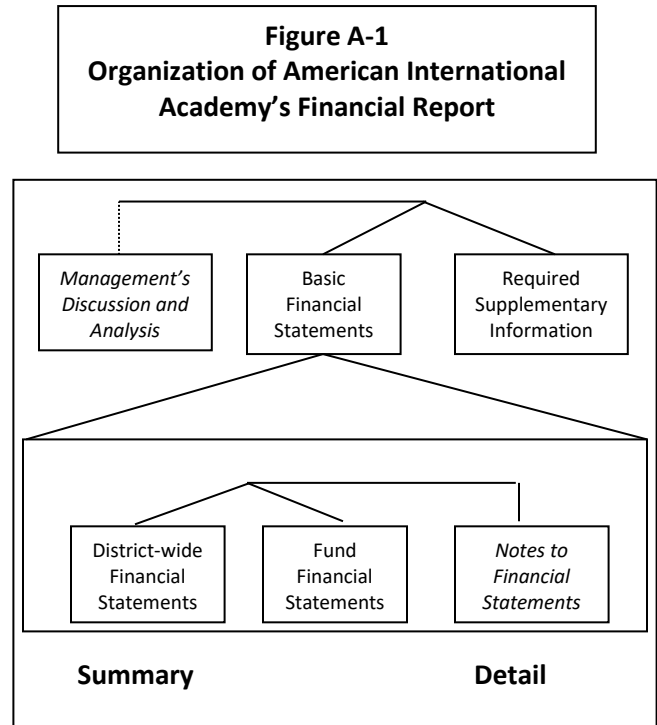
Financial Highlights

- The Academy had an increase in the general fund balance of \$984,432. This gives the Academy a general fund balance of \$1,648,015.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Academy:

- The first two statements are academy-wide *financial statements* that provide both short-term and long-term information about the Academy’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Academy, reporting the Academy’s operations in more detail than the academy-wide statements.
- The *governmental funds* statements tell how basic services like regular and special education were financed in the short-term as well as what remains for future spending.



The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Academy’s budget for the year. Figure A-1 shows how the various parts of the annual report are arranged and related to one another.

Figure A-2 summarized the major features of the Academy’s financial statements, including the portion of the Academy’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the Academy-Wide and Fund Financial Statements

	Academy-wide statements	Governmental funds
Scope	Entire academy (except fiduciary funds)	All activities of the academy that are not fiduciary
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

Academy-Wide Statements

The Academy-wide statements report information about the Academy as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Academy's assets, deferred outflows, liabilities, and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Academy-wide statements report the Academy's net position and how they have changed. Net position – the difference between the Academy's assets, deferred outflows, liabilities and deferred inflows, are one way to measure the Academy's financial health or position.

- Over time, increases or decreases in the Academy's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Academy, you need to consider additional non-financial factors such as changes in the Academy's enrollment, the condition of school buildings and other facilities, and the Academy's ability to be competitive with other public school academies and area school districts.

Governmental activities – The Academy's basic services are included here, such as regular and special education and administration. State foundation aid finances most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Academy's funds, focusing on its more significant or "major" funds – not the Academy as a whole. Funds are accounting devices the Academy uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.
- The Academy establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or show that it is properly using certain revenues (like school lunch).

The Academy has only governmental funds - Most of the Academy's basic services are included in governmental funds which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy's programs. Because this information does not encompass the additional long-term focus of the Academy-wide statements, we provide additional information with the governmental funds statement that explains the relationship (or differences) between them.

Financial Analysis of the Academy as a Whole

Net position - the Academy's combined net position of \$4,600,223 increased by \$1,085,140 during the year. The increase is related to the 2023-24 financial performance in the General Fund. See Figures A-3 and A-4.

The total governmental fund revenues increased 31% to \$12,000,101. State aid foundation allowance included in revenue from state sources accounts for approximately 46.7% of the Academy's revenue. The blended enrollment increased approximately 22 students in the current year to 582.62 students; when combined with a 5.0% increase in budgeted state foundation allowance payments of \$9,608, resulted in an increase in budgeted state foundation allowance payments of \$476,398.

The total cost of instruction increased approximately 18.8% to \$4,677,256, fueled by a 49.6% increase in expenditures for added needs. Support services (including community services and food services) increased approximately 24% to \$5,901,042. The increase in support services is primarily related to increases of 23% in pupil support services, 79.9% in instructional staff support services, 18.7% in operations and maintenance, 26.4% in pupil transportation, and 145% in community services, most of which increases were related to operating grants. Other major increases not related to operating grants were 23.7% in central support services and 42.8% in athletics

Figure A-3
American International Academy's Net Position

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 3,150,853	\$ 2,244,345
Capital assets	<u>3,001,540</u>	<u>3,177,602</u>
Total assets	<u>6,152,393</u>	<u>5,421,947</u>
Long-term debt outstanding	-	80,277
Other liabilities	<u>1,552,170</u>	<u>1,826,587</u>
Total liabilities	1,552,170	1,906,864
Net position:		
Net investment in capital assets	2,921,263	2,850,467
Unrestricted	<u>1,678,960</u>	<u>664,616</u>
Total net position	<u><u>\$ 4,600,223</u></u>	<u><u>\$ 3,515,083</u></u>

