

LIFETECH ACADEMY
REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

YEAR ENDED JUNE 30, 2016

CONTENTS

	<u>Page</u>
Independent auditor's report	3 - 4
Management's discussion and analysis	5 - 9
Basic financial statements	10
Government-wide financial statements	
Statement of net position.....	11
Statement of activities	12
Fund financial statements	
Balance sheet - governmental funds	13
Statement of revenues, expenditures and changes in fund balance - governmental funds.....	14
Reconciliation of the statement of revenues, expenditures and changes in fund balance of governmental funds to the statement of activities	15
Fiduciary funds	
Statement of fiduciary assets and liabilities	16
Notes to financial statements.....	17 - 26
Required supplementary information	27
Budgetary comparison schedule - general fund	28
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 <i>Government Auditing Standards</i>	29 - 30
Schedule of findings and responses	31 - 32
Schedule of prior year findings and responses.....	33 - 34
Corrective action plan	35

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
LifeTech Academy

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of LifeTech Academy, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of LifeTech Academy as of June 30, 2016 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2016 on our consideration of LifeTech Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 LifeTech Academy's internal control over financial reporting and compliance.

Maney Costeiron PC

October 3, 2016

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of LifeTech Academy’s (the Academy) annual financial report presents our discussion and analysis of the public school academy’s financial performance during the year that ended on June 30, 2016. Please read it in conjunction with the Academy’s financial statements, which immediately follow this section.

Financial Highlights

- The Academy’s fund balance in the general fund increased \$142,515 for the year ended June 30, 2016 as compared to a budgeted increase of \$141,134.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *academy-wide financial statements* that provide both short-term and long-term information about the Academy’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Academy, reporting the Academy’s operations in more detail than the academy-wide statements.
- The *governmental funds* statements tell how basic services like regular and special education were financed in the short-term as well as what remains for future spending.
- The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Academy’s budget for the year. Figure A-1 shows how the various parts of the annual report are arranged and related to one another.

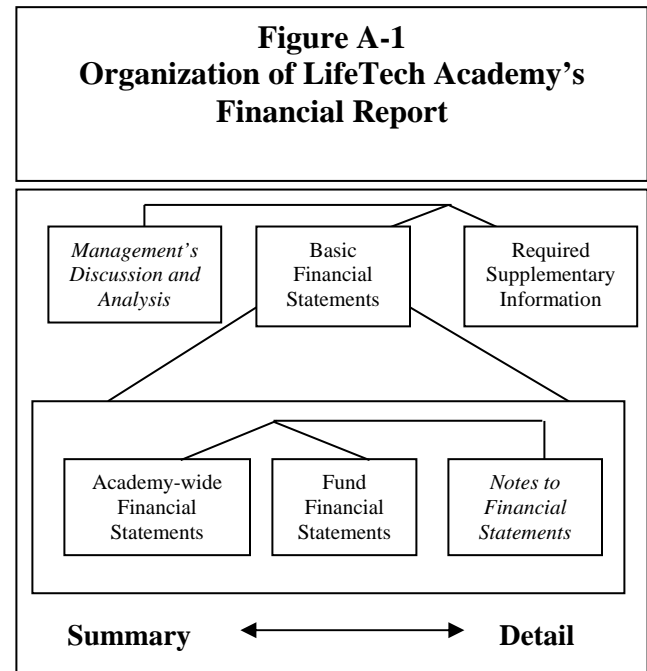


Figure A-2 summarizes the major features of the Academy’s financial statements, including the portion of the Academy’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents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

Figure A-2 Major Features of the academy-wide and Fund Financial Statements

	Academy-wide statements	Governmental funds	Fiduciary Funds
Scope	Entire Academy (except fiduciary funds)	All activities of the Academy that are not fiduciary	Instance in which the Academy administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances	* Statement of fiduciary assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term, LifeTech's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Academy-wide statements

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

The two academy-wide statements report the Academy’s net position and how it has changed. Net position - the difference between the Academy’s assets and liabilities, is one way to measure the Academy’s financial health or position.

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

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

Fund financial statements

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

- Some funds are required by State law and by debt agreements.
- The Academy can establish other funds to control and manage money for particular purposes.

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

Financial analysis of the Academy as a whole

The fund balance at June 30, 2016 is \$272,920 in the general fund, as compared to \$130,405 in the prior year.

