

LIFETECH ACADEMY

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| INDEPENDENT AUDITOR'S REPORT..... | 1-3 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 4-9 |
| BASIC FINANCIAL STATEMENTS..... | 10 |
| Government-Wide Financial Statements | |
| Statement of Net Position..... | 11 |
| Statement of Activities..... | 12 |
| Fund Financial Statements | |
| Balance Sheet - Governmental Fund..... | 13 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund..... | 14 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities..... | 15 |
| Notes to Financial Statements | 16-25 |
| REQUIRED SUPPLEMENTARY INFORMATION | 26 |
| Budgetary Comparison Schedule - General Fund | 27 |
| 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> | 28-29 |



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
LifeTech Academy

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise LifeTech Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of LifeTech Academy, as of June 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LifeTech Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 LifeTech Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LifeTech Academy's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 August 26, 2024 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 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 LifeTech Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LifeTech Academy's internal control over financial reporting and compliance.

Maney Costeiran PC

August 26, 2024

**LIFETECH ACADEMY
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, 2024. Please read it in conjunction with the Academy’s financial statements, which immediately follow this section.

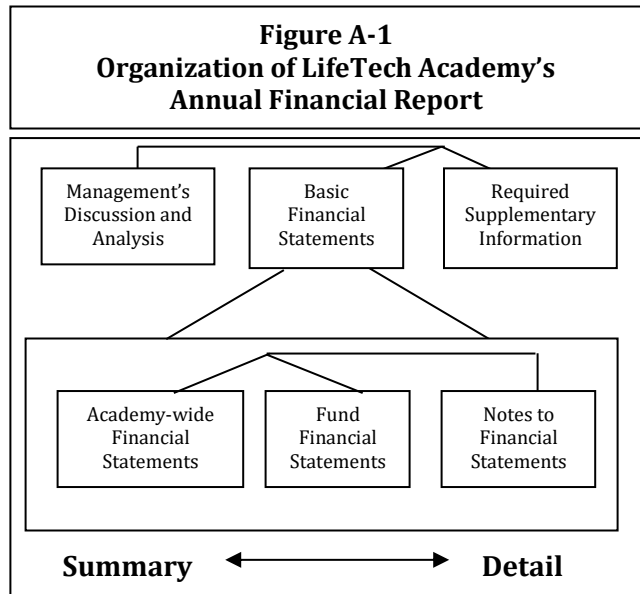
Financial Highlight

- The Academy’s fund balance in the general fund increased \$150,005 for the year ended June 30, 2024 as compared to a budget where revenues equaled expenditures.

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.

**LIFETECH ACADEMY
MANAGEMENT’S DISCUSSION AND ANALYSIS**

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

Academy-wide Statements

The Academy-wide statements report information about the Academy as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Academy’s assets 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.

LIFETECH ACADEMY MANAGEMENT'S DISCUSSION AND ANALYSIS

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 fund, focusing on its more significant or "major" fund - 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, 2024 is \$517,330 in the general fund, as compared to \$367,325 in the prior year.

Net position - the Academy's combined net position of \$533,681, which is a \$143,420 increase from the prior year.

The total revenues were \$4,482,500. This constitutes a 6.08% increase compared to the revenues of the prior year. State aid foundation allowance included in revenue from state sources accounts for approximately 79% of the Academy's revenue.

The total cost of instruction was \$2,207,004. This represents a 16.63% increase from that of instructional expenses in the prior year. The total cost of support services was \$2,070,303. This represents a 5.61% decrease from that of support service expenses in the prior year. See figures A-3 and A-4.

**LIFETECH ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

| Figure A-3 LifeTech Academy's Net Position | | |
|---|-------------------|-------------------|
| | 2024 | 2023 |
| ASSETS | | |
| Current and other assets | \$ 1,149,351 | \$ 1,243,259 |
| Capital assets | 16,351 | 77,667 |
| TOTAL ASSETS | 1,165,702 | 1,320,926 |
| LIABILITIES | | |
| Other liabilities | 632,021 | 875,934 |
| Noncurrent liabilities | - | 54,731 |
| TOTAL LIABILITIES | 632,021 | 930,665 |
| NET POSITION | | |
| Net investment in capital assets | 16,351 | 22,936 |
| Unrestricted | 517,330 | 367,325 |
| TOTAL NET POSITION | \$ 533,681 | \$ 390,261 |

| Figure A-4 Changes in LifeTech Academy's Net Position | | |
|--|-------------------|------------------|
| | 2024 | 2023 |
| REVENUES | | |
| Program revenues | | |
| Operating grants | \$ 955,562 | \$ 717,690 |
| General revenues | | |
| State aid - unrestricted | 3,526,938 | 3,507,600 |
| Other | - | 320 |
| TOTAL REVENUES | 4,482,500 | 4,225,610 |
| EXPENSES | | |
| Instruction | 2,207,004 | 1,892,258 |
| Support services | 2,070,303 | 2,193,360 |
| Interest and fees | 457 | 1,874 |
| Unallocated depreciation/amortization | 61,316 | 82,049 |
| TOTAL EXPENSES | 4,339,080 | 4,169,541 |
| Change in net position | \$ 143,420 | \$ 56,069 |

**LIFETECH ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Financial Analysis of the Academy's Funds

The Academy's fund balance in the general fund increased by \$150,005.