Academy Governmental Activities

Figure A-4
Changes in American International Academy's Net Position

	<u>2024</u>	<u>2023</u>
Revenues:		
Program revenues:		
Charges for services	\$ 14	\$ -
Federal and state operating grants	6,066,218	3,788,267
General revenues:		
State aid - unrestricted	5,888,327	5,187,104
Miscellaneous	<u>75,455</u>	<u>163,690</u>
Total revenues	<u>12,030,014</u>	<u>9,139,061</u>
Expenses:		
Instruction	4,677,256	3,935,943
Support and community services	5,901,042	4,757,288
Interest on long-term debt	14,775	30,473
Unallocated depreciation / amortization	<u>351,801</u>	<u>342,819</u>
Total expenses	<u>10,944,874</u>	<u>9,066,523</u>
Change in net position	<u><u>\$ 1,085,140</u></u>	<u><u>\$ 72,538</u></u>

Financial Analysis of The Academy's Funds

The general fund balance at June 30, 2024 is \$1,648,015 or 18.2% of expenditures. General fund revenue increased 31.9% primarily due to a 114% mostly one-time increase in federal operating grants. Expenditures increased 21.4% most of which was related to operating grants.

Expenditures exceeded revenues in the Special Revenue fund by approximately \$48,873 for the year ended June 30, 2024. The special revenue fund received transfers from the General Fund during the year totaling \$48,873.

General Fund Budgetary Highlights

The Academy revised its budget over the course of the year as the result of changes in enrollment and operating grants.

Actual revenues and expenditures were both within approximately 0.4% of the final budgeted amounts.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2024, the Academy had invested \$3,001,540 in capital assets net of accumulated depreciation/amortization as summarized in Figure A-5, a 5.5% decrease from 2022-23. Total depreciation expense for the year was \$351,801. More detailed information about capital assets can be found in Note 5 to the financial statements.

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

Figure A-5
American International Academy's Capital Assets

	<u>2024</u>	<u>2023</u>
Land	\$ 400,000	\$ 400,000
Building and improvements	3,490,267	3,319,856
Furniture and equipment	<u>834,512</u>	<u>829,184</u>
Subtotal	4,724,779	4,549,040
Accumulated depreciation / amortization	<u>1,723,239</u>	<u>1,371,438</u>
Net book value of capital assets	<u><u>\$ 3,001,540</u></u>	<u><u>\$ 3,177,602</u></u>

Debt Administration

Information related to the Academy's debt can be found in Note 8 of the financial statements.

Factors Bearing on the Academy's Future

The Academy continues to place emphasis upon enrollment stability to maintain its operating margin, which is essential to offering improved program quality for students.

Contacting the Academy's Financial Management

This financial report is designed to provide our students, parents and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional information, contact the Academy at 300 S. Henry Ruff Rd., Westland, MI 48186 or call (734) 713-5525.

AMERICAN INTERNATIONAL ACADEMY

STATEMENT OF NET POSITION JUNE 30, 2024

ASSETS

Current Assets

Cash and cash equivalents	\$	266,006
Accounts receivable		6,917
Deposits		11,584
Due from other governmental units		2,830,425
Prepaid expenses		35,921
		<hr/>
Total current assets		3,150,853

Capital Assets - Net of Accumulated Depreciation / Amortization

3,001,540

Total assets	\$	6,152,393
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LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$	151,914
Notes payable		204,834
Unearned revenue		465,540
Other accrued liabilities		649,605
Long-term debt - current portion		80,277
		<hr/>
Total current liabilities		1,552,170

Net Position

Net investment in capital assets		2,921,263
Unrestricted		1,678,960
		<hr/>
Total net position		4,600,223
		<hr/>
Total liabilities and net position	\$	6,152,393

See accompanying notes to financial statements

AMERICAN INTERNATIONAL ACADEMY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

		Program Revenues		Net (Expense)
		Charges for	Operating	Revenues and
	Expenses	Services	Grants	Changes in
Functions				Net Position
Instruction				Government
Basic programs	\$ 3,302,659	\$ -	\$ 2,253,789	Type
Added needs	1,374,597	-	1,371,757	Activities
Support services				
Pupil support services	798,644	-	694,952	(103,692)
Instructional staff support services	765,564	-	357,584	(407,980)
General administration	577,736	-	250,828	(326,908)
School administration	423,950	-	217,058	(206,892)
Business support services	215,520	-	41,805	(173,715)
Operations and maintenance	1,051,488	-	144,580	(906,908)
Pupil transportation services	618,856	-	68,677	(550,179)
Central support services	544,912	-	1,800	(543,112)
Athletic activities	128,642	-	-	(128,642)
Food services	633,709	14	590,150	(43,545)
Community services	142,021	-	73,238	(68,783)
Unallocated depreciation / amortization	351,801	-	-	(351,801)
Unallocated interest	14,775	-	-	(14,775)
Total primary government	<u>\$ 10,944,874</u>	<u>\$ 14</u>	<u>\$ 6,066,218</u>	<u>(4,878,642)</u>
General Purpose Revenues				
State school aid - unrestricted				5,888,327
Miscellaneous revenues				<u>75,455</u>
Total general purpose revenues				<u>5,963,782</u>
Change in net position				1,085,140
Net position - July 1, 2023				<u>3,515,083</u>
Net position - June 30, 2024				<u>\$ 4,600,223</u>