Net position - the Academy's combined net position of \$306,918, which is a \$158,258 increase from the prior year.

The total revenues were \$1,313,469. This constitutes a 36% increase compared to revenues of the prior year. State aid foundation allowance included in revenue from state sources accounts for approximately 88% of the Academy's revenue.

The total cost of instruction was \$622,076. This represents a 100% increase from that of instructional expenditures in the prior year. Total support service was \$526,473. This represents a 15% increase from that of support service expenditures in the prior year.

See figures A-3 and A-4.

**Figure A-3
LifeTech Academy's Net Position**

	2016	2015
Current and other assets	\$ 293,538	\$ 177,224
Capital assets	33,998	18,255
Total assets	<u>327,536</u>	<u>195,479</u>
Other liabilities	20,618	46,819
Total liabilities	<u>20,618</u>	<u>46,819</u>
Net position:		
Net investment in capital assets	33,998	18,255
Unrestricted	272,920	130,405
Total net position	<u>\$ 306,918</u>	<u>\$ 148,660</u>

**Figure A-4
Changes in LifeTech Academy's Net Position**

	2016	2015
Revenues:		
Program revenues:		
Federal and state categorical grants	\$ 144,563	\$ 146,292
General revenues:		
State aid - unrestricted	1,161,569	807,181
Incoming transfer from Eaton ISD	7,302	8,935
Other	35	2,103
Total revenues	<u>1,313,469</u>	<u>964,511</u>
Expenses:		
Instruction	622,076	310,230
Support services	526,473	456,521
Unallocated depreciation	6,662	3,726
Total expenses	<u>1,155,211</u>	<u>770,477</u>

Financial analysis of the Academy's funds

The Academy's fund balance in the general fund increased by \$142,515. The Academy also recognized \$22,405 of capital outlay as expenditures during the year.

General fund budgetary highlights

Over the course of the year, the Academy revised the general fund annual operating budget when necessary. Changes were made in both revenue and expenditures which reflected anticipated changes in state aid grants and actual salary costs for staff.

General fund budgetary highlights (continued)

The Academy's final budget for the general fund anticipated revenues would exceed expenditures and other financing sources (uses) by \$141,134, while the actual results for the year showed revenues over expenditures and other financing sources (uses) of \$142,515.

Actual revenues were \$2,948 less than budgeted.

Actual expenditures were \$4,329 less than budgeted.

Capital asset and debt administration

Capital assets

By the end of the year ended June 30, 2016, the Academy had invested \$33,998 in capital assets net of accumulated depreciation as summarized in Figure A-5. Total depreciation expense for the year was \$6,662. More detailed information about capital assets can be found in Note 4 to the financial statements.

The Academy's capital assets are as follows:

	<u>Cost</u>	<u>2016 Accumulated depreciation</u>	<u>Net book value</u>	<u>2015 Net book value</u>
Technology and equipment	\$ 31,134	\$ 11,185	\$ 19,949	\$ 18,255
Furniture and fixtures	14,919	870	14,049	-
	<u>\$ 46,053</u>	<u>\$ 12,055</u>	<u>\$ 33,998</u>	<u>\$ 18,255</u>

Debt Administration

The Academy has no long-term debt outstanding as of June 30, 2016.

Factors bearing on the Academy's future

At the time these financial statements were prepared and audited, the Academy was aware of existing circumstances that could significantly affect its financial health in the future.

- The Academy has adopted a general fund budget for 2016-17 in which revenues are expected to exceed expenditures by approximately \$96,744.
- Enrollment for 2016-2017 had increased to 190 students at the beginning of the school year, which exceeded the anticipated 160 students.

Contacting the Academy's financial management

This financial report is designed to provide our students, parents and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional information, contact the Academy at 3101 Technology Blvd, Suite A, Lansing, Michigan, 48910, phone (517) 325-5469.

