

LAKE COUNTRY CLASSICAL ACADEMY, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2024 AND 2023



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Lake Country Classical Academy, Inc..
Milwaukee, Wisconsin

Report on Financial Statements

We have audited the accompanying financial statements of Lake Country Classical Academy, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lake Country Classical Academy, Inc., as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lake Country Classical Academy, Inc., 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 opinion.

Other Matters

The 2023 financial statements were audited by other auditors, whose report dated December 14, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lake Country Classical Academy, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lake Country Classical Academy, Inc.'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 Lake Country Classical Academy, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The information listed in the table of contents as other supplementary information is presented for purposes of additional analysis as required by the *Wisconsin 2r Charter School Audit Manual issued by the Wisconsin Department of Public Instruction* and are also not a required part of the financial statements. The financial information listed in the table of contents as supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024, on our consideration of Lake Country Classical Academy, Inc.'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 Lake Country Classical Academy, Inc. 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 Lake Country Classical Academy, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
November 20, 2024

LAKE COUNTRY CLASSICAL ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 2,367,136	\$ 1,680,764
Certificates of Deposit	349,550	-
Investments	3,023	2,463
Grants Receivable	149,691	118,866
Promises to Give	15,000	-
Prepaid Expenses	7,990	-
Security Deposits	29,834	29,834
Operating Right-of-Use Asset	806,066	1,172,442
Financing Right-of-Use Asset, Net	-	16,104
Property and Equipment, Net	574,848	561,590
Total Assets	\$ 4,303,138	\$ 3,582,063
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 90,883	\$ -
Payroll and Other Related Liabilities	101,609	280,248
Operating Lease Liability	711,551	1,119,927
Financing Lease Liability	-	16,353
Deferred Revenue	62,245	71,189
Notes Payable, Net of Loan Closing Costs	297,398	369,311
Total Liabilities	1,263,686	1,857,028
NET ASSETS		
Without Donor Restrictions:		
Undesignated	2,785,390	1,712,652
Designated by the Board	100,000	12,383
Total Without Donor Restrictions	2,885,390	1,725,035
With Donor Restrictions	154,062	-
Total Net Assets	3,039,452	1,725,035
Total Liabilities and Net Assets	\$ 4,303,138	\$ 3,582,063

See accompanying Notes to Financial Statements.

LAKE COUNTRY CLASSICAL ACADEMY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Federal, State, and Other Government Awards	\$ 6,783,288	\$ -	\$ 6,783,288
Contributions	429,611	154,062	583,673
Contributions of Nonfinancial Assets	38,600	-	38,600
School Activity Income	15,830	-	15,830
Student Fees	99,051	-	99,051
Special Events	204,918	-	204,918
Less: Special Events Expense	(29,352)	-	(29,352)
Interest Income and Investment Income	20,465	-	20,465
Miscellaneous	80	-	80
Net Assets Released from Restrictions	-	-	-
Total Support and Revenues	7,562,491	154,062	7,716,553
EXPENSES			
Program Services	5,479,031	-	5,479,031
Management and General	873,683	-	873,683
Fundraising	49,422	-	49,422
Total Expenses	6,402,136	-	6,402,136
CHANGE IN NET ASSETS	1,160,355	154,062	1,314,417
Net Assets - Beginning of Year	1,725,035	-	1,725,035
NET ASSETS - END OF YEAR	\$ 2,885,390	\$ 154,062	\$ 3,039,452

See accompanying Notes to Financial Statements.

LAKE COUNTRY CLASSICAL ACADEMY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Federal, State, and Other Government Awards	\$ 5,355,713	\$ -	\$ 5,355,713
Contributions	194,215	-	194,215
Contributions of Nonfinancial Assets	27,500	-	27,500
School Activity Income	63,331	-	63,331
Student Fees	65,236	-	65,236
Rental Income	370	-	370
Special Events	515,306	-	515,306
Less: Special Events Expense	(58,218)	-	(58,218)
Interest Income	295	-	295
Miscellaneous	100	-	100
Net Assets Released from Restrictions	73,285	(73,285)	-
Total Support and Revenues	6,237,133	(73,285)	6,163,848
EXPENSES			
Program Services	4,649,841	-	4,649,841
Management and General	800,237	-	800,237
Fundraising	30,217	-	30,217
Total Expenses	5,480,295	-	5,480,295
CHANGE IN NET ASSETS	756,838	(73,285)	683,553
Net Assets - Beginning of Year	968,197	73,285	1,041,482
NET ASSETS - END OF YEAR	\$ 1,725,035	\$ -	\$ 1,725,035

See accompanying Notes to Financial Statements.