See accompanying notes to financial statements

AMERICAN INTERNATIONAL ACADEMY

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2024

ASSETS

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Cash and cash equivalents	\$ 266,006	\$ -	\$ 266,006
Accounts receivable	6,917	-	6,917
Deposits	11,584	-	11,584
Due from other governmental units	2,789,555	40,870	2,830,425
Due from other funds	14,301	-	14,301
Prepaid expenses	35,024	897	35,921
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 3,123,387</u>	<u>\$ 41,767</u>	<u>\$ 3,165,154</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 130,244	\$ 21,670	\$ 151,914
Notes payable	204,834	-	204,834
Due to other funds	-	14,301	14,301
Unearned revenue	465,540	-	465,540
Other accrued liabilities	643,809	5,796	649,605
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	1,444,427	41,767	1,486,194

Deferred Inflows of Resources -

Unavailable Revenue	30,945	30,945
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Fund Balance

Nonspendable	46,608	897	47,505
Restricted	-	(897)	(897)
Unassigned	1,601,407	-	1,601,407
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	1,648,015	-	1,648,015

Total liabilities and fund balance	<u>\$ 3,123,387</u>	<u>\$ 41,767</u>	<u>\$ 3,165,154</u>
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See accompanying notes to financial statements

AMERICAN INTERNATIONAL ACADEMY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2024

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

Total Governmental Fund Balances	\$ 1,648,015
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$4,724,779 and the accumulated depreciation / amortization is \$1,723,239.	3,001,540
Deferred inflows of resources (unavailable revenue) not available to benefit the current period and are not reported in the statement of net position.	30,945
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(80,277)</u>
Net Position of Governmental Activities	<u><u>\$ 4,600,223</u></u>

See accompanying notes to financial statements

AMERICAN INTERNATIONAL ACADEMY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2024

	General	Non-Major Special Revenue - Food Service	Total
Revenues			
Local sources	\$ 75,455	\$ 14	\$ 75,469
State sources	7,536,664	20,285	7,556,949
Federal sources	3,553,106	569,865	4,122,971
Interdistrict sources	<u>244,712</u>	<u>-</u>	<u>244,712</u>
Total governmental fund revenues	11,409,937	590,164	12,000,101
Expenditures			
Instruction			
Basic programs	3,302,659	-	3,302,659
Added needs	1,374,597	-	1,374,597
Support services			
Pupil support services	798,644	-	798,644
Instructional staff support services	765,564	-	765,564
General administration	577,736	-	577,736
School administration	423,950	-	423,950
Business support services	215,520	-	215,520
Operations and maintenance	1,051,488	-	1,051,488
Pupil transportation services	618,856	-	618,856
Central support services	544,912	-	544,912
Athletic activities	128,642	-	128,642
Food services	-	633,709	633,709
Community services	142,021	-	142,021
Capital outlay	170,411	5,328	175,739
Debt principal and interest	<u>261,632</u>	<u>-</u>	<u>261,632</u>
Total governmental fund expenditures	<u>10,376,632</u>	<u>639,037</u>	<u>11,015,669</u>
Excess (deficiency) of revenues over expenditures	1,033,305	(48,873)	984,432
Other Financing Sources (Uses)			
Operating transfers in	-	48,873	48,873
Operating transfers out	<u>(48,873)</u>	<u>-</u>	<u>(48,873)</u>
Total other financing sources (uses)	<u>(48,873)</u>	<u>48,873</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	984,432	-	984,432
Fund balance - July 1, 2023	<u>663,583</u>	<u>-</u>	<u>663,583</u>
Fund balance - June 30, 2024	<u><u>\$ 1,648,015</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,648,015</u></u>

See accompanying notes to financial statements

AMERICAN INTERNATIONAL ACADEMY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

Net Change in Fund Balances - Total Governmental Funds	\$	984,432
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period:

Capital outlay	\$	175,739	
Depreciation and amortization expense		<u>(351,801)</u>	(176,062)

Revenue is reported in the statement of activities when earned, but not reported in the funds until collected or collectible within 60 days of year end.	29,912
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The governmental funds report loan proceeds as an other financing source, while repayment of loan principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general loan obligations is as follows:

Repayment of loan principal	<u>246,858</u>
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Change in Net Position of Governmental Activities	\$	<u>1,085,140</u>
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AMERICAN INTERNATIONAL ACADEMY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of American International Academy (the “Academy”) conform to generally accepted accounting principles applicable to public school academies. The following is a summary of the significant accounting policies:

Reporting Entity

American International Academy was formed as a public school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994. The Academy filed articles of incorporation as a nonprofit corporation pursuant to the provisions of the Michigan Nonprofit Corporation Act of 1982, as amended, on June 23, 2011, and began operation in July 2011.

In July 2021, the Academy extended a contract with Lake Superior State University’s Board of Trustees through June 30, 2023 to charter a public school academy. The contract was extended through June 30, 2028 in February 2023. 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 University’s 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 Lake Superior State University’s Board of Trustees three percent of state aid as administrative fees. Total administrative fees paid for the year ended June 30, 2024 were approximately \$211,600.