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, federal funding, and actual salary costs for staff.

The Academy's final budget for the general fund anticipated revenues would equal expenditures, while the actual results for the year showed revenues exceeding expenditures by \$150,005. Actual revenues were \$41,875 more than budgeted, primarily due to more federal revenue than expected.

Actual expenditures were \$108,130 less than budgeted, primarily due to less than expected pupil, general administration, and executive administration expenditures.

Capital Assets

By the end of the year ended June 30, 2024, the Academy had invested \$16,351 in capital assets net of accumulated depreciation/amortization as summarized in Figure A-5. Total depreciation/amortization expense for the year was \$61,316. More detailed information about capital assets can be found in Note 4 to the financial statements.

The Academy's capital assets are as follows:

| Figure A-5 LifeTech Academy's Capital Assets | | | | |
|---|-------------------|--|-------------------|-------------------|
| | 2024 | | | 2023 |
| | Cost | Accumulated Depreciation/ Amortization | Net Book Value | Net Book Value |
| Technology and equipment | \$ 94,460 | \$ 80,222 | \$ 14,238 | \$ 20,318 |
| Furniture and fixtures | 14,919 | 12,806 | 2,113 | 3,605 |
| Right to use - leased buildings | - | - | - | 53,744 |
| | \$ 109,379 | \$ 93,028 | \$ 16,351 | \$ 77,667 |

Long-term Obligations

As of June 30, 2024, there are no remaining obligations for the Academy's leased buildings. The Academy repaid the obligations in full during the current year, which amounted to principal repayments of \$54,731.

**LIFETECH ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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 2024-25 in which revenues are expected to equal expenditures.

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 854 Elmwood Rd, Lansing, Michigan, 48917, phone (517) 325-5469.

BASIC FINANCIAL STATEMENTS

**LIFETECH ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2024**

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 415,883 |
| Receivables | |
| Intergovernmental | 733,468 |
| Capital assets, net of accumulated depreciation/amortization | 16,351 |
| TOTAL ASSETS | 1,165,702 |
| LIABILITIES | |
| Accounts payable and other accrued expenses | 562,784 |
| Unearned revenue | 69,237 |
| TOTAL LIABILITIES | 632,021 |
| NET POSITION | |
| Net investment in capital assets | 16,351 |
| Unrestricted | 517,330 |
| TOTAL NET POSITION | \$ 533,681 |

See notes to financial statements.

**LIFETECH ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

| Functions/Programs | Expenses | Program Revenues | | Governmental Activities |
|---|---------------------|-------------------------|---------------------|--|
| | | Charges for Services | Operating Grants | Net (Expense) Revenue and Changes in Net Position |
| Governmental activities | | | | |
| Instruction | \$ 2,207,004 | \$ - | \$ 648,774 | \$ (1,558,230) |
| Support services | 2,070,303 | - | 306,788 | (1,763,515) |
| Interest and fees | 457 | - | - | (457) |
| Depreciation/amortization (unallocated) | 61,316 | - | - | (61,316) |
| Total governmental activities | <u>\$ 4,339,080</u> | <u>\$ -</u> | <u>\$ 955,562</u> | <u>(3,383,518)</u> |
| General revenues | | | | |
| State sources - unrestricted | | | | <u>3,526,938</u> |
| CHANGE IN NET POSITION | | | | 143,420 |
| NET POSITION, beginning of year | | | | <u>390,261</u> |
| NET POSITION, end of year | | | | <u>\$ 533,681</u> |

See notes to financial statements.

**LIFETECH ACADEMY
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2024**

| | <u>General Fund</u> |
|---|---------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 415,883 |
| Receivables | |
| Intergovernmental | 733,468 |
| TOTAL ASSETS | \$ 1,149,351 |
| LIABILITIES AND FUND BALANCE | |
| LIABILITIES | |
| Accounts payable and other accrued expenditures | \$ 562,784 |
| Unearned revenue | 69,237 |
| TOTAL LIABILITIES | 632,021 |
| FUND BALANCE | |
| Unassigned | 517,330 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 1,149,351 |
| Total governmental fund balance | \$ 517,330 |
| 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 | \$ 109,379 |
| Accumulated depreciation/amortization is | (93,028) |
| | 16,351 |
| Net position of governmental activities | \$ 533,681 |

See notes to financial statements.

**LIFETECH ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2024**

| | General Fund |
|--------------------------------------|-----------------|
| REVENUES | |
| State sources | \$ 3,833,507 |
| Federal sources | 648,993 |
| TOTAL REVENUES | 4,482,500 |
| EXPENDITURES | |
| Current | |
| Instruction | |
| Basic programs | 1,919,254 |
| Added needs | 287,750 |
| Total instruction | 2,207,004 |
| Support services | |
| Pupil | 388,270 |
| Instructional staff | 134,448 |
| General administration | 11,515 |
| Executive administration | 394,021 |
| School administration | 871,484 |
| Business services | 22,000 |
| Operation and maintenance | 248,565 |
| Total support services | 2,070,303 |
| Debt service | |
| Principal | 54,731 |
| Interest | 457 |
| Total debt service | 55,188 |
| TOTAL EXPENDITURES | 4,332,495 |
| EXCESS OF REVENUES OVER EXPENDITURES | 150,005 |
| FUND BALANCE | |
| Beginning of year | 367,325 |
| End of year | \$ 517,330 |

See notes to financial statements.

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

Net change in fund balance total governmental fund \$ 150,005

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/amortization:

Depreciation/amortization expense (61,316)

Proceeds and repayments of principal on long-term obligations are other financing sources and expenditures in the governmental funds, but not in the statement of activities (where they are additions and reductions of liabilities):

Principal repayment 54,731

Change in net position of governmental activities \$ 143,420

**LIFETECH ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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). *Governmental activities* normally are supported by intergovernmental revenues.

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 2025. 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.

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.

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

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the Academy's fund. The emphasis of fund financial statements is on the major governmental fund. 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.

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.

**LIFETECH ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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.

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 state-wide 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)

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:

- a. 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.
- b. 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.
- c. 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.
- d. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2024. The Academy does not consider these amendments to be significant.

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

Cash and Cash Equivalents

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

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.

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 acquisition value at the date of donation.

**LIFETECH ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets (continued)

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. Land and construction in progress, if any, are not depreciated. Right to use assets of the Academy are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. The other capital assets of the Academy are depreciated/amortized using the straight-line method over the following estimated useful lives:

| Capital Asset Classes | Lives |
|---------------------------------|--------|
| Technology and equipment | 5 - 10 |
| Furniture and fixtures | 10 |
| Right to use - leased buildings | 10 |

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.

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.

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.

**LIFETECH ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The 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.

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.

Leases

The Academy is a lessee for a noncancelable lease of building space. The Academy recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

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

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

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

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

**LIFETECH ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Leases (continued)

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

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational 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.

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, 2024, \$165,883 of the Academy's bank balance of \$415,883 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 \$415,883 in the General Fund.

NOTE 3 - INTERGOVERNMENTAL RECEIVABLE

Intergovernmental receivables at June 30, 2024 consist of the following:

| | |
|-----------------|-------------------|
| State aid | \$ 710,393 |
| Federal revenue | <u>23,075</u> |
| | <u>\$ 733,468</u> |

Because of the Academy's favorable collection experience, no allowance for doubtful accounts is considered necessary.

LIFETECH ACADEMY
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS

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

| | Balance July 1, 2023 | Additions | Disposals | Balance June 30, 2024 |
|---|-------------------------|--------------------|----------------|--------------------------|
| Capital assets, being depreciated/amortized | | | | |
| Technology and equipment | \$ 94,460 | \$ - | \$ - | \$ 94,460 |
| Furniture and fixtures | 14,919 | - | - | 14,919 |
| Right to use - leased buildings | 197,060 | - | 197,060 | - |
| | <u>306,439</u> | <u>-</u> | <u>197,060</u> | <u>109,379</u> |
| Total capital assets, being depreciated/ amortized | | | | |
| Technology and equipment | 74,142 | 6,080 | - | 80,222 |
| Furniture and fixtures | 11,314 | 1,492 | - | 12,806 |
| Right to use - leased buildings | 143,316 | 53,744 | 197,060 | - |
| | <u>228,772</u> | <u>61,316</u> | <u>197,060</u> | <u>93,028</u> |
| Total accumulated depreciation/ amortization | | | | |
| Net capital assets | <u>\$ 77,667</u> | <u>\$ (61,316)</u> | <u>\$ -</u> | <u>\$ 16,351</u> |

Depreciation/amortization for the year ended June 30, 2024 amounted to \$61,316. The Academy determined that it was impractical to allocate depreciation/amortization to the various governmental activities as the assets serve multiple functions.

NOTE 5 - LONG-TERM OBLIGATIONS

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

| | Notes from Direct Borrowings and Direct Placements |
|------------------------|--|
| Balance, July 1, 2023 | \$ 54,731 |
| Repayments | <u>54,731</u> |
| Balance, June 30, 2024 | <u>\$ -</u> |

As of June 30, 2024, there are no remaining obligations for the Academy's leased buildings with Engaged Education, Inc. (Engaged). The Academy repaid the obligations in full during the current year, which amounted to principal repayments of \$54,731. In April 2024, the Academy entered into a new lease for buildings with Engaged extending through June 2024. In July 2024, the Academy entered into a new lease for buildings with Engaged extending through June 2025.

LIFETECH ACADEMY
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - 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, 2024, the Academy incurred expense of \$116,801 for oversight fees.

NOTE 7 - MANAGEMENT AGREEMENT

The Academy currently has a management agreement with Engaged Education, Inc. (Engaged) for operations of the Academy through June 2033. Under the terms of the management agreement, Engaged Education's compensation for managing the Academy is 97% of state revenues and 100% of all other revenues, less expenses paid on behalf of the Academy and the lesser of either 2% of state per pupil aid or \$35,000 to be allocated each fiscal year to the Academy's board spending account. Management fees paid and accrued were approximately \$276,000 for the fiscal year 2024. As of June 30, 2024, the Academy owed approximately \$541,000 to Engaged for expenses to be paid and management fees.

As part of the management agreement, the Academy leases all of its employees from Engaged. Salaries, retirement, social security, health insurance, and unemployment taxes are the responsibility of Engaged. There was no balance payable to Engaged at June 30, 2024 related to leased employees.

Also, as part of the management agreement, the Academy leases its school operations space from Engaged. These leases are described further in Note 5.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Academy currently has a management agreement with Engaged whose Chief Executive Officer is also the Academy's Founder (see Note 7).

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.

NOTE 10 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Academy expects such amounts, if any, to be immaterial.

LIFETECH ACADEMY
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

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

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

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;

**LIFETECH ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI;

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

REQUIRED SUPPLEMENTARY INFORMATION

**LIFETECH ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2024**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|--------------------|------------------|-------------------|-------------------------------|
| REVENUES | | | | |
| Local sources | \$ 5 | \$ - | \$ - | \$ - |
| State sources | 3,814,376 | 3,907,312 | 3,833,507 | (73,805) |
| Federal sources | 305,000 | 533,313 | 648,993 | 115,680 |
| TOTAL REVENUES | 4,119,381 | 4,440,625 | 4,482,500 | 41,875 |
| EXPENDITURES | | | | |
| Instruction | | | | |
| Basic programs | 1,900,000 | 1,896,703 | 1,919,254 | (22,551) |
| Added needs | 140,000 | 287,823 | 287,750 | 73 |
| Total instruction | 2,040,000 | 2,184,526 | 2,207,004 | (22,478) |
| Support services | | | | |
| Pupil | 375,000 | 516,157 | 388,270 | 127,887 |
| Instructional staff | - | - | 134,448 | (134,448) |
| General administration | 34,000 | 129,950 | 11,515 | 118,435 |
| Executive administration | 477,993 | 420,187 | 394,021 | 26,166 |
| School administration | 775,000 | 863,775 | 871,484 | (7,709) |
| Business services | 20,000 | 20,226 | 22,000 | (1,774) |
| Operation and maintenance | 315,000 | 305,804 | 248,565 | 57,239 |
| Total support services | 1,996,993 | 2,256,099 | 2,070,303 | 185,796 |
| Debt service | | | | |
| Principal | - | - | 54,731 | (54,731) |
| Interest | - | - | 457 | (457) |
| Total debt service | - | - | 55,188 | (55,188) |
| TOTAL EXPENDITURES | 4,036,993 | 4,440,625 | 4,332,495 | 108,130 |
| EXCESS OF REVENUES OVER EXPENDITURES | \$ 82,388 | \$ - | 150,005 | \$ 150,005 |
| FUND BALANCE | | | | |
| Beginning of year | | | 367,325 | |
| End of year | | | \$ 517,330 | |



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
📠 517.323.6346

**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 of
LifeTech Academy

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of LifeTech Academy as of June 30, 2024, 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 August 26, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LifeTech Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of LifeTech Academy's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Maney Costeiran PC

August 26, 2024



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

August 26, 2024

To the Board of Directors of the
LifeTech Academy

We have audited the financial statements of the governmental activities and the major fund of LifeTech Academy for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2024. We noted no transactions entered into by the Academy during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 estimate affecting the financial statements was:

Management's calculation of the depreciation expense is based on the estimated useful lives of the capital assets.

We evaluated the key factors and assumptions used to develop this accounting estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 26, 2024.

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 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.

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 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.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements 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.

Restriction on Use

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,

Maney Costeiran PC