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October 5, 2023

Charter School Board  
Timothy L. Johnson Academy, Inc.  
4625 Werling Drive  
Fort Wayne, IN 46806

We have reviewed the audit report of Timothy L. Johnson Academy, Inc. which was opined upon by Haven Group CPAs & Advisors, Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Timothy L. Johnson Academy, Inc. as of June 30, 2022, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Haven Group CPAs & Advisors prepared the audit report in accordance with guidelines established by the Indiana State Board of Accounts.

This report is filed in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

TIMOTHY L. JOHNSON ACADEMY, INC.

FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022

TIMOTHY L. JOHNSON ACADEMY, INC.

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## **Independent Auditor's Report**

To the Board of Directors of  
Timothy L. Johnson Academy, Inc.

### **Opinion**

We have audited the financial statements of Timothy L. Johnson Academy, Inc. (the "Academy"), which comprise the statements of financial position as of June 30, 2022 and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Academy as of June 30, 2022 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **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 the Academy's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

## **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial

statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated Xxxxx XX, 2023 on our consideration of the 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 the 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 the Academy's internal control over financial reporting and compliance.

Haven Group CPAs & Advisors

*Haven Group CPAs & Advisors*

Taylor, Michigan  
August 22, 2023

**TIMOTHY L. JOHNSON ACADEMY, INC**  
**STATEMENT OF FINANCIAL POSITION**

**ASSETS**

	<b>June 30, 2022</b>
<b>Current Assets</b>	
Cash	\$ 524,543
Grants receivable	124,409
Deposits	4,702
Total current assets	653,654
<b>Property and Equipment</b>	
Textbooks	30,737
Structures and improvements	902,073
Vehicles and equipment	863,066
Less accumulated depreciation	(706,667)
Property and equipment, net	1,089,209
<b>Other Assets</b>	
Cash restricted, escrow account	50,000
Total other assets	50,000
Total assets	\$ 1,792,863

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>	
Accounts payable	\$ 226,593
Accrued expenses	111,981
Due to other charter school	146,498
Current portion of long-term debt	35,392
Total current liabilities	520,464
<b>Long-term Liabilities</b>	
Long-term debt, net of current portion	127,091
Total liabilities	647,555
<b>Net Assets</b>	
Without donor restrictions:	
Undesignated	1,095,308
Board-designated net assets	50,000
Total without donor restrictions	1,145,308
Total net assets	1,145,308
Total liabilities and net assets	\$ 1,792,863

The accompanying notes are an integral part of the financial statements.

**TIMOTHY L. JOHNSON ACADEMY, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2022**

<b>CHANGES IN NET ASSETS</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, gain and other support</b>			
State tuition support	\$ 3,205,743	\$ -	\$ 3,205,743
State grants and other support	542,954	-	542,954
Federal grant revenue	1,138,113	-	1,138,113
Other	15,568	-	15,568
	<hr/>	<hr/>	<hr/>
Total revenues, gain and other support	4,902,378	-	4,902,378
	<hr/>	<hr/>	<hr/>
<b>Expenses</b>			
Program services:			
Educational instruction	1,970,753	-	1,970,753
Educational support	298,396	-	298,396
Food service	316,589	-	316,589
Supporting services:			
Support services	1,115,008	-	1,115,008
Operations and maintenance	450,803	-	450,803
Transportation	396,225	-	396,225
Depreciation	185,459	-	185,459
Interest	5,457	-	5,457
	<hr/>	<hr/>	<hr/>
Total Expenses	4,738,690	-	4,738,690
	<hr/>	<hr/>	<hr/>
<b>Non-operating revenue (expense)</b>			
Net assets released from restrictions	841	(841)	-
	<hr/>	<hr/>	<hr/>
<b>Change in Net Assets</b>	164,529	(841)	163,688
	<hr/>	<hr/>	<hr/>
<b>Net Assets - Beginning of Year</b>	980,779	841	981,620
	<hr/>	<hr/>	<hr/>
<b>Net Assets - End of Year</b>	\$ 1,145,308	\$ -	\$ 1,145,308
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