In July 2021 the Academy entered into an agreement with Midwest School Services, Inc. to provide a variety of services including human resources, employee benefits, and payroll services. Additionally, the Academy leases all of its employees from Midwest School Services, Inc. The Academy is obligated to pay Midwest School Services, Inc. fees 4% of gross wages, depending on the class of employee. The total paid for the year ended June 30, 2024 was approximately \$202,990.

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 or financial relationships with the public school academy. Based on application of criteria, the Academy does not contain component units.

Fund Financial Statements

Fund financial statements report detailed information about the Academy. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Governmental Funds

A governmental fund is a fund through which most Academy functions typically are financed. The acquisition use and balances of the Academy’s expendable financial resources and the related current liabilities are accounted for through a governmental fund.

AMERICAN INTERNATIONAL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

General Fund - The general fund is used to record the general operations 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.

Special Revenue Fund (Food Services) - The special revenue fund is used to account for the food service program operations. The special revenue fund is a subsidiary operation and is an obligation of the general fund. Therefore, any shortfall in the special revenue fund will be covered by an operating transfer from the general fund.

Debt Service Fund - The debt service fund, which the Academy does not currently maintain, is used to record certain revenue and the payment of interest, principal and other expenditures on long-term debt.

Governmental funds utilize the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

- a. Revenue that is both measurable and available for use to finance operations is recorded as revenue when earned. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within sixty days of the end of the current fiscal period.
- b. Payments for inventorable types of supplies, which are not significant at year end, are recorded as expenditures at the time of purchase.
- c. Principal and interest of general long-term debt are not recorded as expenditures until their due dates.
- d. The State of Michigan utilizes a foundation allowance funding approach, which provides for 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. Revenue from state sources is 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. A major portion of the Academy's revenue is derived from this state aid. As such, the Academy is considered to be economically dependent on this aid. The Academy's existence is dependent upon qualification for such aid.

Government-Wide 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 non-fiduciary activities of the primary government. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationships between the government-wide statements and the statements for governmental funds.

AMERICAN INTERNATIONAL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES— Continued

The government-wide Statement of Activities presents a comparison between expenses and program revenues of the Academy and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. The Academy does not allocate indirect expenses to programs. In creating the government-wide financial statements the Academy has eliminated inter-fund transactions. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or function is self-financing or draws from the general revenues of the Academy. When both restricted and unrestricted resources are available for use, it is the Academy's policy to use restricted resources first.

Net position should be reported as restricted when constraints placed on net position's use is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Academy first utilizes restricted resources to finance qualifying activities.

Cash and Cash Equivalents

The Academy's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition. The Academy reports its investments in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and GASB No. 40, Deposit and Investment Risk Disclosures. Under these standards, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Academy intends to hold the investment until maturity. The Academy held investments that invest solely in U.S. Treasury obligations. The funds are held in trust for debt service and capital projects. State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, saving accounts, deposit accounts, and or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Corporation or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Academy is also authorized to invest in U.S. Government or Federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Receivables

Accounts receivables and due from other governmental units at June 30, 2024 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 2024 and are considered current for the purposes of these financial statements.

AMERICAN INTERNATIONAL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2024, 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 an expenditure is reported in the year in which services are consumed.

Capital Assets and Depreciation

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions or retirements during the year. The Academy follows the policy of capitalizing individual assets with a useful life of more than one year. The Academy does not possess any infrastructure assets.

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Right to use assets of the Academy are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. Depreciation and amortization are computed using the straight-line method over the following useful lives:

Building and improvements	10 – 50 years
Furniture and equipment	5 – 15 years
Computers and software	3 – 10 years

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portions of leases that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Net Position

Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is displayed in the following three components: Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws of regulations of other governments.

AMERICAN INTERNATIONAL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation/amortization and reduced by any outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on the use of net position by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of Net investment in capital assets or Restricted.

Fund Equity

The Academy has adopted GASB 54 as part of its fiscal year reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Academy's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. This category typically includes prepaid items and inventories.

In addition to nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- a. *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- b. *Committed fund balance* – amounts constrained to specific purposes by the Board; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.
- c. *Assigned fund balance* – amounts the Board intends to use for a specific purpose; intent can be expressed by the Board or by an official or committee to which the Board delegates the authority.
- d. *Unassigned fund balance* – amounts that are available for any purpose; these amounts are reported only in the general fund.

The Academy follows the policy that restricted, committed, or assigned amounts will be considered to have been spent when an expenditure is incurred for purposes for which both unassigned and restricted, committed, or assigned fund balances are available. There are no governmental funds with a deficit.

AMERICAN INTERNATIONAL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Leases

Leases and Subscription Based IT Arrangements (SBITA)

At the commencement of a lease/subscription, the Academy initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/SBITA term. Subsequently, the lease/SBITA liability is reduced by the principal portion of lease/SBITA payments made. The lease/SBITA asset is initially measured as the initial amount of the lease/SBITA liability, adjusted for lease/SBITA payments made at or before the lease/SBITA commencement date, plus certain initial direct costs. Subsequently, the lease/SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases included how the Academy determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value, (2) lease/SBITA term, and (3) lease/SBITA payments.