BASIC FINANCIAL STATEMENTS

**LIFETECH ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2016**

	Governmental activities
ASSETS:	
Cash and cash equivalents	\$ 64,343
Receivables:	
Intergovernmental	220,672
Due from agency fund	385
Prepays	8,138
Capital assets, net of accumulated depreciation	33,998
TOTAL ASSETS	327,536
LIABILITIES:	
Accounts payable and other accrued expenses	20,618
TOTAL LIABILITIES	20,618
NET POSITION:	
Net investment in capital assets	33,998
Unrestricted	272,920
TOTAL NET POSITION	\$ 306,918

**LIFETECH ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program revenues</u>		<u>Governmental activities</u>
		<u>Charges for services</u>	<u>Operating grants</u>	<u>Net (expense) revenue and changes in net position</u>
Governmental activities:				
Instruction	\$ 622,076	\$ -	\$ 144,563	\$ (477,513)
Support services	526,473	-	-	(526,473)
Depreciation (unallocated)	6,662	-	-	(6,662)
Total governmental activities	<u>\$ 1,155,211</u>	<u>\$ -</u>	<u>\$ 144,563</u>	<u>(1,010,648)</u>
General revenues:				
State sources - unrestricted				1,161,569
Incoming transfer from Eaton ISD				7,302
Other				35
Total general revenues				<u>1,168,906</u>
CHANGE IN NET POSITION				158,258
NET POSITION, beginning of year				<u>148,660</u>
NET POSITION, end of year				<u>\$ 306,918</u>

**LIFETECH ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	ASSETS		<u>General Fund</u>
ASSETS:			
Cash and cash equivalents		\$	64,343
Receivables:			
Intergovernmental			220,672
Due from agency fund			385
Prepays			8,138
TOTAL ASSETS		\$	<u>293,538</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable and other accrued expenditures		\$	20,618
TOTAL LIABILITIES			<u>20,618</u>
FUND BALANCE:			
Unassigned			272,920
TOTAL FUND BALANCE			<u>272,920</u>
TOTAL LIABILITIES AND FUND BALANCE		\$	<u>293,538</u>
Total governmental fund balance		\$	<u>272,920</u>
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds:			
The cost of the capital assets is		\$	46,053
Accumulated depreciation is			<u>(12,055)</u>
			<u>33,998</u>
Net position of governmental activities		\$	<u>306,918</u>

LIFETECH ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	<u>General fund</u>
REVENUES:	
Local sources	\$ 35
State sources	1,206,695
Federal sources	99,437
Incoming transfers	<u>7,302</u>
Total revenues	<u>1,313,469</u>
EXPENDITURES:	
Current:	
Instruction:	
Basic instruction	541,350
Added needs	<u>103,131</u>
Total instruction	<u>644,481</u>
Support services:	
General administration	220,324
School administration	224,859
Business services	2,575
Operation and maintenance	<u>78,715</u>
Total support services	<u>526,473</u>
Total expenditures	<u>1,170,954</u>
NET CHANGE IN FUND BALANCE	142,515
FUND BALANCE:	
Beginning of year	<u>130,405</u>
End of year	<u><u>\$ 272,920</u></u>

**LIFETECH ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

Net change in fund balance total governmental funds	\$ 142,515
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(6,662)
Capital outlay	<u>22,405</u>
Change in net position of governmental activities	<u><u>\$ 158,258</u></u>

**LIFETECH ACADEMY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2016**

	<u>Agency fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 3,666</u>
LIABILITIES	
Due to student groups	\$ 3,281
Due to general fund	385
Total liabilities	<u>\$ 3,666</u>

**LIFETECH ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

The government-wide (academy-wide) financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of LifeTech Academy (the Academy). The Academy currently does not have fiduciary activities. *Governmental activities* normally are supported by intergovernmental revenues.

B. Reporting Entity

The Academy is a public school academy as part of the Michigan Public School System under Public Act No. 362 of 1993. Eaton Rapids Public Schools is the authorizing governing body for the Academy and has contracted with the Academy to charter the public school through June 2018. Board members are approved by the authorizing governing body and have decision making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. The Academy receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the Academy is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. In addition, the Academy's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statements.

C. Basis of Presentation - Government-wide Financial Statements

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

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

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the Academy's funds. The emphasis of fund financial statements is on major governmental funds. The only fund the Academy currently operates, which is also the only major governmental fund of the Academy, is the general fund.

The Academy reports the following major governmental fund:

The *general fund* is the Academy's primary operating fund. It accounts for all financial resources of the Academy, except those required to be accounted for in another fund.

**LIFETECH ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiduciary Funds account for assets held by the Academy in a trust capacity or as an agent on behalf of others. Trust funds account for assets held by the Academy under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the Academy holds for others in an agency capacity (primarily student activities).

During the course of operations the Academy has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

E. Measurement Focus and Basis of Accounting

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

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period.

**LIFETECH ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Measurement Focus and Basis of Accounting (Concluded)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

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

**LIFETECH ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Information

Budgetary basis of accounting:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund.

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

1. The Academy Administrator submits to the Board of Directors a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Prior to July 1, the budget is legally adopted by Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
3. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
4. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2016. The Academy does not consider these amendments to be significant.

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

1. Cash and cash equivalents

The Academy's cash and cash equivalents are considered to be cash on hand and demand deposit accounts.

**LIFETECH ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

2. Prepaid items

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

3. Capital assets

Capital assets, as summarized below, are reported in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than \$1,000 and a useful life in excess of one year. Group purchases are evaluated on a case by case basis. Donated capital assets are recorded at their estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital asset classes	Lives
Technology and equipment	5 - 10
Furniture and fixtures	10

4. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Academy has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Academy has no items that qualify for reporting in this category.

**LIFETECH ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Concluded)

5. Net position flow assumption

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

6. Fund balance flow assumptions

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

7. Fund balance policies

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

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

LIFETECH ACADEMY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Concluded)

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

H. Revenues and Expenditures/Expenses

1. Program revenues

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

2. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations, if any, are reported as liabilities on the statement of net position. Bond premiums and discounts, if any, are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**LIFETECH ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - CASH DEPOSITS - CREDIT RISK

Cash is held in the name of the Academy. These deposits are subject to custodial credit risk. This is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy minimizes custodial credit risk on deposits by assessing the credit worthiness of the individual institutions in which it deposits funds. The amount of deposits with each institution is assessed to determine the level of risk it may pose to the Academy in relation to deposits in excess of insured amounts. As of June 30, 2016, none of the Academy's bank balance of \$68,009 was exposed to custodial credit risk because it was not covered by federal depository insurance and was not collateralized. These deposits have a carrying value of \$64,343 in the General Fund and \$3,666 in the Agency Fund.

NOTE 3 - INTERGOVERNMENTAL RECEIVABLE

Intergovernmental receivables at June 30, 2016 at the fund level consist of the following:

State Aid	\$ 212,615
Payments from ISD	<u>8,057</u>
	<u><u>\$ 220,672</u></u>

No allowance for doubtful accounts if considered necessary.

**LIFETECH ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - CAPITAL ASSETS

A summary of changes in the Academy's capital assets follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets, being depreciated:				
Technology and equipment	\$ 23,648	\$ 7,486	\$ -	\$ 31,134
Furniture and fixtures	-	14,919	-	14,919
Depreciable capital assets	<u>23,648</u>	<u>22,405</u>	<u>-</u>	<u>46,053</u>
Accumulated depreciation:				
Technology and equipment	5,393	5,792	-	11,185
Furniture and fixtures	-	870	-	870
Total accumulated depreciation	<u>5,393</u>	<u>6,662</u>	<u>-</u>	<u>12,055</u>
Net assets being depreciated	<u>18,255</u>	<u>15,743</u>	<u>-</u>	<u>33,998</u>
Net capital assets	<u>\$ 18,255</u>	<u>\$ 15,743</u>	<u>\$ -</u>	<u>\$ 33,998</u>

Depreciation for the year ended June 30, 2016 amounted to \$6,662. The Academy determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 5 - OVERSIGHT FEES

Eaton Rapids Public Schools, the Academy's authorizer, has entered into an agreement with the Academy allowing it to deduct up to 3% of school aid payments to reimburse the authorizer for the cost of its oversight responsibilities. These oversight responsibilities include the monitoring of the Academy's compliance with the terms and conditions of the contract, and the review of its audited financial statements and periodic reports. During the year ended June 30, 2016, the Academy incurred expense of \$36,141 for oversight fees.

NOTE 6 - MANAGEMENT AGREEMENT

The Academy currently has a management agreement with Engaged Education, Inc. (Engaged) for operations of the Academy through June 2018. Under the terms of the management agreement, Engaged's compensation for operating the Academy was approximately \$140,589 for the fiscal year 2016.

**LIFETECH ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PURCHASED SERVICES

The Academy leases all of its employees from Engaged Education, Inc. Salaries, retirement, social security, health insurance, and unemployment taxes are the responsibility of Engaged Education. There was no balance payable to Engaged Education at June 30, 2016 related to leased employees.

NOTE 8 - OPERATING LEASE

The Academy leases its school operations space from Engaged Education, Inc. The amount paid to Engaged Education, Inc. for the year ended June 30, 2016 was approximately \$69,500.