**TIMOTHY L. JOHNSON ACADEMY, INC.**  
**STATEMENT OF CASH FLOWS**

	<u>June 30, 2022</u>
<b>Cash Flows from Operating Activities</b>	
Change in net assets	\$ 163,688
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	185,459
(Increase) decrease in operating assets	
Accounts & grants receivable	(10,572)
Deposits	750
Increase (decrease) in operating liabilities	
Accounts payable	99,594
Accrued expenses	33,631
Other liabilities from other charter schools	146,498
	<u>619,048</u>
Net cash provided by operating activities	<u>619,048</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of property and equipment	<u>(810,806)</u>
Net cash used by investing activities	<u>(810,806)</u>
<b>Cash Flows from Financing Activities</b>	
Proceeds from equipment loan	188,694
Payments on vehicle and equipment loans	<u>(26,211)</u>
Net cash used by investing activities	<u>162,483</u>
<b>Net Decrease in Cash</b>	(29,275)
<b>Cash, Beginning of Year</b>	<u>553,818</u>
<b>Cash, End of Year</b>	<u><u>\$ 524,543</u></u>
Supplemental disclosure of cash flow information	
Cash paid during the year for interest	\$ 5,457

The accompanying notes are an integral part of the financial statements.

TIMOTHY L. JOHNSON ACADEMY, INC.  
Notes to Financial Statements  
June 30, 2022

**Note 1. Summary of Significant Accounting Policies**

Organization

Timothy L. Johnson Academy, Inc. (the “Academy”) is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The Academy operates a public charter Academy established under Indiana Code 20-24 and is sponsored by Trine University. The Academy has entered into a service agreement with Phalen Leadership Academies, a nonprofit organization, to provide educational programming, personnel functions, building operations, and business administration services.

Basis of Accounting

The financial statements of the Academy have been prepared on the accrual basis in accordance with generally accepted accounting principles (GAAP) as applied to nonprofit organizations.

Accounting Estimates

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

Financial Statement Presentation

The Academy reports its financial position and activities according to two classes of net assets:

*Net assets without donor restrictions* – which include unrestricted resources that are available for the operating objectives of the Academy; and

*Net assets with donor restrictions* – which represent resources restricted by donors for specific time or purpose.

As of June 30, 2022, the Academy had net assets without donor restrictions and no net assets with donor restrictions. Net assets with donor restrictions were available for activities permitted by grant agreements and donor stipulations.

TIMOTHY L. JOHNSON ACADEMY, INC.  
Notes to Financial Statements  
June 30, 2022  
(continued)

Revenue Recognition

Revenues primarily come from resources provided under the Indiana Charter Academy's Act. Under the Act, the Academy receives an amount per student in relation to the funding received by public Academy's in the same geographic area. Funding from the State of Indiana is based on enrollment, and is paid in equal monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

A portion of the Academy's revenue is the product of cost reimbursement grants. Accordingly, the Academy recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred. Incurring approved costs is considered satisfaction of the performance obligations.

Cash and Cash Equivalents

Cash consists of cash held in bank accounts and cash equivalents consists of short-term, highly liquid investments with original maturities of three months or less. As of June 30, 2022, there were no cash equivalents.

Grants Receivable

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the State of Indiana. The Academy believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary.

Income Taxes

Timothy L. Johnson Academy, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the Academy would be subject to tax on income unrelated to its tax-exempt purpose. For the year ended June 30, 2022, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional standards require the Academy to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-

TIMOTHY L. JOHNSON ACADEMY, INC.  
Notes to Financial Statements  
June 30, 2022  
(continued)

than-not test, no tax liability is recorded. The Academy has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The tax years ending June 30, 2019, 2020, and 2021 are open to audit for both federal and state purposes.

Property and Equipment

Purchases of property and equipment that materially increase value, or extend useful lives are capitalized at cost. Contributed property and equipment are capitalized at fair value of the property and equipment at the time of donation. Routine maintenance and repairs and minor replacement costs are expensed as incurred.

Minimum cost thresholds for the Academy’s asset classes are as follows:

		<u>Group Purchase</u>
Leasehold Improvements	\$25,000	
Site Improvements	25,000	
Computers	5,000	\$12,500
Equipment & Furniture	5,000	12,500
School Buses	5,000	
Educational Media & Textbooks	5,000	

Depreciation on all assets is provided using the straight-line method over the following useful lives:

Leasehold Improvements	3-15 years
Site Improvements	15 years
Computers	3 years
Equipment & Furniture	3-6 years
School Buses	8 years
Educational Media & Textbooks	5 years

Depreciation expense was \$185,459 for the year ended June 30, 2022.

Subsequent Events

The Academy evaluated subsequent events through August 22, 2023, the date these financial statements were available to be issued. Events occurring through that date have been evaluated

TIMOTHY L. JOHNSON ACADEMY, INC.  
Notes to Financial Statements  
June 30, 2022  
(continued)

to determine whether a change in the financial statements or related disclosures would be required.

**Note 2. Receivables**

Accounts receivable as of June 30, 2022 represent amounts due in the form of grants receivable for state education support from the Department of Education and other receivables as follows:

Title I	\$ 61,175
Title II	10,381
Title IV	4,114
Child Nutrition	48,739
	<u>\$ 124,409</u>

**Note 3. Long-term Debt**

Long term debt at June 30, 2022 was comprised of:

American Capital Fin. Services	\$ 162,479
Less: Current Maturities	<u>35,392</u>
	<u>\$ 127,087</u>

In November 2021, the Academy executed a lease agreement with American Capital Financial Services, Inc to purchase two buses in the amount of \$188,694. The lease is payable in monthly installments of \$3,519, including interest at 4.66% per annum.

TIMOTHY L. JOHNSON ACADEMY, INC.  
Notes to Financial Statements  
June 30, 2022  
(continued)

Future maturities of long-term debt are as follows:

2023	\$ 35,392
2024	37,078
2025	38,843
2026	40,693
2027	10,473
	<u>\$ 162,479</u>

**Note 4. Management Services Agreement**

The Academy has executed a management agreement with Phalen Leadership Academy, Inc. (“Phalen”), whereby Phalen provides management, administrative, and educational programming services. This agreement remains in effect so long as the Academy maintains its charter, but may be terminated by either party with appropriate advance notice. Under terms of the agreement, the Academy has agreed to pay an amount equal to 10% of revenues, as defined, for such services. Aggregate payments to Phalen under this agreement were \$490,238 for the year ended June 30, 2022. The initial service agreement between the Academy and Phalen Leadership Academy, Inc. was for five years ending June 30, 2022. The agreement was extended for an additional two years and will expire on June 30, 2024.

**Note 5. Oversight Sponsoring Organization**

The Academy operates under a charter granted by Trine University. As the sponsoring organization, Trine University exercises certain oversight responsibilities. Under this charter, the Academy has agreed to pay to Trine University an annual administrative fee equal to 3% of state tuition support. Payments under this charter agreement were \$94,478 for the year ended June 30, 2022. The Academy has also agreed to under this charter, and established an escrow account of no less than \$50,000 to pay for legal, wind down of operations and audit expenses that would be associated with a dissolution should it occur.

**Note 6. Retirement Plan**

The Academy participates in a Section 403(b) retirement plan sponsored by Phalen Leadership Academies for the benefit of its employees. Under the plan, the Academy will match 100% of

TIMOTHY L. JOHNSON ACADEMY, INC.  
Notes to Financial Statements  
June 30, 2022  
(continued)

employee contributions not to exceed 6% of compensation for the plan year. Additional contributions may be made to the plan at the discretion of the board of directors. No discretionary contributions were made in 2022. The Academy had a \$19,845 retirement plan expense for the year ended June 30, 2022.

**Note 7. Risks and Uncertainties**

The Academy provides educational instruction services to families residing in Allen and surrounding counties in Indiana, and is subject to the risks of economic and competitive forces at work within this geographic area.

The majority of revenues relate to legislation enacted by the State of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect the Academy. Additionally, the Academy is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the Academy.

Financial instruments that potentially subject the Academy to concentrations of credit risk consist principally of receivables from the State of Indiana. At June 30, 2022, substantially all of the accounts receivable balance was due from the State of Indiana. In addition, deposits maintained at PNC Bank exceeded the \$250,000 FDIC insurance limit.

**Note 8. Liquidity**

Under ASU 2016-4, the Academy is required to disclose the assets it has available at June 30, 2022 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. The Academy’s financial assets include cash and grants receivable.

Financial assets, June 30, 2022	\$ 698,952
Less those unavailable for general expenditure within one year, due to:	
Board Designation	(50,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 648,952

The Academy receives donor restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the Academy must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be

TIMOTHY L. JOHNSON ACADEMY, INC.  
Notes to Financial Statements  
June 30, 2022  
(continued)

available for general expenditure within one year. The Academy had no donor restricted contributions at June 30, 2022. As part of the Academy's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

TIMOTHY L. JOHNSON ACADEMY, INC.  
Notes to Financial Statements  
June 30, 2022  
(continued)

**Note 9. Functional Expense Reporting**

The costs of providing the educational activities have been summarized on a functional basis in the statement of activities. Accordingly, certain expenses have been allocated among the programs and services benefited. Following is a summary of expenses comprising each program and service for the year ended June 30, 2022.

	Program Services				Total
	Educational Instruction	Education Support	Food Services	Supporting Services	
Salaries and employee benefits	\$ 1,685,997	\$ 33,674	\$ 19,286	\$ 971,991	\$ 2,710,948
Professional services	83,019	188,751	-	51,151	322,921
Academic services	-	-	-	462,313	462,313
Authorizer oversight fee	-	-	-	94,478	94,478
Food costs	-	-	286,469	-	286,469
Transportation service	-	-	-	72,596	72,596
Equipment expense and rental	-	-	-	6,544	6,544
Operation and maintenance	-	-	-	135,506	135,506
Classroom, kitchen, and office supplies	201,737	75,971	10,834	65,071	353,613
Occupancy	-	-	-	17,751	17,751
Insurance	-	-	-	58,838	58,838
Depreciation	-	-	-	185,459	185,459
Interest	-	-	-	5,457	5,457
Other	-	-	-	25,797	25,797
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenses	<u>\$ 1,970,753</u>	<u>\$ 298,396</u>	<u>\$ 316,589</u>	<u>\$ 2,152,952</u>	<u>\$ 4,738,690</u>

**SUPPLEMENTARY INFORMATION**

**TIMOTHY L. JOHNSON ACADEMY, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2022**

<u>Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Awards Expended</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-through Indiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553		\$ 91,007
National School Lunch Program	10.555		289,153
Fresh Fruit and Vegetable Program	10.582		<u>13,984</u>
<i>Total U.S. Department of Agriculture</i>			<u>394,144</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-through Indiana Department of Education			
Title I, Part A; Grants to Local Education Agencies	84.010	S010A200014	73,726
Title I, Part A; Grants to Local Education Agencies	84.010	S010A210014	142,645
Title II, Part A; Supporting Effective Instruction State Grants	84.367	S367A190013	9,360
Title II, Part A; Supporting Effective Instruction State Grants	84.367	S367A200013	7,710
Title II, Part A; Supporting Effective Instruction State Grants	84.367	S367A210013	14,917
Title III; English Language Acquisition State Grants	84.365A	S365A190014	1,000
Title IV, Drug Free Schools	84.424A	S424A190015	14,130
Title IV, Drug Free Schools	84.424A	S424A200015	2,012
Title IV, Drug Free Schools	84.424A	S424A210015	12,660
Special Education - Grants to States	84.027	H027A190084	67,302
Charter School Program	84.282D	U282A200020	18,808
Education Stabilization Fund			
ESSER II	84.425D	S425D210013	307,672
Esser III	84.425D	S425D210013	<u>72,027</u>
<i>Total U.S. Department of Education</i>			<u>743,969</u>
<i>Total federal awards expended</i>			<u>\$ 1,138,113</u>

Timothy L. Johnson Academy, Inc.  
Notes to Schedule of Expenditures of  
Federal Awards for the Year Ended June 30, 2022

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Timothy L. Johnson Academy and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of Timothy L. Johnson Academy, it is not intended to and does not present the financial position, changes in net position of Timothy L. Johnson Academy.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 – Indirect Cost Rate**

The Academy has elected not to use the 10 percent de minimis indirect cost rate as allowed under the uniform guidance.



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

The Board of Directors  
Timothy L Johnson Academy, Inc.

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 Timothy L Johnson Academy, Inc. (the "Academy"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon August 22, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 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 Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Haven Group CPAs & Advisors

*Haven Group CPAs & Advisors*

Taylor, Michigan

August 22, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE *UNIFORM GUIDANCE***

The Board of Directors  
Timothy L. Johnson Academy, Inc.

**Report on Compliance for Each Major Federal Program**

We have audited Timothy L. Johnson Academy, Inc.'s (the "Academy") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on the Academy's major federal programs for the year ended June 30, 2022. The Academy's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Academy's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Academy's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

## Report on Internal Control over Compliance

Management of the Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Haven Group CPAs & Advisors

*Haven Group CPAs & Advisors*

Taylor, Michigan

August 22, 2023

Timothy L. Johnson Academy  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2022

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified?  Yes  No
- Significant deficiencies  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified?  Yes  No
- Significant deficiencies identified  Yes  None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.425	US Department of Education, Education Stabilization Fund Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

Timothy L. Johnson Academy, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022  
(Continued)

**GOVERNMENT AUDITING STANDARDS FINDINGS**

None.

**FEDERAL PROGRAM AUDIT FINDINGS**

None.