- The Academy uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Academy generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITA.
- The lease/SBITA term includes the noncancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the Academy is reasonably certain to exercise.

The Academy monitors changes in circumstances that would require a remeasurement of its lease/SBITA and will remeasure the lease/SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liability.

Lease/SBITA assets are reported with other capital assets and lease/SBITA liabilities are reported with long-term obligations on the statement of net position.

Estimates

The preparation of 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.

AMERICAN INTERNATIONAL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Upcoming Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This Statement establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;

AMERICAN INTERNATIONAL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a consistent basis with accounting principles generally accepted in the United States of America and state law for the general fund. All annual appropriations lapse at fiscal year end and encumbrances are not formally recorded.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. The Academy is required by law to adopt a general fund budget. During the year ended June 30, 2024 the budget was amended in a legally permissible manner. A comparison of amounts appropriated against actual results can be found on page 21 of these financial statements.

NOTE 3 - DEPOSITS AND INVESTMENTS

Interest Rate Risk

In accordance with its investment policy, the Academy will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Academy's cash requirements.

AMERICAN INTERNATIONAL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2024, the Academy did not hold any investments.

Concentration of Credit Risk

The Academy will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2024, none of the Academy's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of June 30, 2024.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Academy will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Academy will do business.

Foreign Currency Risk

The Academy is not authorized to invest in investments which have this type of risk.

Fair Value

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Academy has the ability to access.

AMERICAN INTERNATIONAL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

- b. Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- c. Level 3 are unobservable inputs for the asset or liability and rely on management’s own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The observable inputs should be developed based on the best information available in the circumstances and may include the Academy’s own data.)

The Academy does not have any investments that are subject to the fair value measurement.

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

Local sources	\$ 9,381
State sources	1,240,636
Federal sources	<u>1,580,408</u>
Total	<u>\$ 2,830,425</u>

AMERICAN INTERNATIONAL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Capital assets not subject to depreciation				
Land	\$ 400,000	\$ -	\$ -	\$ 400,000
Capital assets subject to depreciation				
Building	1,387,876	-	-	1,387,876
Equipment	823,594	5,328	-	828,922
Leasehold improvements	1,931,980	170,411	-	2,102,391
Other	5,590	-	-	5,590
Total asset cost basis	4,549,040	175,739	-	4,724,779
Accumulated depreciation / amortization				
Building	252,729	34,697	-	287,426
Equipment	476,044	88,976	-	565,020
Leasehold improvements	642,292	227,010	-	869,302
Other	373	1,118	-	1,491
Sub-total	1,371,438	351,801	-	1,723,239
Total net capital assets	<u>\$ 3,177,602</u>	<u>\$ (176,062)</u>	<u>\$ -</u>	<u>\$ 3,001,540</u>

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

AMERICAN INTERNATIONAL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 6 – NOTES PAYABLE

Notes payable as of June 30, 2024 can be summarized as follows:

Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
SAAN 22/23	5.40%	August, 2023	Paid in full
SAAN 23/24	6.25%	August, 2024	To provide Academy with funds to finance school operations, secured by future state aid payments.

Loan Activity

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2024</u>
SAAN 22/23	\$ 241,401	\$ -	\$ 241,401	\$ -
SAAN 23/24	-	1,097,000	892,166	204,834
Total	<u>\$ 241,401</u>	<u>\$ 1,097,000</u>	<u>\$ 1,133,567</u>	<u>\$ 204,834</u>

NOTE 7 – OTHER ACCRUED LIABILITIES

Other accrued liabilities may be summarized as follows:

Purchased services - payroll and benefits	\$ 612,932
University oversight fee	<u>36,673</u>
Total other accrued liabilities	<u>\$ 649,605</u>

AMERICAN INTERNATIONAL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 8 - LONG-TERM OBLIGATIONS PAYABLE

The following is a summary of long-term obligations for the Academy during the year ended June 30, 2024:

Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
Note Payable 1	0%	July, 2019	Academy entered into settlement agreement April, 2015. Settlement called for reduction in amount owed to \$350,000 with \$60,000 due and paid upon execution. Remaining balance paid via state aid intercept at \$7,250 monthly.
Note Payable 1	6.37%	November, 2024	Note payable for equipment payable at \$16,299 including interest monthly
Note Payable 2	5.82%	September, 2023	Note payable for parking lot payable at \$16,510 including interest quarterly

Loan Activity

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Note Payable 1	\$ 248,069	\$ -	\$ 184,067	\$ 64,002	\$ 64,002
Note Payable 2	79,066	-	62,791	16,275	16,275
Total	<u>\$ 327,135</u>	<u>\$ -</u>	<u>\$ 246,858</u>	<u>\$ 80,277</u>	<u>\$ 80,277</u>

Following are maturities of long-term obligations for principal and interest for the next two years and in total:

	<u>Principal</u>	<u>Interest</u>
2025	\$ 80,277	\$ 1,519

AMERICAN INTERNATIONAL ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 9 – INTERFUND TRANSFERS

During the normal course of the school year the Academy transferred amounts between its funds as follows:

	<u>General</u>	<u>Special Revenue - Food Services</u>
Transfer In	\$ -	\$ 48,873
Transfer Out	48,873	-

The transfers from the general fund were to subsidize expenditures in the food service fund for the year ended June 30, 2023.

