

Uplift Michigan Academy

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

Year ended June 30, 2020



Uplift Michigan Academy

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Uplift Michigan Academy
Stephenson, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of Uplift Michigan Academy (the School), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors
Uplift Michigan Academy
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Uplift Michigan Academy as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 3 through 6 and 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2020, on our consideration of Uplift Michigan 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 Uplift Michigan 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 Uplift Michigan Academy’s internal control over financial reporting and compliance.



Muskegon, Michigan
November 11, 2020



Uplift Michigan Academy
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020

This discussion and analysis of Uplift Online Michigan School's (dba, Uplift Michigan Academy) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to provide, in layman's terms, a look at the School's performance and current position. We encourage readers to consider the information presented here in conjunction with the financial statements and the notes to the financial statements.

This information is required by GASB 34 (Governmental Accounting Standards Board's Statement No. 34). GASB 34 requires the presentation of two basic types of financial statements; namely, School-wide Financial Statements and Fund Financial Statements.

Overview of the Financial Statements

This annual report consists of four parts: (1) the independent auditor's report, (2) management's discussion and analysis, (3) the basic financial statements, and (4) required supplementary information. 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 School's budget for the year.

School-wide Financial Statements

The school-wide statements provide a financial perspective of the School as a whole. These statements are on the "full accrual" basis of accounting and provide information about the School's overall financial status. They are used to help determine whether the School is better off or worse off as the result of the year's activities. There are two school-wide statements: The *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* reports all the School's assets, deferred inflows and outflows, and liabilities, both short-term and long-term, regardless if they are "currently available" or not. Capital assets and long-term obligations of the School are reported in this statement, if there are any.

The *Statement of Activities* accounts for the current year's revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the information relative to funding received and expenditures made for School services.

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

- Over time, increases or decreases in the School's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the School's overall health, one needs to consider additional non-financial factors such as the quality of the education provided.

In the school-wide statements, the School's activities are classified as *governmental activities*. This includes the School's basic services, such as regular and special education, transportation, and administration. State aid and federal grants typically finance most of these services.



Uplift Michigan Academy
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2020

Fund Financial Statements

The fund financial statements focus on individual parts of the School, reporting the School's operations in more detail than the school-wide statements. The fund level statements are reported on a *modified accrual basis*. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the School's major instructional and instructional support activities are reported in the *General Fund*. The primary funding sources for the General Fund are typically from state foundation grant per student and state categorical funding for specific programs. The School has no other funds.

Financial Analysis of the School as a Whole

The net position of the School as of June 30, 2020, was \$949,559 compared to \$1,058,525 in 2019. Figure A-1 below shows a condensed breakdown of a comparative statement of net position for school year ended 2020 and 2019.

**Figure A-1
 Condensed Statement of Net Position**

	2020	2019
ASSETS AND DEFERRED OUTFLOWS		
Current assets	\$ 1,240,187	\$ 1,702,592
TOTAL ASSETS AND DEFERRED OUTFLOWS	1,240,187	1,702,592
LIABILITIES, DEFERRED INFLOWS		
Current liabilities	290,628	644,067
Total liabilities	290,628	644,067
NET POSITION		
Unrestricted	949,559	1,058,525
TOTAL NET POSITION	\$ 949,559	\$ 1,058,525

Comments on Major Changes to Net Position

The net position of the School is \$949,599 during the 2019-2020 year which is the second year of operation. Figure A-2 on the following page shows a comparative breakdown of this change for school year 2020 and 2019. The Statement of Activities presented later in the school-wide financial statements, provides greater detail on the School's annual activity. The cost of the School's governmental activities for the year ended June 30, 2020 was approximately \$2,082,159 compared to \$667,378 for the year ended June 30, 2019.