LAKE COUNTRY CLASSICAL ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services			Management and General	Fundraising and Development	Cost of Direct Benefit to Donors	Total
	Instructional	Instructional Support	Total				
Salaries	\$ 2,506,358	\$ 748,706	\$ 3,255,064	\$ 216,558	\$ -	\$ -	\$ 3,471,622
Benefits and Taxes	569,656	174,251	743,907	65,541	-	-	809,448
Accounting & Legal	-	-	-	116,598	-	-	116,598
Advertising	-	-	-	22,084	1,115	-	23,199
Apparel	-	1,920	1,920	-	-	-	1,920
Communication	-	3,106	3,106	21,474	-	-	24,580
Contracted Services	1,361	2,249	3,610	25	-	-	3,635
Depreciation	152,158	152,158	304,316	-	8,880	-	313,196
Dues and Fees	7,232	-	7,232	49,045	-	-	56,277
General Supplies	64,909	12,000	76,909	27,805	13,133	-	117,847
Information Technology	4,647	38,022	42,669	43,402	2,195	-	88,266
Insurance	-	-	-	44,365	-	-	44,365
Interest Expense	-	-	-	20,948	-	-	20,948
Occupancy	363,765	363,765	727,530	112,203	7,123	-	846,856
Media and Noncapitalized Equipment	190,201	5,862	196,063	22,565	-	-	218,628
Miscellaneous	-	-	-	-	1,498	-	1,498
Payment to Municipalities	-	250	250	-	-	-	250
Purchased Services	31,651	82,442	114,093	82,970	15,478	29,352	241,893
Travel	-	2,362	2,362	-	-	-	2,362
Gain on Disposal of Assets	-	-	-	-	-	-	-
Utilization of Nonfinancial Assets	-	-	-	28,100	-	-	28,100
Total Expenses by Function	<u>3,891,938</u>	<u>1,587,093</u>	<u>5,479,031</u>	<u>873,683</u>	<u>49,422</u>	<u>29,352</u>	<u>6,431,488</u>
Less: Expenses Included with Revenues on the Consolidated Statement of Activities:							
Cost of Direct Benefits to Donors	-	-	-	-	-	(29,352)	(29,352)
Total Expenses Included in the Expense Section on the Consolidated Statement of Activities	<u>\$ 3,891,938</u>	<u>\$ 1,587,093</u>	<u>\$ 5,479,031</u>	<u>\$ 873,683</u>	<u>\$ 49,422</u>	<u>\$ -</u>	<u>\$ 6,402,136</u>

See accompanying Notes to Financial Statements.

LAKE COUNTRY CLASSICAL ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services			Management and General	Fundraising and Development	Cost of	Total
	Instructional	Instructional Support	Total			Direct Benefit to Donors	
Salaries	\$ 2,011,794	\$ 655,506	\$ 2,667,300	\$ 145,501	\$ -	\$ -	\$ 2,812,801
Benefits and Taxes	538,486	165,863	704,349	52,149	-	-	756,498
Accounting & Legal	-	-	-	102,673	-	-	102,673
Advertising	-	-	-	6,882	-	-	6,882
Amortization on Financing Right of Use Asset	16,104	-	16,104	-	-	-	16,104
Apparel	280	2,226	2,506	50	-	-	2,556
Communication	-	1,953	1,953	15,246	-	-	17,199
Contracted Services	7,981	2,257	10,238	16,229	-	-	26,467
Depreciation and Amortization on Property and Equipment	240,050	-	240,050	-	-	-	240,050
Dues and Fees	1,670	399	2,069	141,921	-	-	143,990
General Supplies	34,464	6,072	40,536	66,081	10,741	-	117,358
Information Technology	7,065	4,340	11,405	103,676	6,095	-	121,176
Insurance	-	-	-	32,619	-	-	32,619
Interest Expense	-	-	-	8,922	-	-	8,922
Interest on Financing Right of Use Lease	-	-	-	732	-	-	732
Loan Fees	-	-	-	7,500	-	-	7,500
Occupancy	388,194	388,194	776,388	17,886	9,200	-	803,474
Media and Noncapitalized Equipment	56,497	66	56,563	11,060	1,184	-	68,807
Payment to Municipalities	-	1,230	1,230	-	-	-	1,230
Purchased Services	59,005	57,231	116,236	43,485	2,998	58,218	220,937
Travel	-	3,176	3,176	125	-	-	3,301
Gain on Disposal of Assets	(263)	-	(263)	-	-	-	(263)
Utilization of Nonfinancial Assets	-	-	-	27,500	-	-	27,500
Total Expenses by Function	<u>3,361,327</u>	<u>1,288,513</u>	<u>4,649,840</u>	<u>800,237</u>	<u>30,218</u>	<u>58,218</u>	<u>5,538,513</u>
Less: Expenses Included with Revenue on the Statement of Activities							
Cost of Direct Benefits to Donors	-	-	-	-	-	(58,218)	(58,218)
Total Expenses Included on the Statement of Activities	<u>\$ 3,361,327</u>	<u>\$ 1,288,513</u>	<u>\$ 4,649,840</u>	<u>\$ 800,237</u>	<u>\$ 30,218</u>	<u>\$ -</u>	<u>\$ 5,480,295</u>

See accompanying Notes to Financial Statements.

LAKE COUNTRY CLASSICAL ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,314,417	\$ 683,553
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Contributions Restricted for Building Project	(150,000)	-
Depreciation and Amortization	313,196	240,050
Amortization of Right-of-use Assets	-	16,104
Gain on sale of Investments	(560)	263
Changes in Operating Assets and Liabilities:		
Grants Receivable	(30,825)	147,506
Promises to Give, Net	(15,000)	73,285
Prepaid Expenses and Other Assets	(7,990)	16,362
Inventory	-	71,170
Operating Lease Asset and Liability	(42,000)	(52,515)
Accounts Payable	90,883	(76,300)
Payroll and Other Related Liabilities	(178,639)	137,890
Deferred Revenue	(8,944)	14,629
Lease Liability - Financing	16,104	-
Net Cash Provided by Operating Activities	1,300,642	1,271,997
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Certificates of Deposit	(349,550)	-
Purchases of Operating Investments	-	(2,463)
Purchases of Property and Equipment	(326,454)	(299,700)
Net Cash Used by Investing Activities	(676,004)	(302,163)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Building Project	150,000	-
Proceeds from Notes Payable	-	400,000
Principal Payments on Notes Payable	(71,913)	(280,483)
Payments on Financing Leases	(16,353)	(16,587)
Net Cash Provided by Financing Activities	61,734	102,930
NET CHANGE IN CASH AND CASH EQUIVALENTS	686,372	1,072,764
Cash and Cash Equivalents - Beginning of Year	1,680,764	608,000
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,367,136	\$ 1,680,764
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	\$ 20,948	\$ 10,610
Proceeds from Sale of Stock Donations	\$ -	\$ 2,169

See accompanying Notes to Financial Statements.