NOTE 10 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (worker’s compensation), as well as medical benefits provided to employees. The Academy has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

SUPPLEMENTARY INFORMATION

AMERICAN INTERNATIONAL ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local sources	\$ 51,658	\$ 75,661	\$ 75,455	\$ (206)
State sources	7,235,038	7,541,205	7,536,664	(4,541)
Federal sources	3,362,380	3,605,407	3,553,106	(52,301)
Interdistrict sources	450,000	235,332	244,712	9,380
Total general fund revenues	11,099,076	11,457,605	11,409,937	(47,668)
Expenditures				
Instruction				
Basic programs	2,909,805	3,338,207	3,302,659	(35,548)
Added needs	1,140,038	1,373,374	1,374,597	1,223
Support services				
Pupil support services	820,581	818,935	798,644	(20,291)
Instructional staff support services	663,698	702,380	765,564	63,184
General administration	565,389	587,030	577,736	(9,294)
School administration	541,538	438,239	423,950	(14,289)
Business support services	198,538	255,052	215,520	(39,532)
Operations and maintenance	1,566,140	1,169,664	1,051,488	(118,176)
Pupil transportation services	846,718	627,269	618,856	(8,413)
Central support services	438,042	546,709	544,912	(1,797)
Athletic activities	105,611	124,792	128,642	3,850
Community services	104,683	143,331	142,021	(1,310)
Capital outlay	-	-	170,411	170,411
Debt principal and interest	332,139	296,632	261,632	(35,000)
Total general fund expenditures	10,232,920	10,421,614	10,376,632	(44,982)
Excess (deficiency) of revenues over expenditures	866,156	1,035,991	1,033,305	(2,686)
Other Financing Sources Uses				
Operating transfers out	(265,000)	-	(48,873)	(48,873)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	601,156	1,035,991	984,432	(51,559)
Fund balance - July 1, 2023	663,583	663,583	663,583	-
Fund balance - June 30, 2024	<u>\$ 1,264,739</u>	<u>\$ 1,699,574</u>	<u>\$ 1,648,015</u>	<u>\$ (51,559)</u>

AMERICAN INTERNATIONAL ACADEMY

SCHEDULE OF REVENUES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024

Local Sources

Other local revenues	\$ 75,455
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State Sources

At risk	785,217
Great start readiness program	667,954
Special education	195,166
State aid	<u>5,888,327</u>

Total state sources	7,536,664
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Federal Sources

IDEA	182,981
Title I	805,316
Title II A	37,110
Other program revenue	<u>2,527,699</u>

Total federal sources	3,553,106
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Interdistrict Sources

<u>244,712</u>

Total general fund revenues	<u><u>\$ 11,409,937</u></u>
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AMERICAN INTERNATIONAL ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024

Basic Programs

Purchased services	\$ 2,939,736
Repairs and maintenance	20,769
Rentals	8,833
Other purchased services	3,279
Supplies and materials	315,671
Other expenditures	14,371
	<hr/>
Total basic programs	3,302,659

Added Needs

Purchased services	1,232,476
Other purchased services	3,593
Supplies and materials	138,528
	<hr/>
Total added needs	1,374,597

Pupil Support Services

Guidance services	299,649
Health services	162,798
Psychological services	28,020
Speech pathology and audiology	74,698
Social work services	233,163
Other pupil services	316
	<hr/>
Total pupil support services	798,644

Instructional Staff Support Services

Purchased services	616,565
Other purchased services	10,356
Supplies and materials	138,643
	<hr/>
Total instructional staff support services	765,564

General Administration

Purchased services	499,274
Rentals	900
Supplies and materials	68
Other expenditures	77,494
	<hr/>
Total general administration	577,736

AMERICAN INTERNATIONAL ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND - Continued FOR THE YEAR ENDED JUNE 30, 2024

School Administration

Purchased services	390,109
Rentals	10,326
Supplies and materials	23,515
	<hr/>
Total school administration	423,950

Business Support Services

Purchased services	113,800
Rentals	41,805
Other purchased services	3,302
Supplies and materials	1,827
Other expenditures	54,786
	<hr/>
Total business support services	215,520

Operations and Maintenance

Purchased services	441,136
Repairs and maintenance	216,589
Rentals	3,605
Other purchased services	2,137
Supplies and materials	380,477
Non-depreciable capital assets	5,343
Other expenditures	2,201
	<hr/>
Total operations and maintenance	1,051,488

Pupil Transportation Services

Purchased services	402,974
Repairs and maintenance	23,061
Rentals	133,158
Supplies and materials	58,482
Other expenditures	1,181
	<hr/>
Total pupil transportation services	618,856

AMERICAN INTERNATIONAL ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND - Continued FOR THE YEAR ENDED JUNE 30, 2024

Central Support Services

Purchased services	506,543
Repairs and maintenance	258
Rentals	3,009
Supplies and materials	29,016
Other expenditures	6,086

Total central support services 544,912

Athletic Activities

Purchased services	87,651
Repairs and maintenance	356
Rentals	6,520
Supplies and materials	28,870
Other expenditures	5,245

Total athletic activities 128,642

Community Services

Purchased services	137,488
Repairs and maintenance	600
Other purchased services	2,019
Supplies and materials	1,914

Total community services 142,021

Capital Outlay 170,411

Debt Principal and Interest 261,632

Total general fund expenditures \$ 10,376,632

APPENDIX

Federal Awards Report



**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***

**To the Board of Directors
of American International 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of American International Academy, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise American International Academy's basic financial statements, and have issued our report thereon dated October 31, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered American International 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 American International Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of American International 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether American International 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 financial statements. 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 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.