NOTE 9 - RISK MANAGEMENT

The Academy is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. To minimize the risk, the Academy carries commercial insurance.

REQUIRED SUPPLEMENTARY INFORMATION

**LIFETECH ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2016**

	Original budget	Final budget	Actual	Variance with final budget
REVENUES:				
Local	\$ 1,253	\$ 3,353	\$ 35	\$ (3,318)
State sources	1,099,449	1,204,692	1,206,695	2,003
Federal sources	99,000	99,437	99,437	-
Incoming transfers	-	8,935	7,302	(1,633)
Total revenues	<u>1,199,702</u>	<u>1,316,417</u>	<u>1,313,469</u>	<u>(2,948)</u>
EXPENDITURES:				
Instruction:				
Basic programs	565,450	549,237	541,350	7,887
Added needs	20,000	100,800	103,131	(2,331)
Total instruction	<u>585,450</u>	<u>650,037</u>	<u>644,481</u>	<u>5,556</u>
Support services:				
Instructional staff	14,000	23,350	-	23,350
General administration	210,328	212,479	220,324	(7,845)
School administration	242,675	212,266	224,859	(12,593)
Business services	2,150	2,325	2,575	(250)
Operation and maintenance	54,850	74,826	78,715	(3,889)
Total support services	<u>524,003</u>	<u>525,246</u>	<u>526,473</u>	<u>(1,227)</u>
Total expenditures	<u>1,109,453</u>	<u>1,175,283</u>	<u>1,170,954</u>	<u>4,329</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>90,249</u>	<u>141,134</u>	<u>142,515</u>	<u>1,381</u>
NET CHANGE IN FUND BALANCE	<u>\$ 90,249</u>	<u>\$ 141,134</u>	<u>142,515</u>	<u>\$ 1,381</u>
FUND BALANCE:				
Beginning of year			<u>130,405</u>	
End of year			<u>\$ 272,920</u>	

**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
LifeTech Academy

We have audited, 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, the financial statements of the governmental activities and the major fund of LifeTech Academy as of June 30, 2016, and the related notes to the financial statements, which collectively comprise the LifeTech Academy's basic financial statements and have issued our report thereon dated October 3, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LifeTech Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the LifeTech Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the LifeTech Academy's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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, identified as 2016-001, 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, identified as 2016-002, to be a significant deficiency.

Compliance and Other Matters

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

LifeTech Academy's Response to Findings

LifeTech Academy's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. LifeTech Academy's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Manes Costeiran PC

October 3, 2016

**LIFETECH ACADEMY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2016**

Finding 2016-001

Finding considered a material weakness

Criteria:

Audit adjustments in amounts meeting the definition of a material weakness were proposed by the auditor and accepted by management.

Condition

Audit adjustments meeting the definition of a material weakness were proposed by the external auditor to the governmental fund financial statements. These adjustments related mainly to the correction of cash and prior year receivables/payables. Management understands the proposed entries and has recorded them.

Cause

Account balances were not properly reported and internal controls over financial reporting did not detect and correct the misstatements.

Effect

Misstatements meeting the definition of a material weakness within the financial statements occurred. Inaccurate financial information may have been used for management decisions and reporting.

Recommendation

Account reconciliations should be performed on a timely basis throughout the year to ensure appropriate adjustments are made to reconcile all asset, liability, revenue and expense balances in accordance with generally accepted accounting principles.

Client Response

The Academy will continue its efforts to implement the above recommendations.

**LIFETECH ACADEMY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2016**

Finding 2016-002

Finding considered a significant deficiency

Criteria:

Statement on Auditing Standards requires us to communicate in writing when a client requires assistance to prepare the financial statements and footnotes required in the annual report in accordance with accounting principles generally accepted in the United States of America.

Condition

Currently, the Academy's staff and bookkeeper requests the external auditor's assistance in the preparation of the annual financial statements and related footnotes.

Cause

The staff and bookkeeper of the Academy do understand all information included in the annual financial statements; however, assistance of the external auditor was utilized in preparing the financial statements and footnotes to the financial statements.

Effect

Utilization of the external auditor in preparing the financial statements and related footnotes assists management with the external financial reporting responsibility, to ensure their financial statements are accurate.

Recommendation

At this time, we recommend no changes to this situation and communicate this as required by professional standards. The current process meets the definition of a significant deficiency as defined in Statement of Auditing Standards.

Client Response

The Academy is aware of this deficiency and believes it is not cost beneficial to develop this expertise. The Academy will continue to use the external auditors for this technical assistance and would expect the situation to be ongoing.

**LIFETECH ACADEMY
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2016**

Finding 2015-001

Finding considered a material weakness

Criteria:

Audit adjustments in amounts meeting the definition of a material weakness were proposed by the auditor and accepted by management.

Condition

Audit adjustments meeting the definition of a material weakness were proposed by the external auditor to the governmental fund financial statements. These adjustments related to correction of accrued liabilities and related expenditures. Management understands the proposed entries and has recorded them.

Cause

Account balances were not properly reported and internal controls over financial reporting did not detect and correct the misstatements.

Effect

Misstatements meeting the definition of a material weakness within the financial statements occurred. Inaccurate financial information may have been used for management decisions and reporting.

Recommendation

Account reconciliations should be performed on a timely basis throughout the year to ensure appropriate adjustments are made to reconcile all asset, liability, revenue and expense balances in accordance with generally accepted accounting principles.

Status

The finding is still unresolved as of June 30, 2016.

**LIFETECH ACADEMY
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2016**

Finding 2015-002

Finding considered a significant deficiency

Criteria:

Statement on Auditing Standards requires us to communicate in writing when a client requires assistance to prepare the financial statements and footnotes required in the annual report in accordance with accounting principles generally accepted in the United States of America.

Condition

Currently, the Academy's staff and bookkeeper requests the external auditor's assistance in the preparation of the annual financial statements and related footnotes.

Cause

The staff and bookkeeper of the Academy do understand all information included in the annual financial statements; however, assistance of the external auditor was utilized in preparing the financial statements and footnotes to the financial statements.

Effect

Utilization of the external auditor in preparing the financial statements and related footnotes assists management with the external financial reporting responsibility, to ensure their financial statements are accurate.

Recommendation

At this time, we recommend no changes to this situation and communicate this as required by professional standards. The current process meets the definition of a significant deficiency as defined in Statement of Auditing Standards.

Status

The finding is still unresolved as of June 30, 2016.

**LIFETECH ACADEMY
CORRECTIVE ACTION PLAN
CONTACT PERSON: THOMAS ACKERSON
OVERSIGHT AGENCY: U.S. DEPARTMENT OF EDUCATION**

LifeTech Academy respectfully submits the following corrective action plan for the year ended June 30, 2016.

Auditor: Maner Costerisan
2425 E. Grand River, Ave., Suite 1
Lansing, Michigan 48912

Audit Period: Period ended June 30, 2016

The findings from the June 30, 2016 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Finding 2016-001 Material weakness

Recommendation: Account reconciliations should be performed on a timely basis throughout the year to ensure appropriate adjustments are made to reconcile all asset, liability, revenue and expense balances in accordance with generally accepted accounting principles.

Action to be taken: The Academy will continue its efforts to implement the above recommendations.

Finding 2016-002 Significant deficiency

Recommendation: At this time, we recommend no changes to this situation and communicate this as required by professional standards. The current process meets the definition of a significant deficiency as defined in Statement of Auditing Standards.

Action to be taken: The Academy is aware of this deficiency and believes it is not cost beneficial to develop this expertise. The Academy will continue to use the external auditors for this technical assistance and would expect the situation to be ongoing.

October 3, 2016

To the Board of Directors
LifeTech Academy

We have audited the financial statements of LifeTech Academy for the year ended June 30, 2016, and have issued our report thereon dated October 3, 2016. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of LifeTech Academy. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed test of LifeTech Academy's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

Significant Audit Findings

1. Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by LifeTech Academy are described in Note 1 to the financial statements. We noted no transactions entered into by the Academy during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's determination of the estimated useful life of the capital assets.

We evaluated the key factors and assumptions used by management to develop the estimated useful life of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

2. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

3. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We proposed adjusting journal entries that were material to the financial statements. These entries were made to properly record payables, and other accrued liabilities and fund balance. Management has accepted all such adjusting journal entries.

4. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

5. *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 3, 2016.

6. *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the LifeTech Academy’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the LifeTech Academy’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

8. *Other Matters*

We applied certain limited procedures to the required supplementary information (RSI) which are required and supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

A separate management letter was not issued.

This information is intended solely for the use of the Board of Directors and management of LifeTech Academy and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Manes Costeiran PC