LAKE COUNTRY CLASSICAL ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Lake Country Classical Academy, Inc. (“LCCA”) is a nonprofit charter school whose purpose is to train the minds and improve the hearts of young people through a content-rich, classical education in the liberal arts and sciences, with instruction in the principles or moral character and civic virtue. LCCA addresses the real need for tuition-free, high-quality, teacher-led education for grades K-12.

Basis of Accounting

The financial statements of LCCA have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities. For internal purposes, LCCA uses fund basis accounting.

Use of Estimates in the Preparation of Financial Statements

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

LCCA defines its cash and cash equivalents to include only cash on hand and demand deposits.

Certificates of Deposit

Certificates of deposit are carried at cost which approximates fair value.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment income (loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

Grants Receivable

Grants receivable are recorded at contract value, less management’s estimate of uncollectible receivables. Management believes all of these amounts are collectible; therefore, no provisions for uncollectible accounts were recorded. Grants receivable consist primarily of funds due from various governmental entities. Grants receivable represent consideration from state and local government agencies, of which LCCA has an unconditional right to receive.

LAKE COUNTRY CLASSICAL ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

We record unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. We determine the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At June 30, 2024 and 2023, management has determined that \$0 allowance for doubtful accounts is necessary.

Property and Equipment

We record property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2024 and 2023.

Deferred Revenue

Income from student fees for the subsequent year are received in advance is deferred and recognized over the period to which the student fee or sponsored events relate.

Leases

LCCA determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. LCCA recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. See Note 6 for additional information on LCCA's leases as of and for the years ended June 30, 2024 and 2023.

LAKE COUNTRY CLASSICAL ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent LCCA's right to use an underlying asset for the lease term and lease liabilities represent LCCA's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that LCCA will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. LCCA has elected to recognize payments for short-term leases with terms of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statements of financial position.

The individual operating lease contracts do not provide information about the discount rate implicit in the lease. Therefore, LCCA has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all operating lease liabilities. For finance lease contracts, the interest rate is imputed based on the value of the equipment and the scheduled payment amounts.

LCCA has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. LCCA has no net assets to be held in perpetuity.

Revenue Recognition under ASC 606

LCCA recognizes revenue based on the existence or absence of an exchange transaction. LCCA recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a student or by transferring control over a product to a student. Revenue from performance obligations satisfied at a point in time consists of the following:

- **School activity income** – Recognized at the time LCCA collects fees for a student activity.
- **Student fees and fines**– Recognized in the year the fee and fine is attributed to.

LAKE COUNTRY CLASSICAL ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

LCCA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as Net Assets Released from Purpose Restrictions.

LCCA reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

LCCA's revenue is primarily derived from state, federal, and other grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when LCCA has incurred expenditures in compliance with specific grant provisions or other conditions have been satisfied. LCCA received no cost reimbursable or conditional grants that have not been recognized at both June 30, 2024 and June 30, 2023 because qualifying expenditures have yet to be incurred or other conditions have yet to be satisfied. Revenue from Charter School Aid is recorded based on membership count.

Donated Services and In-Kind Contributions

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 8). LCCA does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were \$23,199 and \$6,882 for the years ended June 30, 2024 and 2023, respectively.

Functional Allocation of Expenses

The statement of activities presents the natural classification detail of expenses by function. Occupancy expenses are allocated based on square footage. All remaining expenses within the statement of activities are direct expenses and therefore no allocation of expenses between program and supporting services is deemed necessary.

LAKE COUNTRY CLASSICAL ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

LCCA is exempt from federal and state income taxes on related exempt-function income under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization other than a private foundation. LCCA does not consider any of its support and revenues to be unrelated business income, and accordingly, no provision for income taxes has been provided in the accompanying financial statements.

LCCA has implemented accounting for uncertainty in income taxes in accordance with U.S. GAAP. This standard describes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognizing, interest, penalties and disclosure required. Management of LCCA evaluates the uncertain tax positions taken, if any, and consults with outside counsel as deemed necessary. LCCA recognizes interest and penalties, if any, related to unrecognized tax liabilities in income tax expense. LCCA does not anticipate any income tax liability.

Financial Instruments and Credit Risk

Cash is maintained at financial institutions and at times, balances may exceed federally insured limits. The Organization has never experienced any losses related to these balances. The Organization monitors the financial stability of financial institution regularly and management does not believe there is significant credit risk associated with the deposits in excess of federally insured amounts.

Change in Accounting Principle

On July 1, 2023, LCCA adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13. *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. LCCA adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on LCCA's financial statements but did result in changes to LCCA's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. LCCA also updated its accounting policies for determining the recoverability of accounts receivable.

LCCA extends credit to customers in the normal course of business. LCCA uses a combination of historical loss experience, current economic conditions, and forward-looking information to estimate credit losses for financial assets. LCCA considers various factors such as borrower creditworthiness and probability of default to estimate credit losses. Management has concluded that credit losses on balances outstanding at year-end will be immaterial.

Subsequent Events

LCCA has evaluated subsequent events through November 20, 2024, the date the financial statements were available to be issued.

LAKE COUNTRY CLASSICAL ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure and other current contractual obligations, that is, without donor or other restrictions limiting their use, within one year of financial position date:

	2024	2023
Cash and Cash Equivalents	\$ 2,367,136	\$ 1,680,764
Certificates of Deposit	349,550	-
Grants Receivable	149,691	118,866
Investments	3,023	2,463
Promises to Give	15,000	-
Less: Board Designated Net Assets	(100,000)	(12,383)
Less: Net Assets With Donor Restrictions	(154,062)	-
Total	\$ 2,630,338	\$ 1,789,710

LCCA manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The line of credit discussed in Note 4 has no balance as of June 30, 2024 and 2023 and, therefore it is not considered necessary to deduct from the balance.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2024	2023
Leasehold Improvements	\$ 980,414	\$ 757,709
Equipment	50,194	39,695
Website Development	11,400	11,400
Construction in Progress	93,249	-
Subtotal	1,135,257	808,804
Less: Accumulated Depreciation and Amortization	(560,409)	(247,214)
Total Property and Equipment	\$ 574,848	\$ 561,590

Depreciation and amortization expense totaled \$313,196 and \$240,050 for the years ended June 30, 2024 and 2023, respectively.

NOTE 4 LINE OF CREDIT

A line of credit in the amount of \$500,000 was dated August 31, 2023 and due August 31, 2024, at the prime variable interest rate plus 1.00% subject to a floor of 6.50%. The interest rate as of June 30, 2024 was 9.50%. There were no draws or interest charged on the line of credit for the years ended June 30, 2024 and 2023. The line of credit is secured by all general business assets. Subsequent to year-end, the agreement was extended through October 31, 2024 under similar terms.

LAKE COUNTRY CLASSICAL ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 NOTES PAYABLE

Notes payable consist of the following at June 30:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Note payable to financial institution, interest rate 5.95% and principal payable in monthly installments of \$7,738 with a final payment due February 2028. The note is unsecured.	\$ 297,398	\$ 369,311
Less: Current Maturities	<u>76,565</u>	<u>72,394</u>
Total	<u><u>\$ 220,833</u></u>	<u><u>\$ 296,917</u></u>

LCCA recognized a loan cost in the amount of \$9,000. The loan cost will be amortized to interest expense over the life of the loan. Amortization expense included in interest expense amounted to \$1,636 for the years ended June 30, 2024 and 2023.

Future maturities of notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 76,565
2026	81,314
2027	86,358
2028	53,161
Total	<u><u>\$ 297,398</u></u>

NOTE 6 LEASES

LCCA leases operating facilities under 4 agreements expiring between June 2025 and August 2026, and a copier under an agreement expiring in June 2026.

Quantitative information concerning LCCA's leases for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Operating Lease Cost	\$ 675,246	\$ 581,131
Financing Lease Cost:		
Interest Expense	214	732
Amortization of Right-of-Use Assets	-	16,104
Total	<u><u>\$ 675,460</u></u>	<u><u>\$ 597,967</u></u>

Cash Paid for Amounts Included in the Measurement of Lease Liabilities:

Operating Cash Flows from Operating Leases	\$ 616,875	\$ 511,743
Operating Cash Flows from Finance Leases	214	689
Financing Cash Flows from Finance Leases	16,353	15,897

Right-of-Use Assets Obtained in Exchange for Lease Liabilities:

Operating Leases	\$ 270,740	\$ 427,211
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LAKE COUNTRY CLASSICAL ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 LEASES (CONTINUED)

The following summarizes the weighted-average remaining lease term and weight-average discount rate for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Weighted-Average Lease Term:		
Operating Leases	1.2 Years	2.0 Years
Finance Leases	-	1.0 Years
Weighted-Average Discount Rate:		
Operating Leases	3.22 %	2.91 %
Finance Leases	-	3.10 %

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024 is as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>
2025	\$ 636,775
2026	78,591
2027	10,600
Total Lease Payments	<u>725,966</u>
Less: Interest	<u>(14,415)</u>
Present Value of Lease Liabilities	<u>\$ 711,551</u>

NOTE 7 NET ASSETS

Net assets without donor restrictions consist of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Board designated	\$ 100,000	\$ 12,383
Undesignated	2,785,390	1,712,652
Total Net Assets without Donor Restrictions	<u>\$ 2,885,390</u>	<u>\$ 1,725,035</u>

Net assets with donor restrictions consist of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Subject to Expenditure for Specified Purpose:		
Building Project	\$ 149,965	\$ -
Other	4,097	-
Total Net Assets with Donor Restrictions	<u>\$ 154,062</u>	<u>\$ -</u>

LAKE COUNTRY CLASSICAL ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 CONTRIBUTED NONFINANCIAL ASSETS

During the years ended June 30, 2024 and 2023, LCCA received various donated items and services totaling \$38,600 and \$27,500, respectively. LCCA utilizes or monetizes the donated items based on donor intent.

LCCA received the following contributions of nonfinancial assets for the years ending June 30:

	<u>2024</u>	<u>2023</u>
Professional Services	\$ 28,100	\$ 27,500
Equipment	10,500	-
Total	<u>\$ 38,600</u>	<u>\$ 27,500</u>

Professional services are recognized as in-kind contribution revenue and utilized for fundraising events during the year contributed. LCCA valued this work at current market rates for similar services.

Equipment is recognized as in-kind contribution revenue. LCCA valued equipment at the estimated fair value based on retail rates for similar equipment. All in-kind contribution revenue was received without donor restrictions.

NOTE 9 REVENUE

The following table shows the LCCA's revenue disaggregated according to the timing of the transfer of services for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Revenue Recognized Over Time		
School Activity Income	\$ 15,830	\$ 63,331
Student Fees and Fines	99,051	65,236
Total Revenue Recognized Over Time	<u>\$ 114,881</u>	<u>\$ 128,567</u>

LCCA's contract liabilities consist of deferred revenue totaling \$62,245, \$71,189, and \$56,560 as of June 30, 2024, 2023, and 2022, respectively. All revenue that was deferred at June 30, 2023 and 2022 was recognized during the years ended June 30, 2024 and 2023, respectively.