Croskey Lanni, PC

Rochester, MI
October 31, 2024



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

**To the Board of Directors
of American International Academy**

**Report on Compliance for Each Major Federal Program
*Opinion on Each Major Federal Program***

We have audited American International Academy's 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 American International Academy's major federal programs for the year ended June 30, 2024. American International Academy's major federal programs are identified in the summary of Auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, American International 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of American International 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 American International 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 American International Academy's federal programs.

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Auditors' 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 American International 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 GAAS, *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, forgery, intentional omissions, misrepresentations, 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 American International Academy's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 American International 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 American International 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 American International 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 Auditors' 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.

A handwritten signature in blue ink, appearing to read "Croskey Lanni, PC".

Croskey Lanni, PC

Rochester, MI
October 31, 2024

AMERICAN INTERNATIONAL ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2024

Program Title/Project Number Subrecipient Name	Grant/ Project Number	Federal ALN	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2023	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2024	Current Year Cash Transferred To Subrecipient
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture - Passed Through the Michigan Department of Education:										
National School Lunch Program:										
Noncash Assistance -										
National School Lunch Program Commodities 2023-2024	N/A	10.555	\$ 24,651	\$ -	\$ -	\$ -	\$ 24,651	\$ 24,651	\$ -	\$ -
Cash Assistance -										
National School Lunch Program 2023-2024	231960/ 241960	10.555	530,106	243,985	14,095	-	287,601	286,121	12,615	-
COVID-19 - Supply Chain Assistance 2024	240910	10.555	41,460	-	-	-	41,460	41,460	-	-
Total National School Lunch Program Cash and Noncash Assistance		10.555	596,217	243,985	14,095	-	353,712	352,232	12,615	-
National School Breakfast Program:										
National School Breakfast Program 2023-2024	231970/ 241970	10.553	241,799	100,431	6,874	-	142,222	141,368	6,020	-
Summer Food Service Program:										
Summer Food Service Program Operating 2022-2023	230900	10.559	20,326	2,070	2,070	-	17,878	18,256	2,448	-
Fresh Fruit and Vegetable Program:										
Fresh Fruit and Vegetable Program 2023-1	230950	10.582	20,735	20,735	13,441	-	13,441	-	-	-
Fresh Fruit and Vegetable Program 2024-1	240950	10.582	24,072	-	-	-	19,532	23,479	3,947	-
Total Fresh Fruit and Vegetable Program		10.582	44,807	20,735	13,441	-	32,973	23,479	3,947	-
Total Child Nutrition Cluster			903,149	367,221	36,480	-	546,785	535,335	25,030	-
Special Education Cluster - U.S. Department of Education - Passed through the Wayne County RESA:										
IDEA Flowthrough:										
IDEA Flowthrough 2324	240450	84.027A	182,981	-	-	-	182,981	182,981	-	-
Total Special Education Cluster			182,981	-	-	-	182,981	182,981	-	-
Other Federal Awards:										
U.S. Department of Agriculture - Passed through the Michigan Department of Education:										
Child and Adult Food Care Program:										
Child and Adult Food Care Program 2022-2023	231920	10.558	27,960	26,456	962	-	2,466	1,504	-	-
Child and Adult Food Care Program - Cash in Lieu 2022-2023	232010	10.558	1,245	1,207	35	-	73	38	-	-
Child and Adult Food Care Program 2023-2024	241920	10.558	22,079	-	-	-	19,739	22,079	2,340	-
Child and Adult Food Care Program - Cash in Lieu 2023-2024	242010	10.558	909	-	-	-	839	909	70	-
Total Child and Adult Care Food Program		10.558	52,193	27,663	997	-	23,117	24,530	2,410	-
National School Breakfast Expansion Program:										
National School Breakfast Expansion Program 2023	221995	10.579	10,000	10,000	10,000	-	10,000	-	-	-
National School Breakfast Expansion Program 2024	221997	10.579	10,000	-	-	-	-	10,000	10,000	-
Total National School Breakfast Expansion Program		10.579	20,000	10,000	10,000	-	10,000	10,000	10,000	-
Total U.S. Department of Agriculture			72,193	37,663	10,997	-	33,117	34,530	12,410	-

See accompanying notes to schedule of expenditures of federal awards

AMERICAN INTERNATIONAL ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued FOR THE YEAR ENDED JUNE 30, 2024