Uplift Michigan Academy
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2020

Figure A-2

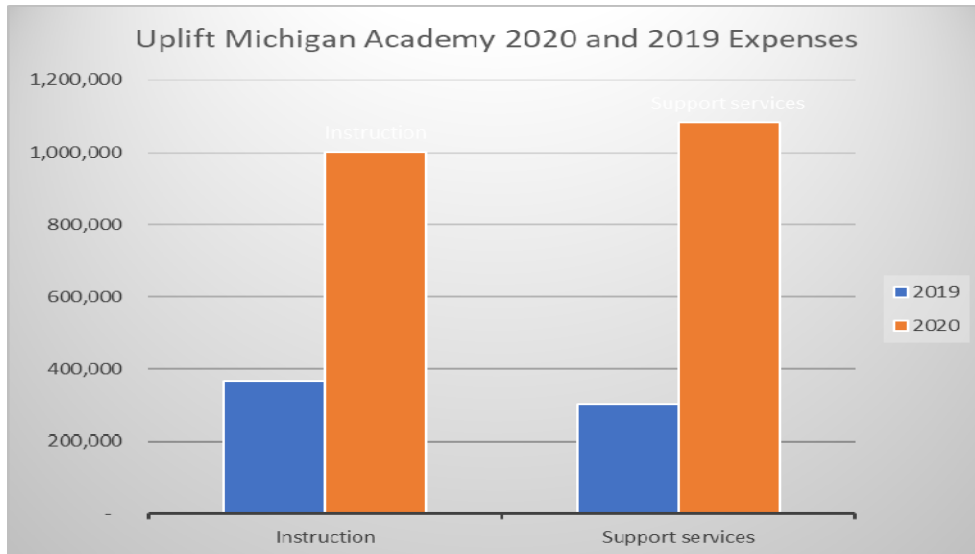
	2020	2019
Revenues	\$ 1,495,233	\$ 1,725,903
Expenses		
Instruction	1,001,321	366,158
Support services	1,080,838	301,220
Total Expenses	2,082,159	667,378
Other Financing Sources		
Transfers from other governmental units and other transactions	477,960	-
Change in net position	(108,966)	1,058,525
Beginning net position	1,058,525	-
Ending net position	\$ 949,559	\$ 1,058,525

Statement of Revenues and Expenditures Analysis

Total revenues from all sources during the school year 2019-20 was \$1,495,233 for the second year of operation compared to \$1,725,903 during school year 2018-2019.

Expenses reported on the statement of activities by function; See Figure A-3 for a comparative statement of expenses by function for school year 2020 and 2019.

Figure A-3





Uplift Michigan Academy
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020

Financial Analysis of the School's Funds

The financial performance of the School as a whole is reflected in its governmental funds as well. The governmental funds equity is \$949,599 and \$1,058,525 during the school year 2020 and 2019 respectively. School year 2020 is the second year of operation. The General Fund equity ended the year at \$949,599. The primary factors affecting the School's governmental funds' fund balance are listed below.

Factors Impacting Fund Equity

- *Student enrollment* – Proposal A tied state aid funding to student enrollment. The School's student count on which our foundation allowance was based on 170.32 State Aid membership for the 2019-20 school year.

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the Board of Directors approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. When the budget is prepared each year, several unknown factors exist. Estimates are used for such major items as student count, service provider contracts, state aid, staffing, utilities, and repairs. As a matter of practice, the School amends its budget periodically during the year. The school did not budget for the reversal of the 18/19 accounts payable estimate that is reported as an other transaction in the revenue section. These revisions are made in order to deal with unexpected changes in revenues and expenditures.

Currently Known Facts

On March 10, 2020, Michigan's Governor issued an Executive Order, No. 2020-4 Declaring a State of Emergency in response to the novel coronavirus (COVID-19). Directly following was an Executive Order No. 2020-5 on March 13, 2020 that closed all elementary and secondary school buildings in the state. As a result, Uplift Michigan Academy has seen a considerable increase in enrollment for the upcoming school year 2021.

Requests for Information

This financial report is designed to provide the School's, parents, students, investors and creditors with a general overview of the School's finances, and to show how the School is accountable for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Travis Gostinger, CAO, at Uplift Michigan Academy, W526 Division St, Stephenson, MI 49887, telephone number (810) 982-7210.

Uplift Michigan Academy
STATEMENT OF NET POSITION
 June 30, 2020

	Governmental activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 888,282
Due from other governmental units	294,037
Prepaid items	57,868
Total assets	1,240,187
 LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	254,114
Due to other governmental units	7,217
Unearned revenue	29,297
Total liabilities	290,628
 NET POSITION	
Unrestricted	949,559
Total net position	\$ 949,559

The accompanying notes are an integral part of this statement.

Uplift Michigan Academy
STATEMENT OF ACTIVITIES
For the year ended June 30, 2020

<i>Functions/Programs</i>	Expenses	Program Revenue Operating grants and contributions	Net (Expense) Revenue and Changes in Net Position Governmental activities
Governmental activities			
Instruction	\$ 1,001,321	\$ 99,975	\$ (901,346)
Support services	1,080,838	41,951	(1,038,887)
Total governmental activities	\$ 2,082,159	\$ 141,926	(1,940,233)
General revenues			
Grants and contributions not restricted to specific programs			1,351,659
Miscellaneous			479,608
Total general revenues			1,831,267
Change in net position			(108,966)
Net position at beginning of year			1,058,525
Net position at end of year			\$ 949,559

The accompanying notes are an integral part of this statement.

Uplift Michigan Academy
BALANCE SHEET
 Governmental Funds
 June 30, 2020

	General Fund
ASSETS	
Cash and cash equivalents	\$ 888,282
Due from other governmental units	294,037
Prepaid items	57,868
Total assets	\$ 1,240,187
 LIABILITIES	
Accounts payable	\$ 87,806
Accrued liabilities	166,308
Due to other governmental units	7,217
Unearned revenue	29,297
Total liabilities	290,628
 FUND BALANCES	
Nonspendable - prepaid items	57,868
Assigned to subsequent year's budget appropriations	44,080
Unassigned	847,611
Total fund balances	949,559
Total liabilities and fund balances	\$ 1,240,187
 NET POSITION OF GOVERNMENTAL ACTIVITIES	 \$ 949,559

The accompanying notes are an integral part of this statement.

Uplift Michigan Academy
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 Governmental Funds
 For the year ended June 30, 2020

	General Fund
REVENUES	
Local sources	\$ 1,648
State sources	1,422,302
Federal sources	71,283
Total revenues	1,495,233
EXPENDITURES	
Current	
Instruction	1,001,321
Support services	1,080,838
Total expenditures	2,082,159
Excess (deficiency) of revenues over (under) expenditures	(586,926)
OTHER FINANCING SOURCES	
Transfers from other governmental units and other transactions	477,960
Net change in fund balance	(108,966)
Fund balance at beginning of year	1,058,525
Fund balance at end of year	\$ 949,559
 CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	 \$ (108,966)

The accompanying notes are an integral part of this statement.

Uplift Michigan Academy
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Uplift Michigan Academy (School) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

Reporting Entity

The School is governed by an appointed five member Board of Directors (Board), which has responsibility and control over all activities related to public school education within the School. The School receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities.

Generally accepted accounting principles require that if the School is considered to be financially accountable for other organizations, those organizations should be included as component units in the School's financial statements. Since no organizations met this criterion, none are included in the financial statements.

Basis of Presentation—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 School. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by intergovernmental revenues and other nonexchange transactions.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The fund financial statements provide information about the School's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

Uplift Michigan Academy
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. 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 School considers revenues 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 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

State and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to Schools based on information supplied by the Schools. For the current fiscal year, the foundation allowance was based on pupil membership counts taken in February.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as due from other governmental units.

The School also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are considered to be measurable and available only when cash is received by the government.

Uplift Michigan Academy
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Investments

The School's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the School are reported at fair value (generally based on quoted market prices). 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 School intends to hold the investment until maturity.

State statutes authorize the School to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, 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 Insurance 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 School 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. The School's deposits and investments are in accordance with statutory authority.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

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

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the School's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Uplift Michigan Academy
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the School that can, by formal action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by formal action remains in place until a similar action is taken (another formal action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the School for specific purposes but do not meet the criteria to be classified as committed. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted state aid, interest and other internally dedicated resources are reported as general revenues rather than as program revenues.

Use of 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 certain reported amounts and disclosures.

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund. All annual appropriations lapse at year end.

Uplift Michigan Academy
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY—Continued

Budgets and Budgetary Accounting—Continued

The School follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Management submits to the Board of Directors a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain comments.
3. Prior to July 1, the budget is legally adopted by Board of Director resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the General Fund are noted in the required supplementary information section.
4. Formal budgetary integration is employed as a management control device during the year.
5. The budget is amended during the year with supplemental appropriations, the last one approved prior to June 30, 2020.

NOTE C—DEPOSITS AND INVESTMENTS

As of June 30, 2020, the School had no investments.

Interest rate risk

The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk

State law limits investments in commercial paper and corporate bonds to the three highest classifications issued by nationally recognized statistical rating organizations. The School has no investment policy that would further limit its investment choices.

Concentration of credit risk

The School does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the School 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 School's deposits may not be returned to it. As of June 30, 2020, \$646,472 of the School's bank balance of \$896,477 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Uplift Michigan Academy
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE C—DEPOSITS AND INVESTMENTS—CONTINUED

Custodial credit risk - investments

The School does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the School will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Foreign currency risk

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

NOTE D—COMMITMENTS AND CONTINGENCIES

Grant Programs

The School participates in grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

NOTE E—OTHER INFORMATION

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2020 or any of the prior three years.

Employee Services Agreement

The School contracts all services and is not required to have these service provider employees covered by MPERS. Expenditures for employee costs such as salaries and wages, payroll taxes, and benefits under the management services agreements have been recorded and reported in conformance with the State of Michigan's standard chart of accounts.

NOTE F—SUBSEQUENT EVENTS

COVID-19

The COVID-19 pandemic that the world is experiencing is unprecedented. It is nearly impossible to fully understand the impact that it will have on the economy and the School's operations. As of November 11, 2020, the School is in the process of implementing risk mitigation tactics including all aspects of the School's activities related to public school education, relationships with local, state, and federal government funding sources, compliance with the requirements of these funding sources and with business transactions with customers, vendors and human interaction within and outside of the School.

State Aid

On July 31, 2020 the governor signed Public Act 146 of 2020 which retroactively reduced the per pupil foundation allowance of \$175 per pupil for the 2019-2020 fiscal year. This reduced the School District's 2019-2020 state aid revenue by \$29,806 and was deducted from the August 20, 2020 state aid payment.

Uplift Michigan Academy
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE G—UPCOMING ACCOUNTING PRONOUNCEMENT

GASB Statement 87—*Leases* was issued by the GASB in June 2017 and will be effective for the School's 2022 fiscal year. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

REQUIRED SUPPLEMENTARY INFORMATION

Uplift Michigan Academy
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
 General Fund
 For the year ended June 30, 2020

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources	\$ -	\$ 3,300	\$ 1,648	\$ (1,652)
State sources	7,871,000	1,385,678	1,422,302	36,624
Federal sources	-	73,616	71,283	(2,333)
Incoming transfers and other transactions	-	-	477,960	477,960
Total revenues	7,871,000	1,462,594	1,973,193	510,599
EXPENDITURES				
Instruction				
Basic programs	2,250,000	758,388	751,555	6,833
Added needs	560,000	250,000	249,766	234
Support services				
Pupil	1,100,000	38,209	38,334	(125)
Instructional staff	2,233,900	9,439	9,187	252
General administration	765,030	465,602	454,650	10,952
School administration	215,000	130,871	129,578	1,293
Business	160,500	60,413	60,600	(187)
Operations and maintenance	112,700	12,646	9,876	2,770
Pupil transportation services	-	580	-	580
Central	-	382,723	378,613	4,110
Total expenditures	7,397,130	2,108,871	2,082,159	26,712
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 473,870</u>	<u>\$ (646,277)</u>	(108,966)	<u>\$ 537,311</u>
Fund balance at beginning of year			<u>1,058,525</u>	
Fund balance at end of year			<u>\$ 949,559</u>	