NOTE 10 EMPLOYEE RETIREMENT PLANS

LCCA offers a 403(b) retirement plan where employees may elect to defer the maximum allowed by the Internal Revenue Service. LCCA may make discretionary contributions to be allocated to all eligible employees. LCCA contributed \$81,886 and \$23,767 to the plan for the years ended June 30, 2024 and 2023, respectively.

LAKE COUNTRY CLASSICAL ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 11 CONCENTRATIONS

LCCA received \$6,261,750 and \$4,673,688 in revenue from one grant from the Wisconsin Department of Public Instruction during the years ended June 30, 2024 and 2023, for charter school state aid, which represented 81% and 76% of total operating revenue, respectively.

NOTE 12 COMMITMENTS AND CONTINGENCIES

LCCA has received state and federal funds for specific purposes. Such funds are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, management believes all compliance requirements have been met.

LCCA's financial instruments are exposed to concentrations of credit risk consisting of cash. LCCA maintains its cash with three financial institutions. The total cash balances of LCCA are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per bank. LCCA held cash throughout the year which, at times, exceeded the balance insured by the FDIC. LCCA monitors such credit risk and has not experienced any losses related to such risks.

LCCA's investments are exposed to various risks of loss, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the financial statements.

During the year ended June 30, 2024, LCCA entered into a contract totaling \$205,000 for site research, to expand the LCCA campus through new construction. As of June 30, 2024, \$145,908 was outstanding on this commitment. LCCA had spent a total of \$93,249 towards this project, and it was included in construction in progress in Note 3. Subsequent to June 30, 2024, LCCA management decided on an alternate plan to expand the campus. Therefore, all construction in progress as of June 30, 2024 will be included in expenses as "loss on disposal of assets" in the year ended June 30, 2025.

LAKE COUNTRY CLASSICAL ACADEMY, INC.
STATEMENT OF FINANCIAL POSITION BY FUND
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	General Fund	Special Revenue Fund	Special Education Fund	Debt Service Fund	Property and Equipment Fund	Eliminations	Total
ASSETS							
Cash and Cash Equivalents	\$ 1,858,302	\$ 213,072	\$ -	\$ 295,762	\$ -	\$ -	\$ 2,367,136
Certificates of Deposit	349,550	-	-	-	-	-	349,550
Investments	3,023	-	-	-	-	-	3,023
Grants Receivable, Net	124,941	-	24,750	-	-	-	149,691
Due to/From	24,850	-	-	-	-	(24,850)	-
Promises to Give	-	15,000	-	-	-	-	15,000
Prepaid Expenses	7,990	-	-	-	-	-	7,990
Security Deposits	29,834	-	-	-	-	-	29,834
Operating Right-of-Use Asset	806,066	-	-	-	-	-	806,066
Financing Right-of-Use Asset, Net	-	-	-	-	-	-	-
Property and Equipment, Net	-	-	-	-	574,848	-	574,848
Total Assets	\$ 3,204,556	\$ 228,072	\$ 24,750	\$ 295,762	\$ 574,848	\$ (24,850)	\$ 4,303,138
LIABILITIES AND NET ASSETS							
LIABILITIES							
Accounts Payable	\$ 90,983	\$ -	\$ (100)	\$ -	\$ -	\$ -	\$ 90,883
Payroll and Other Related Liabilities	101,609	-	-	-	-	-	101,609
Operating Lease Liability	711,551	-	-	-	-	-	711,551
Due to Other Fund	-	-	24,850	-	-	(24,850)	-
Deferred Revenue	62,245	-	-	-	-	-	62,245
Notes Payable, Net of Loan Closing Costs	-	-	-	297,398	-	-	297,398
Total Liabilities	966,388	-	24,750	297,398	-	(24,850)	1,263,686
NET ASSETS							
Without Donor Restrictions:							
Undesignated	2,238,168	(25,990)	-	(1,636)	574,848	-	2,785,390
Designated by the Board	-	100,000	-	-	-	-	100,000
Total Without Donor Restrictions	2,238,168	74,010	-	(1,636)	574,848	-	2,885,390
With Donor Restrictions	-	154,062	-	-	-	-	154,062
Total Net Assets	2,238,168	228,072	-	(1,636)	574,848	-	3,039,452
Total Liabilities and Net Assets	\$ 3,204,556	\$ 228,072	\$ 24,750	\$ 295,762	\$ 574,848	\$ (24,850)	\$ 4,303,138

LAKE COUNTRY CLASSICAL ACADEMY, INC.
STATEMENT OF FINANCIAL POSITION BY FUND
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS	General Fund	Special Revenue Fund	Special Education Fund	Debt Service Fund	Property and Equipment Fund	Eliminations	Total
Cash and Cash Equivalents	\$ 1,269,966	\$ -	\$ 43,123	\$ 367,675	\$ -	\$ -	\$ 1,680,764
Investments	2,463	-	-	-	-	-	2,463
Grants Receivable, Net	107,309	-	11,557	-	-	-	118,866
Due to/From	2,573	-	-	-	-	(2,573)	-
Promises to Give	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-	-
Security Deposits	29,834	-	-	-	-	-	29,834
Operating Right-of-Use Asset	1,172,442	-	-	-	-	-	1,172,442
Financing Right-of-Use Asset, Net	16,104	-	-	-	-	-	16,104
Property and Equipment, Net	-	-	-	-	561,590	-	561,590
Total Assets	<u>\$ 2,600,691</u>	<u>\$ -</u>	<u>\$ 54,680</u>	<u>\$ 367,675</u>	<u>\$ 561,590</u>	<u>\$ (2,573)</u>	<u>\$ 3,582,063</u>
LIABILITIES AND NET ASSETS							
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll and Other Related Liabilities	225,568	-	54,680	-	-	-	280,248
Operating Lease Liability	1,119,927	-	-	-	-	-	1,119,927
Financing Lease Liability	16,353	-	-	-	-	-	16,353
Due to Other Fund	-	2,573	-	-	-	(2,573)	-
Deferred Revenue	71,189	-	-	-	-	-	71,189
Notes Payable, Net of Loan Closing Costs	-	-	-	369,311	-	-	369,311
Total Liabilities	<u>1,433,037</u>	<u>2,573</u>	<u>54,680</u>	<u>369,311</u>	<u>-</u>	<u>(2,573)</u>	<u>1,857,028</u>
NET ASSETS							
Without Donor Restrictions:							
Undesignated	1,167,654	(14,956)	-	(1,636)	561,590	-	1,712,652
Designated by the Board	-	12,383	-	-	-	-	12,383
Total Without Donor Restrictions	<u>1,167,654</u>	<u>(2,573)</u>	<u>-</u>	<u>(1,636)</u>	<u>561,590</u>	<u>-</u>	<u>1,725,035</u>
With Donor Restrictions	-	-	-	-	-	-	-
Total Net Assets	<u>1,167,654</u>	<u>(2,573)</u>	<u>-</u>	<u>(1,636)</u>	<u>561,590</u>	<u>-</u>	<u>1,725,035</u>
Total Liabilities and Net Assets	<u>\$ 2,600,691</u>	<u>\$ -</u>	<u>\$ 54,680</u>	<u>\$ 367,675</u>	<u>\$ 561,590</u>	<u>\$ (2,573)</u>	<u>\$ 3,582,063</u>

LAKE COUNTRY CLASSICAL ACADEMY, INC.
STATEMENT OF ACTIVITES BY FUND
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	General Fund	Special Revenue Fund	Special Education Fund	Debt Service Fund	Property and Equipment Fund	Total
SUPPORT AND REVENUES						
Federal, State, and Other Government Awards	\$ 6,495,736	\$ -	\$ 287,552	\$ -	\$ -	\$ 6,783,288
Contributions	328,708	254,965	-	-	-	583,673
Contributions of Nonfinancial Assets	38,600	-	-	-	-	38,600
School Activity Income	-	15,830	-	-	-	15,830
Student Fees	99,051	-	-	-	-	99,051
Rental Income	-	-	-	-	-	-
Special Events	204,918	-	-	-	-	204,918
Less: Special Events Expense	(29,352)	-	-	-	-	(29,352)
Interest Income and Investment Income	20,465	-	-	-	-	20,465
Miscellaneous	80	-	-	-	-	80
Total Support and Revenues	<u>7,158,206</u>	<u>270,795</u>	<u>287,552</u>	<u>-</u>	<u>-</u>	<u>7,716,553</u>
EXPENSES						
Salaries	2,884,735	814	586,073	-	-	3,471,622
Benefits and Taxes	672,527	85	136,836	-	-	809,448
Accounting and Legal	116,598	-	-	-	-	116,598
Advertising	23,199	-	-	-	-	23,199
Amortization	-	-	-	-	-	-
Apparel	1,920	-	-	-	-	1,920
Communication	24,580	-	-	-	-	24,580
Contracted Services	2,274	-	1,361	-	-	3,635
Depreciation and Amortization	-	-	-	-	313,196	313,196
Dues and Fees	55,962	315	-	-	-	56,277
General Supplies	109,814	1,158	6,875	-	-	117,847
Information Technology	88,266	-	-	-	-	88,266
Insurance	44,365	-	-	-	-	44,365
Interest Expense	-	-	-	20,948	-	20,948
Interest on Financing Right of Use Lease	-	-	-	-	-	-
Loan Fees	-	-	-	-	-	-
Occupancy	846,856	-	-	-	-	846,856
Media and Noncapitalized Equipment	214,227	1,138	3,263	-	-	218,628
Miscellaneous	1,498	-	-	-	-	1,498
Payments to Municipalities	250	-	-	-	-	250
Purchased Services	177,536	828	34,177	-	-	212,541
Travel	2,362	-	-	-	-	2,362
Gain on Disposal of Assets	-	-	-	-	-	-
Utilization of Nonfinancial Assets	28,100	-	-	-	-	28,100
Total Expenses	<u>5,295,069</u>	<u>4,338</u>	<u>768,585</u>	<u>20,948</u>	<u>313,196</u>	<u>6,402,136</u>
TRANSFERS						
Transfer to Special Education Fund	(481,033)	-	481,033	-	-	-
Transfer to Debt Service Fund	(20,948)	-	-	20,948	-	-
Transfer to General Fund	(80,388)	80,388	-	-	-	-
Transfer to Fixed Asset Fund	(210,254)	(116,200)	-	-	326,454	-
Total Transfer	<u>(792,623)</u>	<u>(35,812)</u>	<u>481,033</u>	<u>20,948</u>	<u>326,454</u>	<u>-</u>
CHANGE IN FUND BALANCE						
	1,070,514	230,645	-	-	13,258	1,314,417
Fund Balance (Deficit) - Beginning of Year	<u>1,167,654</u>	<u>(2,573)</u>	<u>-</u>	<u>(1,636)</u>	<u>561,590</u>	<u>1,725,035</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 2,238,168</u>	<u>\$ 228,072</u>	<u>\$ -</u>	<u>\$ (1,636)</u>	<u>\$ 574,848</u>	<u>\$ 3,039,452</u>

LAKE COUNTRY CLASSICAL ACADEMY, INC.
STATEMENT OF ACTIVITES BY FUND
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	General Fund	Special Revenue Fund	Special Education Fund	Debt Service Fund	Property and Equipment Fund	Total
SUPPORT AND REVENUES						
Federal, State, and Other Government Awards	\$ 5,098,270	\$ -	\$ 257,442	\$ -	\$ -	\$ 5,355,712
Contributions	193,915	300	-	-	-	194,215
Contributions of Nonfinancial Assets	27,500	-	-	-	-	27,500
School Activity Income	501	62,831	-	-	-	63,332
Student Fees	65,236	-	-	-	-	65,236
Rental Income	370	-	-	-	-	370
Special Events	515,306	-	-	-	-	515,306
Less: Special Events Expense	(58,218)	-	-	-	-	(58,218)
Interest Income and Investment Income	295	-	-	-	-	295
Miscellaneous	-	-	100	-	-	100
Total Support and Revenues	5,843,175	63,131	257,542	-	-	6,163,848
EXPENSES						
Salaries	2,326,600	12,310	473,892	-	-	2,812,802
Benefits and Taxes	656,149	1,151	99,196	-	-	756,496
Accounting and Legal	102,673	-	-	-	-	102,673
Advertising	6,882	-	-	-	-	6,882
Amortization	16,104	-	-	-	-	16,104
Apparel	2,276	280	-	-	-	2,556
Communication	17,199	-	-	-	-	17,199
Contracted Services	18,311	-	8,156	-	-	26,467
Depreciation and Amortization	-	-	-	-	240,050	240,050
Dues and Fees	142,905	1,085	-	-	-	143,990
General Supplies	113,890	1,409	2,059	-	-	117,358
Information Technology	114,410	-	6,766	-	-	121,176
Insurance	32,619	-	-	-	-	32,619
Interest Expense	-	-	-	8,922	-	8,922
Interest on Financing Right of Use Lease	732	-	-	-	-	732
Loan Fees	7,500	-	-	-	-	7,500
Occupancy	803,474	-	-	-	-	803,474
Media and Noncapitalized Equipment	67,867	876	64	-	-	68,807
Miscellaneous	-	-	-	-	-	-
Payments to Municipalities	230	1,000	-	-	-	1,230
Purchased Services	118,728	37,805	6,186	-	-	162,719
Travel	3,302	-	-	-	-	3,302
Gain on Disposal of Assets	-	-	-	-	(263)	(263)
Utilization of Nonfinancial Assets	27,500	-	-	-	-	27,500
Total Expenses	4,579,351	55,916	596,319	8,922	239,787	5,480,295
TRANSFERS						
Transfer to Special Education Fund	(338,777)	-	338,777	-	-	-
Transfer to Debt Service Fund	(7,286)	-	-	7,286	-	-
Transfer to Fixed Asset Fund	(230,055)	-	-	-	230,055	-
Total Transfer	(576,118)	-	338,777	7,286	230,055	-
CHANGE IN FUND BALANCE						
	687,706	7,215	-	(1,636)	(9,732)	683,553
Fund Balance (Deficit) - Beginning of Year	479,948	(9,788)	-	-	571,322	1,041,482
FUND BALANCE (DEFICIT) - End of Year	\$ 1,167,654	\$ (2,573)	\$ -	\$ (1,636)	\$ 561,590	\$ 1,725,035

LAKE COUNTRY CLASSICAL ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2024

Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	State and Federal Expenditures
Federal Awards			
U.S. Department of Health and Human Services:			
Passed through Wisconsin Department of Health and Human Services:			
Medicaid Cluster			
Medical Assistance Program	93.778	100187422	\$ 23,263
Total U.S. Department of Health and Human Services			<u>23,263</u>
U.S. Department of Education			
Passed through Wisconsin Department of Public Instruction:			
ESEA Title V - Charter Schools	84.282A	2024-678021-DPI-WCSP1-360	186,464
<i>Special Education Cluster ("IDEA"):</i>			
Special Education - Grants to States - IDEA	84.027A	2024-678021-DPI-FLOW-341	87,538
<i>Education Stabilization Funds:</i>			
COVID- 19 - Elementary and Secondary School Emergency Relief -III	84.425D	2022-678147-DPI-EBIS-165	46,814
Total Education Stabilization Funds			<u>46,814</u>
Total U.S. Department of Education			<u>320,816</u>
Total Federal Awards			<u>\$ 344,079</u>
State Awards			
Wisconsin Department of Public Instruction:			
Special Education and School Age Parents	255.101	678021-100	\$ 174,541
Charter Schools State Aid	255.109	678021-115	6,261,750
Assessment of Reading Readiness Public	255.956	678021-166	1,386
Total Wisconsin Department of Public Instruction			<u>6,437,677</u>
Total State Awards			<u>\$ 6,437,677</u>

LAKE COUNTRY CLASSICAL ACADEMY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of Lake Country Classical Academy, Inc., under programs of the federal and state government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of *Wisconsin 2r Charter School Audit Manual issued by the Wisconsin Department of Public Instruction*. Because the Schedule presents only a selected portion of the operations of Lake Country Classical Academy, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Lake Country Classical Academy, Inc.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Wisconsin 2r Charter School Audit Manual*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

Lake Country Classical Academy, Inc. did not use the 10% de minimis indirect cost rate.

NOTE 4 SPECIAL EDUCATION AND SCHOOL-AGE PARTENTS

Total DPI aidable expenditures for the year ended June 30, 2024 were \$538,141.



**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**

Board of Directors
Lake Country Classical Academy, Inc.
Milwaukee, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lake Country Classical Academy, Inc., which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon November 20, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2024-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2024-002 to be a significant deficiency.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

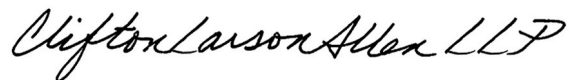
As part of obtaining reasonable assurance about whether Lake Country Classical Academy, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

Lake Country Classical Academy, Inc.'s Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on LCCA's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. LCCA's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

Purpose of this Report

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



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
November 20, 2024



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE WISCONSIN 2r CHARTER SCHOOL AUDIT GUIDELINES

Board of Directors
Lake Country Classical Academy, Inc.
Milwaukee, Wisconsin

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

We have audited Lake Country Classical Academy, Inc. ("LCCA") compliance with the types of compliance requirements identified as subject to audit in the *Wisconsin 2r Charter School Audit Manual* that could have a direct and material effect on each of LCCA's major state programs for the year ended June 30, 2024. LCCA's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and responses.

In our opinion, LCCA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2024.

Basis for Opinion on Each 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 audit requirements the *Wisconsin 2r Charter School Audit Manual*, issued by the Wisconsin Department of Public Instruction. Our responsibilities under those standards and the *Wisconsin 2r Charter School Audit Manual* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LCCA 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 LCCA'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, state statutes, regulations, rules, and provisions of contracts or grant agreements applicable to LCCA's state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on LCCA'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 2r Charter School Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about LCCA'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 2r Charter School 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 LCCA'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 LCCA'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 2r Charter School Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of LCCA's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

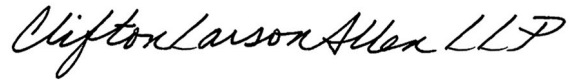
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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.

Report on Internal Control Over Compliance (Continued)

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Wisconsin 2r Charter School Audit Manual*. Accordingly, this report is not suitable for other purposes.



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
November 20, 2024

**LAKE COUNTRY CLASSICAL ACADEMY, INC.
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2024**

A. Summary of Auditors' Results

Financial Statements

- | | | |
|----|---|------------|
| 1. | Type of auditors' report issued? | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness(s) identified? | Yes |
| | b. Significant deficiency(ies) identified not considered to be material weaknesses? | Yes |
| 3. | Noncompliance material to the financial statements noted? | No |

State Awards

- | | | |
|----|---|---------------|
| 1. | Type of auditors' report issued? | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness(s) identified? | No |
| | b. Significant deficiency(ies) identified not considered to be material weaknesses? | None Reported |
| 3. | Any audit findings disclosed that are required to be reported in accordance with Wisconsin State Single Audit Guidelines? | None Reported |

4. Identification of major state programs:

CFDA Number
255.109

Name of State Program or Cluster
Charter Schools State Aid

5. Type A threshold: \$250,000

B. Financial Statement Findings

Reference Number: 2024-001

Description: Audit Adjustments

Criteria and Condition: Statements on Auditing Standards AU §314.41 states it is the responsibility of management to implement proper internal controls to provide reasonable assurance about the achievement of LCCA's objectives regarding the reliability of financial reporting. After fieldwork began, journal entries were required to prevent LCCA's financial statements from being materially misstated.

Cause: Inadequate controls to ensure the proper recording of LCCA's financial reporting in accordance with accounting principles generally accepted in the United States of America.

Effect: Without the above audit adjustments, the financial statements of LCCA would have been materially Misstated.

**LAKE COUNTRY CLASSICAL ACADEMY, INC.
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2024**

B. Financial Statement Findings (continued)

Reference Number: 2024-001

Description: Audit Adjustments (Continued)

Identification of a Repeat Finding: This is a repeat finding. See prior year finding 2023-001.

Auditors' Recommendation: We recommend management review the nature of these entries to determine if these types of adjustments could be made during the year as part of the ordinary financial reporting process.

Corrective Action Plan: See attachment LCCA's corrective action plan.

Reference Number: 2024-002

Description: Financial Statement Preparation

Criteria: Statements on Auditing Standards AU §325.29 states it is a deficiency in the design of controls to have inadequate controls over the preparation of the financial statements being audited.

Condition: The financial statements of LCCA should be prepared in accordance with Accounting Principles Generally Accepted in the United States of America ("U.S. GAAP"). Preparation of LCCA's financial statements and footnote disclosures in accordance with U.S. GAAP requires a very high level of technical experience and expertise. LCCA's financial statements could be misstated and required footnote disclosures could be missing.

Cause: LCCA's staff does not have the necessary resources to properly apply U.S. GAAP in the preparation of these documents. LCCA has decided to rely on the technical experience and expertise of its auditors and have requested us to prepare the financial statements and footnote disclosures in accordance with U.S. GAAP.

Effect: LCCA's financial statements could be misstated and required footnote disclosures could be missing.

Identification of a Repeat Finding: This is a repeat finding. See prior year finding 2023-002.

Auditors' Recommendation: We recommend LCCA continue to assign a staff member to review the financial statements prepared by its auditors.

Views of Responsible Officials: See attachment for LCCA's corrective action plan.

C. State Findings

None

**LAKE COUNTRY CLASSICAL ACADEMY, INC.
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2024**

D. Other Issues

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e. material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *Wisconsin State Single Audit Guidelines*:
Department of Public Instruction Yes

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes

4. Name and signature of partner



Steven C. Johnson, CPA

5. Date of report

November 20, 2024



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