Program Title/Project Number Subrecipient Name	Grant/ Project Number	Federal ALN	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2023	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2024	Current Year Cash Transferred To Subrecipient
Other Federal Awards (Continued):										
U.S. Department of Education -										
Passed through the Michigan Department of Education:										
Title I Part A: Improving Basic Programs Operated by LEAS:										
Title I Part A 2021	211530	84.010A	458,972	216,976	-	(92,533)	(92,533)	-	-	-
Title I Part A 2223	231530	84.010A	557,554	316,989	142,542	-	190,344	47,802	-	-
Title I Part A 2324	241530	84.010A	440,430	-	-	-	281,951	410,853	128,902	-
Title I Part A Subtotal		84.010A	1,456,956	533,965	142,542	(92,533)	379,762	458,655	128,902	-
Passed through the Wayne County RESA:										
Title I Part A: Regional Assistance Grant (RAG):										
Title I Part A RAG 2223	231570	84.010A	214,559	161,250	42,584	-	95,893	53,309	-	-
Title I Part A RAG 2324	241750	84.010A	315,000	-	-	-	178,319	288,700	110,381	-
Total Title I Part A RAG		84.010A	529,559	161,250	42,584	-	274,212	342,009	110,381	-
Passed through the Calhoun ISD:										
Title I Part A: Technical Assistance Grant (TAG):										
Title I Part A TAG 2223	231580	84.010A	20,000	1,033	1,033	-	4,650	3,617	-	-
Total Title I Part A		84.010A	2,006,515	696,248	186,159	(92,533)	658,624	804,281	239,283	-
Title II, Part A: Supporting Effective Instruction:										
Title II Part A 2223	230520	84.367	66,370	24,083	24,083	-	30,990	6,907	-	-
Title II Part A 2324	240520	84.367	70,921	-	-	-	20,162	30,204	10,042	-
Total Title II Part A		84.367	137,291	24,083	24,083	-	51,152	37,111	10,042	-
Title IV, Part A: Student Support and Academic Enrichment:										
Title IV Part A 2021	210750	84.424A	43,105	27,369	-	(19,805)	(19,805)	-	-	-
Title IV Part A 2223	230750	84.424A	44,672	12,169	12,169	-	14,694	2,525	-	-
Title IV Part A 2324	240750	84.424A	59,451	-	-	-	19,144	20,666	1,522	-
Total Title IV Part A		84.424A	147,228	39,538	12,169	(19,805)	14,033	23,191	1,522	-
Education Stabilization Fund:										
COVID-19 - Supplemental Elementary and Secondary School										
Emergency Relief (ESSER II) 2021	213712	84.425D	1,381,789	1,369,625	161,333	-	173,497	12,164	-	-
COVID-19 - ESSER III Formula – American Rescue Plan (ARP-ESSER) 2122	213713	84.425U	3,105,511	324,427	324,427	-	1,555,593	2,523,287	1,292,121	-
Total Education Stabilization Fund		84.425	4,487,300	1,694,052	485,760	-	1,729,090	2,535,451	1,292,121	-
Total U.S. Department of Education			6,778,334	2,453,921	708,171	(112,338)	2,452,899	3,400,034	1,542,968	-
Total Federal Awards			<u>\$ 7,936,657</u>	<u>\$ 2,858,805</u>	<u>\$ 755,648</u>	<u>\$ (112,338)</u>	<u>\$ 3,215,782</u>	<u>\$ 4,152,880</u>	<u>\$ 1,580,408</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards

AMERICAN INTERNATIONAL ACADEMY

RECONCILIATION OF BASIC FINANCIAL STATEMENTS FEDERAL REVENUE AND RECEIVABLES WITH SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2024

Revenues to Expenditures

Revenue from federal sources - As reported on modified accrual financial statements
(includes all funds):

General Fund	\$ 3,553,106
Special Revenue Fund - Food Service	<u>569,865</u>
Subtotal	4,122,971
Prior year unavailable revenue collected	(1,033)
Current year unavailable revenue not collected within 60 days	<u>30,942</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><u>\$ 4,152,880</u></u>

AMERICAN INTERNATIONAL ACADEMY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of American International Academy under programs of the federal government for the year ended June 30, 2024. 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 American International Academy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of American International Academy.

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

American International Academy has elected to not use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

NOTE 4 - NONCASH ASSISTANCE

The value of the noncash assistance received was determined in accordance with the provisions of Uniform Guidance.

NOTE 5 - GRANT AUDITOR REPORT

Management has utilized the Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

NOTE 6 - ADJUSTMENTS AND TRANSFERS

During the year ended June 30, 2023, the Michigan Department of Education performed Fiscal Monitoring Reviews of Title I and Title IV for the grant year 2020-2021. Due to findings and questioned costs, the Academy had to repay the Michigan Department of Education \$92,533 for Title I and \$19,805 for Title IV during the year ended June 30, 2024. These amounts were accrued on the June 30, 2023 financial statements.

AMERICAN INTERNATIONAL ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF THE AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
 - Significant deficiency(ies) identified that are not considered to be a material weakness(es)? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? ☐ yes ☒ 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)?

☐ yes ☒ no

Identification of major programs:

Assistance Listing Number(s)

84.010A

84.027A

Name of Federal Program or Cluster

Title I, Part A

IDEA Flowthrough, Part B

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

\$750,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported