

Akii-gikinoo'amaading Charter School
(a component unit of the Waadookodaading Ojibwe Learning Institute)
Audited Financial Statements
For the year ended June 30, 2023

Akii-gikinoo'amaading Charter School

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Akii-gikinoo'amaading Charter School
13301W Trepania Road
Hayward, WI 54843

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Akii-gikinoo'amaading Charter School (the "School"), a component unit of the Waadookodaading Ojibwe Language Institute, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Akii-gikinoo'amaading Charter School, as of June 30, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Wisconsin School District Audit Manual* issued by the Wisconsin Department of Public Instruction. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School, 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.

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the Akii-gikinoo'amaading Charter School (a component unit of the Waadookodaading Ojibwe Language Institute) and do not purport to, and do not, present fairly the financial position of the Waadookodaading Ojibwe Language Institute as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 financial statements in an appropriate operational,

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economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying *Schedule of Expenditures of State and Federal Awards* is presented for purposes of additional analysis per the *Wisconsin School District Audit Manual* issued by the Wisconsin Department of Public Instruction, and is not a required part of the basic financial statements.

The *Schedule of Expenditures of State and Federal Awards* is the responsibility of management and is 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures of State and Federal Awards* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards & The Wisconsin School District Audit Manual

In accordance with *Government Auditing Standards* and *The Wisconsin School District Audit Manual*, we have also issued our reports dated February 6, 2024, on our consideration of the Akii-gikinoo'amaading Charter School'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 those reports are 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 internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and *The Wisconsin School District Audit Manual* in considering the School's internal control over financial reporting and compliance.

Midwest Professionals, P.L.L.C.

Gaylord, Michigan
February 06, 2024

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BASIC FINANCIAL STATEMENTS

SCHOOL-WIDE FINANCIAL STATEMENTS

Akii-gikinoo'amaading Charter School

STATEMENT OF NET POSITION

JUNE 30, 2023

	Primary Government Governmental Activities
Current Assets	
Cash and Cash Equivalents (Note 2)	\$ 162,180
Total Current Assets	162,180
Capital Assets - Buildings & Land Improvements	
Capital Assets, Net (Note 3)	54,666
Total Assets	216,846
Liabilities	
Accounts Payable and Accrued Liabilities	5,500
Unearned Revenue (Note 5)	20,398
Total Current Liabilities	25,898
Total Liabilities	25,898
Net Position	
Net Investment In Capital Assets	54,666
Unrestricted	136,282
Total Net Position	\$ 190,948

The notes to the financial statements are an integral part of this statement.

Akii-gikinoo'amaading Charter School

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

	Program Revenues				Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants And Contributions	
Functional Expenses					
Governmental Activities:					
Instruction	\$ 123,113	\$ -	\$ 215,338	\$ -	\$ 92,225
General Administration	114,631	-	114,631	-	-
Student Support	18,084	-	18,084	-	-
Total School	<u>\$ 255,828</u>	<u>\$ -</u>	<u>\$ 348,053</u>	<u>\$ -</u>	<u>92,225</u>
General purpose revenues:					
Local Support					4,000
Total general purpose revenues					<u>4,000</u>
Excess of revenues over expenses					96,225
Net position, July 1, 2022					104,914
Prior Period Adjustment (Note 13)					(10,191)
Net position, June 30, 2023					<u>\$ 190,948</u>

The notes to the financial statements are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Akii-gikinoo'amaading Charter School

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2023

	General Fund	Food Service Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 162,180	\$ -	\$ 162,180
Total Assets	<u>\$ 162,180</u>	<u>\$ -</u>	<u>\$ 162,180</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued liabilities	\$ 5,500	\$ -	\$ 5,500
Unearned Revenue	20,398	-	20,398
Total Liabilities	<u>25,898</u>	<u>-</u>	<u>25,898</u>
 Fund Balances			
Unassigned	<u>136,282</u>	<u>-</u>	<u>136,282</u>
Total Fund Balance	<u>136,282</u>	<u>-</u>	<u>136,282</u>
Total Liabilities and Fund Balances	<u>\$ 162,180</u>	<u>\$ -</u>	<u>\$ 162,180</u>

The notes to the financial statements are an integral part of this statement.

Akii-gikinoo'amaading Charter School

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023**

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

Total Governmental Fund Balances	\$ 136,282
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	54,666
Net Position of Governmental Activities	<u>\$ 190,948</u>

The notes to the financial statements are an integral part of this statement.

Akii-gikinoo'amaading Charter School

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Food Service Fund	Total Governmental Funds
Revenues			
Local Sources	\$ 4,000	\$ -	\$ 4,000
State Sources	134,328	-	134,328
Federal Sources	195,641	18,084	213,725
In-Kind (Note 13)	497,501	-	497,501
Total Revenues	831,471	18,084	831,471
Expenditures (Note 12)			
Instruction	123,113	-	123,113
General Administration	110,195	-	110,195
Support Services	-	18,084	18,084
In-Kind (Note 13)	497,501	-	497,501
Capital Outlay	50,400	-	50,400
Total Expenditures	781,209	18,084	799,293
Excess (Deficiency) of revenues over expenditures	50,261	-	50,261
Other financing sources (uses)			
Operating transfers in (out)	-	-	-
Total other financing sources	-	-	-
Net Change in Fund Balances	50,261	-	50,261
Fund balance, July 1, 2022	96,212	-	96,212
Prior Period Adjustment (Note X)	(10,191)		(10,191)
Fund balance, June 30, 2022	\$ 136,282	\$ -	\$ 136,282

The notes to the financial statements are an integral part of this statement.

Akii-gikinoo'amaading Charter School

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

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

Net change in Fund Balances- Total Governmental Funds	\$ 50,261
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 50,400	
Depreciation expense	(4,436)	
		45,964

Change in Net Position of Governmental Activities	<u>\$ 96,225</u>
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The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Akii-gikinoo'amaading Charter School
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Akii-gikinoo'amaading Charter School (the “School” or “Charter School”) is a State of Wisconsin Independent Charter School authorized by the Lac Courte Oreilles Ojibwe University (the “University”), as of July 1, 2020. The School serves students from grades 6-12 in an Ojibwe culturally rich, project-based learning style format. The School’s charter authorization application to the University for FY2023-2024 was approved with requirements (Note12). The School is located on reservation land of the Lac Courte Oreilles Tribe, just off Trepania Road, in Hayward, Wisconsin. It opened for students beginning in the fall of 2020 and averaged approximately eight (8) Pupils enrolled in its first year of operations. In the third year of operations (FY22-23) the School averaged twenty (20) pupils. The School was incorporated, under the State of Wisconsin, as a non-profit corporation, on January 31, 2023. The School is currently pursuing I.R.S. non-profit recognition.

The Waadookodaading Ojibwe Learning Institute (WOLI) Board oversees the planning and operations of the School and functions as the School Board. The Board is comprised of duly-elected parents, staff, and members of the Lac Courte Oreilles Community as described in corporation bylaws; specifically, the Board will consist of seven voting members (two WOLI non-staff parents, two non-staff at large members, two educators (Educators consist of staff of WOLI and/or non-staff educators from the community), and one Educator-Research and Development representative), plus the WOLI Director (non-voting members), one member of the LCO Tribal Governing Board (non-voting member), and one attorney or policy advocate (non-voting member). This structure will continue and may be altered by majority vote of the members. All voting members will have 3-year staggered terms. Members may voluntarily step down at any time during their term and will be replaced by volunteers (appointed by the WOLI Board), representing the same position to finish out the original board member’s term.

The WOLI Board will develop and adopt policies, rules and regulations for the Charter School’s operations and function as an autonomous governing body subject to: rules and regulations promulgated by the LCO Tribal Governing Board which exercises governing authority over all schools and educational programs within its jurisdiction; operating procedures established by the Bureau of Indian Affairs; matters pertaining to financial management and accounting, student assessment and record-keeping, health and safety, transportation and food services, and other matters mutually agreed to in writing; oversight responsibilities of the University as the charter school authorizer stipulated by Wisconsin Statute 118.40.

The Charter School will have its own Instructional Leader who shares administrative responsibility with the WOLI. Operational control, including the financial, human, educational programming, scheduling, evaluation, and property resources will be managed by the WOLI Board. The School Director in charge of the day-to-day leadership of the Charter School will be contracted annually.

Akii-gikinoo'amaading Charter School
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- Continued

Reporting Entity - continued

The Akii-gikinoo'amaading Charter School is a component unit of the The Waadookodaading Ojibwe Language Institute (“WOLI”) based on an evaluation of various criteria, the main one being the degree of accountability and oversight the primary government has over the potential component unit. The most significant factor in the accountability assessment is the potential component unit’s financial accountability to the primary government, measured through the degree to which the primary government can develop and adopt rules and regulations for the Charter School’s operations and function as an autonomous governing body. The various components of operational control and property resources are managed by the WOLI Board.

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB statements and interpretations constitute GAAP for governments, including public schools.

The accompanying financial statements have been prepared in accordance with the reporting model defined by GASB Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis - for State and Local Governments*. GASB 34 significantly changes financial reporting for governmental entities, including public schools. The more significant of the School’s accounting policies are described below.

The Tribe was awarded a Federal Department of Education grant (“GES”) to start a new charter school for the estimated 47% of Tribal member high school students not graduating high school with the local school districts. This grant covers a majority of the day-to-day operating costs of the School.

Upon opening the School to students, the School became eligible for State of Wisconsin “Per Pupil” revenue funding and also for federal Charter School grant funds, as a subrecipient. During the fiscal year 2023, 63% of all operating expenditures were covered by the GES grant (Note 10). These grant amounts were obtained to provide consulting and planning services to determine priorities and the framework for the School’s objectives and continued operations.

Akii-gikinoo'amaading Charter School
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- Continued

Basis of Presentation

Basic Financial Statements

The basic financial statements of School include the school-wide and the governmental fund financial statements. These statements display the major sources of revenue and the major categories of expenditures, in accordance with the applicable State and Federal grant awards.

School-wide Statements

The statement of net position and the statement of activities present information about the School as a whole. These statements include the financial activities of the overall School, except fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through intergovernmental (Federal and State) grant and contract revenues and other nonexchange transactions. The statement of activities presents a comparison between direct expenses and program revenues for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. *Program revenues* include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the School's funds. The School made use of governmental funds with separate general ledger accounts for specific grant revenues for the fiscal year ending June 30, 2023.

The School reports the following major governmental fund:

General Fund- The General Fund is used to record the general operations of the School pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget and per State of Wisconsin and Federal grant specifications.

Food Service Fund- The Food Service Fund is used to record the food service operations of the School pertaining to the National School Breakfast and Lunch programs federally funded through the U.S. Department of Agriculture through the State of Wisconsin. Included are all transactions related to the approved current food service budget and per State of Wisconsin and Federal grant specifications.

Akii-gikinoo'amaading Charter School
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- Continued

Basis of Accounting

The School follows generally accepted accounting principles (“GAAP”) as well as a chart of accounts outlined for Charter Schools.

School-wide Financial Statements - The school-wide financial statements are reported using the economic resources measurement focus and full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements (appropriate expenditures) have been satisfied.

Governmental Fund Financial Statements - Governmental funds are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A 60-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

Budgets

Budgets are adopted using the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund.

Budgetary accounting is used to control expenditures and monitor revenues. Budgetary accounts are established in fund general ledgers as a useful procedural adaptation of the accounting system. Estimated revenues and expenditures adopted in the budget are recorded in those accounts. Information is thus available that allows management to continuously monitor compliance with the approved budget.

Cash and Cash Equivalents

For purposes of reporting cash flows, the School considers all investments with maturity of three months or less to be cash equivalents. The School maintains one checking account and has no short-term or long-term investments.

Akii-gikinoo'amaading Charter School
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets

The School has adopted a policy of capitalizing fixed assets, having a useful life of more than one year, with a historical cost of equal to, or greater than \$5,000. Capital assets are depreciated over their remaining useful lives computed using the straight-line method over the following useful lives in the event these items are acquired:

Buildings and improvements	10 – 40 years
Infrastructure	15 – 20 years
Furniture and equipment	5 – 15 years
Computers and software	3 – 10 years

Impairment of Long-Lived Assets

The School reviews its long-lived assets, if any, for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There were no impairment losses recognized for the year ended June 30, 2022.

Unearned Revenue- Grants

Federal, state, and other grant award monies received, in advance of qualifying expenditures being incurred, are recorded on the School's balance sheet as unearned revenue. Unless the grant award dollars received are unrestricted, which would then be carried as unrestricted net position.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

Under WOLI, Akii-gikinoo'amaading Charter School is a non-profit entity 501(c) (3) recognized as tax exempt by the Internal Revenue Service and the State of Wisconsin. Due to this recognition, no provision for income taxes has been made in the School's financial statements.

Akii-gikinoo'amaading Charter School
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Prepaid Expenses

On the governmental fund financial statements, prepaid expenses are recorded using the consumption method. Under the consumption method prepaid expenses will appear as an asset and as non-spendable fund balance on the balance sheet and will be expensed proportionately over the periods that service is provided.

Fund Balance Presentation

Under GASB 54 the following fund balance classifications must be used on the governmental fund financial statements when applicable:

Nonspendable Fund Balance

Amounts that cannot be spent due to form, for example, inventories and prepaid amounts. Also, long-term loan and notes receivables, and property held for resale would be reported here unless the proceeds are restricted, committed or assigned. Amounts that must be maintained intact legally or contractually (corpus or principle of a permanent fund).

Restricted Fund Balance

Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation. This is the same definition used by GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis for State and Local Governments*, for restricted net positions.

Committed Fund Balance

Amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. Action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period.

Assigned Fund Balance

For all governmental funds other than the general fund, any remaining positive amounts not classified as non-spendable, restricted or committed. For the general fund, amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Amount reported as assigned should not result in a deficit in unassigned fund balance.

Akii-gikinoo'amaading Charter School
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fund Balance Presentation - continued

Unassigned Fund Balance

For the general fund, amounts not classified as non-spendable, restricted, committed, or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance. For all governmental funds other than the general fund, amounts expended in excess of resources that are non-spendable, restricted, committed or assigned (a residual deficit). In determining a residual deficit, no amount should be reported as assigned.

Net Position Presentation

Equity on school-wide financial statements is presented in the following categories:

Net Investment in Capital Assets– Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – Consists of net position with constraints placed on their use by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (b) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other net positions that do not meet the definition of “restricted net position” or “net investment in capital assets.”

Subsequent Events

Subsequent events have been evaluated through the date of the audit report, the date the financial statements were available to be issued.

Akii-gikinoo'amaading Charter School
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The School maintains one noninterest-bearing checking account at Chippewa Valley Bank. The School's cash balances at June 30, 2023, were as follows:

	Carrying Amount	Bank Balance	FDIC Insured Bank Balance
General Fund	\$ 162,180	\$ 163,850	\$ 163,850
	<u>\$ 162,180</u>	<u>\$ 163,850</u>	<u>\$ 163,850</u>

Custodial Credit Risk - Custodial credit risk on deposits is the risk that in the event of a bank failure, the School's deposits might not be returned to it. The School does have a written bank deposit policy to address custodial credit risk. The policy states, "No bank account will carry a balance over the FDIC insured amount." The School has not formally adopted investment policies that limit their allowable investments and address the specific types of risk to which the School is exposed. The School did not have any investments at June 30, 2023.

NOTE 3 – CAPITAL ASSETS

The School has entered into a yearly lease agreement with the LCO Boys and Girls Club for building space (Note 11). The School's capital asset activity for the fiscal year is summarized below:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets being depreciated				
Vehicles	\$ -	\$ 50,400	\$ -	\$ 50,400
Equipment	9,300	-	-	9,300
Total Capital Assets at Historical Cost	<u>9,300</u>	<u>50,400</u>	<u>-</u>	<u>59,700</u>
Less: Accumulated Depreciation for				
Vehicles	-	3,240	-	3,240
Equipment	598	1,196	-	1,794
Total Accumulated Depreciation	<u>598</u>	<u>4,436</u>	<u>-</u>	<u>5,034</u>
Capital Assets Being Depreciated, Net	<u>8,702</u>	<u>45,964</u>	<u>-</u>	<u>54,666</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,702</u>	<u>\$ 45,964</u>	<u>\$ -</u>	<u>\$ 54,666</u>

In FY23 the School purchased a passenger van for \$50,400. Depreciation for the fiscal year totaled \$4,436 and was allocated to the General Administration expense line item.

Akii-gikinoo'amaading Charter School
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 – RISK MANAGEMENT

The School, in the normal course of operations, is exposed to various risks of loss to torts, theft, damage, and destruction of assets, errors and omissions, injuries to employees or volunteers, and natural disasters, for which the School carries commercial insurance coverage under the School's insurance policy. There have been no settlements in excess of coverage in the current fiscal year.

NOTE 5- UNEARNED REVENUE- GRANTS

Unearned revenues as of June 30, 2023, consisted of:

Kids Come First Grant (State-pass through)	<u>\$20,398</u>
--	-----------------

NOTE 6 – CONTINGENT LIABILITIES

The School receives grant and contract dollars from the U.S. Government and the State of Wisconsin. Expenditures charged to these programs are subject to review and approval or disallowance by the funding agencies. Any costs disallowed by the funding agencies are subject to negotiation and are not recorded as liabilities until mutually agreed-upon. The School is not aware of any such amounts outstanding as of June 30, 2023.

NOTE 7- ECONOMIC DEPENDENCY

The School receives the majority of its budgeted operating revenue through the State of Wisconsin from the Federal Charter School Grant (subrecipient) and State of Wisconsin Charter Schools' "Per Pupil" revenue funding. The State of Wisconsin provides this Per Pupil funding based on average membership amounts per specified worksheet calculations and will adjust the amount from year to year based on the School's actual Pupil counts. Although the Akii Charter School program is just beginning, management anticipates a steady number of Pupil counts in future years, which is anticipated to provide for steady revenue streams and operations. Any unanticipated loss of these revenues might prevent the School from performing regular administrative, operating, and educational activities.

The School received 59% of its overall (budgeted and non-budgeted) operating revenue through support from the Tribe through the GES grant (Note 10). The loss of this support might prevent the School from performing regular administrative, operating, and educational activities.

The School is sponsored by the University and receives oversight from the Lac Courte Oreilles Ojibwe University. The loss of this sponsorship (Note 12) might prevent the School from performing regular administrative, operating, and educational activities.

Akii-gikinoo'amaading Charter School
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 – BUDGETS AND ACCOUNTABILITY

Annual budgets are adopted on a consistent basis with accounting principles generally accepted in the United States of America and applicable State guidelines. Budgets are monitored at the Board level.

NOTE 9 – WUFAR

The following table shows the School's FY23 expenditures (excluding In-Kind - see Note 10) summarized by categories provided under Wisconsin Uniform Financial Accounting Requirements:

Miscellaneous	4,891	Payment to CESA	35,809
Personal Services	56,489	Vehicle Fuel	4,728
Technology Related M&R	16,514	Textbooks	2,977
General Supplies	27,143	Non-Capital Equipment	54,684
Equipment Additions	50,400	Communication	1,128
Stipends	654	Tech & Software Services	3,072
Student & Staff Travel	43,303	Total	301,792

NOTE 10 – In-Kind Tribal Support

The Lac Courte Oreilles Tribe provides support to the School through a number of services. These services include personnel salaries and fringe, contracted services, supplies, administrative overhead, building lease (Note 11), and other educational related costs paid for by the Lac Courte Oreilles Tribe, but for the benefit of the School. Estimated in-kind support of \$497,501 for the General Fund was recorded during the fiscal year. These in-kind tribal support revenues/expenses are presented separately on the School's basic financial statements. The Tribe pays for these expenditures using grant dollars received from the U.S. Department of Education (84.299A). The recipient on record for this grant is the Tribe and the dollars are not passed to the School. All expenditures are paid for directly by the Tribe. This spending is reported on the Tribe's schedule of expenditures of federal awards. There is no subrecipient agreement in place between the Tribe and the School.

Akii-gikinoo'amaading Charter School
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 11 – Building Lease with Related Party

A lease was made effective as of September 1, 2022, between The Boys and Girls Club of Lac Courte Oreilles (the “Club”) and the School. The leased premises are located at the Club, 8529 Trepania Road, Hayward, WI 54843. The premises consist of the youth program space in the main building of the Club during non-club hours and full access to the flex learning building. The term of the lease is one year, commencing on September 1, 2022, and ending August 31, 2023. The lease may be extended for one additional year with 90-day notice from the School. The rent is \$55,000 for the twelve-month term of this lease. The lease payments are being made by the Tribe (Note 10).

NOTE 12 – Charter School Sponsorship (Subsequent Event)

The charter school application submitted to the Lac Courte Oreilles Ojibwe University was reviewed by the Board of Regents (BOR) on January 20, 2023. The BOR passed a motion to contract with the School for FY2023-2024 with requirements. The requirements include timely communications regarding budgets, audits, enrollment, marketing, recruitment plan, assessment, and governance. Also, the BOR would like to receive budget estimates that provide ideal, likely, and worst-case scenarios in terms of revenue and enrollment. The application for the FY2024-2025 school year has been submitted to the University and renewal is anticipated.

NOTE 13 – Prior Period Adjustment

A prior period adjustment was needed to record a grant payment on the State-Kids Come First Grant of \$10,191, received in March 2022, and carried as part of the School’s fund balance as of June 30, 2022. As of June 30, 2023, these grant dollars remained unspent and therefore recorded as unearned revenue as of year-end. The prior period adjustment is as follows:

	<u>DR</u>	<u>CR</u>
Fund Balance	\$10,191	
Unearned Revenue		\$10,191

SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS

Akii-gikinoo'amaading Charter School
Schedule of Expenditures of Federal, State, and Other Awards
For the Year Ended June 30, 2023

Grantor/Pass-through	Assistance Listing Number	Unspent Carryover 7/1/2022	Prior Period Adjustment (Note 13)	Current Year Grant Award Amount	Total Available Grant Award Amount	Carryover (Grants Rec.) Deferred Rev. 7/1/2022	Grant Receipts FYE 6/30/23	Current Year Expenditures	(Grants Rec.) Deferred Rev. 6/30/2023	Unspent Carryover 6/30/2023
U.S. Department of Education										
Passed-through the State of Wisconsin DPI:										
Wisconsin Charter Schools Program (WCSP):	84.282A	\$ -	\$ -	\$ 195,641	\$ 195,641	\$ -	\$ 195,641	\$ 195,641	\$ -	\$ -
Total U.S. Department of Education		-	-	195,641	195,641	-	195,641	195,641	-	-
U.S. Department of Treasury										
Passed-through the State of Wisconsin DPI:										
CSLFRF- Get Kids Ahead Initiative	21.027	-	10,191	10,207	20,398	10,191	10,207	-	20,398	20,398
Total U.S. Department of Treasury		-	10,191	10,207	20,398	10,191	10,207	-	20,398	20,398
U.S. Department of Agriculture										
Passed-through the State of Wisconsin DPI:										
Food Service Aid-School Breakfast	10.553	-	-	2,368	2,368	-	2,368	2,368	-	-
Food Service Aid-School Lunch	10.555	-	-	15,716	15,716	-	15,716	15,716	-	-
Total U.S. Department of Agriculture		-	-	18,084	18,084	-	18,084	18,084	-	-
Total Federal Assistance		-	10,191	223,932	234,123	10,191	223,932	213,725	20,398	20,398
State of Wisconsin - Charter Schools State Aid -2r	255.109	96,212	(10,191)	134,328	220,349	-	134,328	84,067	-	136,282
Total State Assistance		96,212	(10,191)	134,328	220,349	-	134,328	84,067	-	136,282
Other Sources										
Local-Other	na	-	-	4,000	4,000	-	4,000	4,000	-	-
Total Other Sources		-	-	4,000	4,000	-	4,000	4,000	-	-
Total All Assistance		\$ 96,212	\$ -	\$ 362,260	\$ 458,472	\$ 10,191	\$ 362,260	\$ 301,792	\$ 20,398	\$ 156,680

See accompanying notes to the Schedule of Expenditures of Federal, State, and Other Awards

Akii-gikinoo'amaading Charter School

Notes to Schedule of Expenditures of Federal, State, and Other Awards For the Year Ended June 30, 2023

Note 1

The accompanying *Schedule of Expenditures of Federal, State, and Other Awards* includes the Federal and State Grant activity of the Akii-gikinoo'amaading Charter School and is presented on the modified accrual basis of accounting. The information in this schedule is presented for purposes of additional analysis per the *Wisconsin School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, and is not a required part of the basic financial statements.

Note 2

Reconciliation of Reported Expenditures to Financial Statement Totals

The following is a reconciliation of total state and federal expenditures reported on the *Schedule of Expenditures of Federal, State, and Other Awards* to the total expenditures reported on the School's Statement of Revenues, Expenses and Changes in Fund Balance for the year ending June 30, 2023:

Per Financials:	
Total Expenditures	\$ 799,293
Less: Tribal In-kind Support	(497,501)
	<hr/>
Total Federal, State, and Other Spending	<u>301,792</u>
 Per SEFA:	
Total Expenditures per Schedule of Federal, State, and Other Awards:	<u>\$ 301,792</u>

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS, BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Akii-gikinoo'amaading Charter School
13301W Trepania Road
Hayward, WI 54843

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Akii-gikinoo'amaading Charter School, a component unit of the Waadookodaading Ojibwe Language Institute as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Akii-gikinoo'amaading Charter School's (the "School") basic financial statements and have issued our report thereon dated February 6, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Akii-gikinoo'amaading Charter School'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 School'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items **2023-001** and **2023-002** that we consider to be material weaknesses.

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Compliance and Other Matters

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

School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The School's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Akii-gikinoo'amaading Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *Wisconsin School District Audit Manual* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Midwest Professionals, P.L.L.C.

Gaylord, Michigan
February 6, 2024

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION

To the Board of Directors
Akii-gikinoo'amaading Charter School
13301W Trepania Road
Hayward, WI 54843

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Akii-gikinoo'amaading Charter School's (School's) compliance with the types of compliance requirements described in the *Wisconsin School District Audit Manual*, that could have a direct and material effect on each of the School's major state programs for the year ended June 30, 2023. The School's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Akii-gikinoo'amaading Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state programs for the year ended June 30, 2023.

Basis for Qualified Opinion on Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Wisconsin School District Audit Manual*, issued by the Wisconsin Department of Public Instruction. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School 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 state program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Wisconsin School District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 the School's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Wisconsin School District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School'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 *Wisconsin School District Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of the School'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

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

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 state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal

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control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state 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 state 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items **2023-001** and **2023-002** to be material weaknesses.

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 *Wisconsin School District Audit Manual* requires the auditor to perform limited procedures on the School's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 standards. Accordingly, this report is not suitable for any other purpose.

Midwest Professionals, P.L.L.C.

Gaylord, Michigan
February 6, 2024

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Akii-gikinoo'amaading Charter School

**Schedule of Prior Year Findings
For the Year Ended June 30, 2023**

Internal Control Over Financial Reporting

2022-001 Purchase Requisitions & Purchase Orders (Significant Deficiency)

Condition: Purchase requisitions and purchase orders are not being used to document purpose of purchases and approval of purchases. The request for payment, for goods and services received, is not being documented.

Criteria: The *Internal Controls* section of the Financial Policies and Procedures Manual requires the use of purchase requisitions and purchase orders.

Cause: In a small business office environment the need for such documentation is difficult to assess. There are only two individuals in the School's business office. However, it is important to document the purpose and authorization of every purchase.

Effect: The ability of the School to readily support the purpose and authorization of purchases made is diminished without this documentation.

Recommendation: Complete the required forms and file them with invoices in the disbursement voucher packages. Update policies to require a disbursement request form that should also be completed and filed with the disbursement voucher packages.

Current Year Status: **Unresolved.** See current year finding **2023-001 Purchasing System** in Schedule of Findings and Question Costs section- Part B.

Akii-gikinoo'amaading Charter School

Schedule of Prior Year Findings For the Year Ended June 30, 2023

Internal Control Over Financial Reporting – Continued.

2022-002 General Journal Entries (Significant Deficiency)

Condition: A large volume of general journal entries were used in the preparation of the School's FY22 financial statements. Additionally, the general journal entries were not supported by journal vouchers or other documentation that would serve the purpose of disclosing the purpose of each entry. Auditors were able to determine the purpose of the entries and verify reasonableness. However, the documentation was lacking.

Criteria: The *Journal Entries* section of the Financial Policies and Procedures Manual requires that all general ledger entries that do not originate from a subsidiary ledger shall be supported by journal vouchers or other documentation, including an explanation of each such entry.

Cause: Management of the School has not received proper Wisconsin Uniform Financial Accounting Requirements (WUFAR) training. In preparation for the FY22 audit, the School contracted with the Wisconsin Cooperative Educational Service Agency (CESA) to adjust the books in accordance with WUFAR. This process was the source of many of the general journal entries.

Effect: The ability of the School to readily support the purpose and authorization of general journal entries made is diminished without this documentation.

Recommendation: Require two signatures on each journal voucher form, the preparer and the approver. Note the purpose of the entry on the journal voucher form. File all related support with the journal voucher forms.

Current Year Status: **Resolved.** There were no journal entries posted in the current audit year.

Compliance and Other Matters

None noted.

Akii-gikinoo'amaading Charter School

Schedule of Findings and Questioned Costs Year Ended June 30, 2023

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the basic financial statements of the Akii-gikinoo'amaading Charter School were prepared in accordance with GAAP.
2. Two deficiencies relating to the audit of the basic financial statements are reported in the *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*. All of these deficiencies are considered material weaknesses.
3. No instances of noncompliance material to the basic financial statements of the Akii-gikinoo'amaading Charter School were disclosed during the audit.
4. Two deficiencies relating to the audit of the major state awards are reported in the *Independent Auditors' Report on Compliance for Each Major State Program and on Internal Control Over Compliance Required by the Wisconsin Department of Public Instruction*. All of these deficiencies are considered material weaknesses.
5. The auditor's report on compliance for the major state programs expresses an unmodified opinion.
6. The School did not exceed the thresholds that would require an audit to be performed in accordance with the *State of Wisconsin Single Audit Guidelines* or with the *Office of Management and Budget's Uniform Guidance*.
7. The state programs tested as major in accordance with the *Wisconsin School District Audit Manual* required by the *Wisconsin Department of Public Instruction*:

<u>Program Name</u>	<u>No.</u>
State of Wisconsin – Charter Schools State Aid – 2r	255.109

8. No thresholds for distinguishing Type A programs were utilized as this audit was not performed in accordance with the *State of Wisconsin Single Audit Guidelines* or with the *Office of Management and Budget's Uniform Guidance*.
9. The Akii-gikinoo'amaading Charter School is determined to be a non low-risk auditee.

Akii-gikinoo'amaading Charter School

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023
Part B- Financial Statement Findings**

Internal Control Over Financial Reporting

2023-001 Purchasing System (Material Weakness)

Conditions: The following conditions we identified as existing in our audit of the school's purchasing system:

- 1) Purchase requisitions/purchase orders are not being used to document purpose of purchases, coding, and approval of purchases. The approval to pay (check request form), for goods and services received, is not being documented.
- 2) The school's administrator was the sole check signer during the school year. This creates a segregation of duties issue between the approval and custodian functions.
- 3) Debit card transactions were utilized during the fiscal year which also lacked approval to purchase (requisition) like check transactions.

Criteria: The *Internal Controls* section of the Financial Policies and Procedures Manual requires the use of purchase requisitions/purchase orders (documents approval to purchase, coding, and purpose) and check request forms (documents approval to pay) in the processing of checks and debit card transactions. Dual check signers are required under policy with the Board Treasurer being one of the check signers.

Cause: In a small business office environment, the need for such documentation is difficult to assess. There are only two individuals in the School's business office. However, it is important to document the purpose and authorization of every purchase.

Effect: The ability of the School to readily support the purpose and authorization of purchases made is diminished without this documentation. Proper segregation of duties over the purchasing process is compromised with the Administrator serving as the sole check signer.

Recommendation: Complete the required forms and file them with invoices in the disbursement voucher packages. Update policies to require a check request form (approval to pay) that should also be completed and filed with the disbursement voucher packages. Dual check signers should be utilized. The Administrator should not be a check signer. Debit card policy should address approval to purchase, approved coding, and the recording function.

Views of Responsible Officials: See Corrective Action Plan.

Akii-gikinoo'amaading Charter School

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023
Part B- Financial Statement Findings**

Internal Control Over Financial Reporting – Continued.

2023-002 Board Minutes (Material Weakness)

Condition: Of the 12 months of board minutes requested, the auditor was provided only 2 months for review. The auditor's understanding is that the School Board did meet monthly, however most of the monthly minutes were unavailable for the fiscal year ending June 30, 2023.

Criteria: The School's by-laws and policies do not specifically address the required frequency of board meetings nor any requirements regarding board minutes. The by-laws appear to leave it to the Board's discretion as to the frequency of board meetings. The by-laws do require an annual meeting to be held in June each year. The auditor did not receive any minutes for the annual meeting. Best practices would suggest that the School Board should meet at least monthly during the school year. For each meeting, written minutes should be compiled, approved, and properly filed to allow authorized users future access to the minutes.

Cause: Lack of established and implemented by-laws/policies regarding board meetings and the compilation, approval, and maintenance of written meeting minutes, can be attributed to the lack of availability of the minutes to the auditor.

Effect: A lack of written minutes creates uncertainty as to whether the School Board actually fulfilled its fiduciary oversight responsibilities during the fiscal year.

Recommendation: Update the by-laws to address the required frequency of board meetings as well as the compilation, approval, and maintenance of meeting minutes. Implementation of these new by-laws by the School Board is imperative in order to validate its oversight role in the organization.

Views of Responsible Officials: See Corrective Action Plan.

Compliance and Other Matters

None noted.

Akii-gikinoo’amaading Charter School

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023
Part C- Major State Programs**

Major State Programs

Program Name: State of Wisconsin – Charter Schools State Aid – 2r

State Aid No. 255.109

Grant Number: 2022 - 578146 - DPI - WCSP1 - 360

Award Period: July 1, 2022 – June 30, 2023

Internal Control over Compliance

Deficiencies identified in Part B of the *Schedule of Findings and Questioned Costs*, findings **2023-001 Purchase System**, **2023-002 Board Minutes**, are applicable as findings to this major program.

Compliance

None noted.

Total Questioned Costs – State of Wisconsin

\$ 0



Akii-gikinoo'amaading Charter School

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Website - www.akiing.k12.wi.us

CORRECTIVE ACTION PLAN

February 06, 2024

Wisconsin Department of Public Instruction

The Akii-gikinoo'amaading Charter School respectfully submits the following corrective action plan for the fiscal year ended June 30, 2023.

Name and address of independent public accounting firm:

**Midwest Professionals, PLLC
215 South Court Avenue
Gaylord, MI 49735**

Audit period: July 1, 2022 – June 30, 2023

The findings from the January 22, 2024, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.



Akii-gikinoo'amaading Charter School

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FINDINGS – FINANCIAL STATEMENT AUDIT

2023-001 Purchase System (Material Weakness)

Recommendation: Complete the required forms and file them with invoices in the disbursement voucher packages. Update policies to require a check request form (approval to pay) that should also be completed and filed with the disbursement voucher packages. Dual check signers should be utilized. The Administrator should not be a check signer. Debit card policy should address approval to purchase, approved coding, and the recording function.

Action Taken: We agree with this finding and will implement the above recommendations within 90 days of the issuance of this report.

2023-002 Board Minutes (Material Weakness)

Recommendation: Update the by-laws to address the required frequency of board meetings as well as the compilation, approval, and maintenance of meeting minutes. Implementation of these new by-laws by the School Board is imperative in order to validate its oversight role in the organization.

Action Taken: We agree with this finding and will implement the above recommendations within 90 days of the issuance of this report.



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FINDINGS – MAJOR STATE PROGRAMS

The financial statement audit findings (2023-001 and 2023-002) are also applicable as significant deficiencies in internal controls over compliance for the major state program identified in Part A and Part C of the Schedule of Findings and Questioned Costs.

If you should have any questions regarding this plan, please call Kristi Perry, Finance Manager, at 1-715-558-7394.

Sincerely,

Kristi Perry, Finance Manager
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