

NEW LEAF PREP ACADEMY
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2024 AND 2023



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INDEPENDENT AUDITORS' REPORT

Board of Directors
New Leaf Prep Academy
Green Bay, Wisconsin

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of New Leaf Prep Academy (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, 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 New Leaf Prep Academy as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of New Leaf Prep Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that 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 New Leaf Prep 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 auditor's 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 New Leaf Prep 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 New Leaf Prep 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.

Other Matter

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinion on the accompanying financial statements as a whole. The accompanying schedule of financial results – charter school contract and schedule of expenditures of federal and state awards are presented for purposes of additional analysis and are 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 financial results – charter school contract and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2024, on our consideration of New Leaf Prep 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 New Leaf Prep 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 New Leaf Prep Academy’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
November 22, 2024

**NEW LEAF PREP ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023**

	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 181,670	\$ 240,407
Grants Receivable	-	85,646
Other Receivables	151	1,821
Prepaid Expenses	13,162	9,790
Property and Equipment, Net	613,040	384,621
Right-of-Use Asset - Operating	8,041,359	13,031,151
Total Assets	\$ 8,849,382	\$ 13,753,436
LIABILITIES AND NET DEFICIT		
LIABILITIES		
Accounts Payable	\$ 346	\$ 39
Accrued Payroll Liabilities	104,711	88,296
Accrued Interest	50,474	39,588
Short-Term Lease Liability	225,917	144,316
Deferred Revenue	54,993	48,020
Long-Term Debt	722,200	685,200
Long-Term Lease Liability	8,365,045	13,308,381
Total Liabilities	9,523,686	14,313,840
NET DEFICIT		
Without Donor Restrictions	(674,304)	(560,404)
Total Liabilities and Net Deficit	\$ 8,849,382	\$ 13,753,436

See accompanying Notes to Financial Statements.

**NEW LEAF PREP ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Federal Grants:			
Title II	\$ 1,021	\$ -	\$ 1,021
Special Education	38,349	-	38,349
Special Projects	78,817	-	78,817
State Grants:			
Per Pupil Revenue	2,066,378	-	2,066,378
Special Projects	2,170	-	2,170
Special Education	18,937	-	18,937
Other Grants	11,532	-	11,532
Contributions	500	-	500
Fundraising	35,532	-	35,532
Food Service	111,833	-	111,833
Program and Fee Income	53,360	-	53,360
Interest Income	1,667	-	1,667
Other Income	15,036	-	15,036
Total Revenue, Support, and Gains	<u>2,435,132</u>	<u>-</u>	<u>2,435,132</u>
EXPENSES AND LOSSES			
Program Services Expense	2,156,491	-	2,156,491
Supporting Services Expense:			
Management and General	378,851	-	378,851
Fundraising and Development	13,690	-	13,690
Total Supporting Services Expense	<u>392,541</u>	<u>-</u>	<u>392,541</u>
Total Expenses	<u>2,549,032</u>	<u>-</u>	<u>2,549,032</u>
CHANGE IN NET DEFICIT	(113,900)	-	(113,900)
Net Deficit - Beginning of Year	<u>(560,404)</u>	<u>-</u>	<u>(560,404)</u>
NET DEFICIT - END OF YEAR	<u><u>\$ (674,304)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (674,304)</u></u>

See accompanying Notes to Financial Statements.

**NEW LEAF PREP ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Federal Grants:			
Title II	\$ 840	\$ -	\$ 840
Special Education	28,429	-	28,429
Special Projects	507,973	-	507,973
State Grants:			
Per Pupil Revenue	1,435,920	-	1,435,920
Special Projects	1,715	-	1,715
Other Grants	22,323	-	22,323
Contributions	-	-	-
Fundraising	64,979	-	64,979
Food Service	41,914	-	41,914
Program and Fee Income	33,810	-	33,810
Interest Income	7,785	-	7,785
Other Income	11,411	-	11,411
Total Revenue, Support, and Gains	2,157,099	-	2,157,099
EXPENSES AND LOSSES			
Program Services Expense	1,885,821	-	1,885,821
Supporting Services Expense:			
Management and General	327,171	-	327,171
Fundraising and Development	9,473	-	9,473
Total Supporting Services Expense	336,644	-	336,644
Total Expenses and Losses	2,222,465	-	2,222,465
CHANGE IN NET DEFICIT	(65,366)	-	(65,366)
Net Deficit - Beginning of Year	(495,038)	-	(495,038)
NET DEFICIT - END OF YEAR	\$ (560,404)	\$ -	\$ (560,404)

See accompanying Notes to Financial Statements.

**NEW LEAF PREP ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024**

	Program Services	Supporting Services		Total
		Management and General	Fundraising and Development	
Salaries and Wages	\$ 844,580	\$ 172,650	\$ -	\$ 1,017,230
Payroll Taxes	71,400	13,824	-	85,224
Employee Benefits	81,764	18,343	-	100,107
Professional Fees	31,433	6	-	31,439
Purchased Services	-	27,842	-	27,842
Advertising and Recruitment	-	1,015	-	1,015
Food Services	87,093	-	-	87,093
Building and Equipment Rental	666,638	20,618	-	687,256
Student Transportation	9,197	-	-	9,197
Curriculum Materials and Supplies	46,765	-	-	46,765
Computer Supplies	32,655	27,369	-	60,024
General Supplies	27,509	17,850	3,574	48,933
Dues and Subscriptions	16,102	4,332	1,269	21,703
Telephone	7,016	217	-	7,233
Utilities	42,390	1,311	-	43,701
Repairs and Maintenance	68,900	6,165	-	75,065
Staff Development	2,496	-	-	2,496
Insurance	19,709	-	-	19,709
Depreciation	-	67,243	-	67,243
Interest	67,850	-	-	67,850
Travel	-	66	-	66
Special Events	-	-	8,847	8,847
Miscellaneous	32,994	-	-	32,994
Total Expenses by Function	\$ 2,156,491	\$ 378,851	\$ 13,690	\$ 2,549,032

See accompanying Notes to Financial Statements.

**NEW LEAF PREP ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	Program Services	Supporting Services		Total
		Management and General	Fundraising and Development	
Salaries and Wages	\$ 671,674	\$ 154,146	\$ -	\$ 825,820
Payroll Taxes	61,539	11,872	-	73,411
Employee Benefits	68,014	15,182	-	83,196
Purchased Services	-	37,119	-	37,119
Advertising and Recruitment	-	3,546	-	3,546
Food Services	54,545	-	-	54,545
Building and Equipment Rental	711,608	22,008	-	733,616
Student Transportation	7,325	-	527	7,852
Curriculum Materials and Supplies	18,714	-	-	18,714
Computer Supplies	25,118	16,533	-	41,651
General Supplies	14,198	13,386	3,610	31,194
Dues and Subscriptions	6,570	1,849	130	8,549
Telephone	3,722	115	-	3,837
Utilities	21,002	650	-	21,652
Repairs and Maintenance	72,174	3,356	-	75,530
Staff Development	75,126	5,800	-	80,926
Insurance	5,491	18,064	-	23,555
Depreciation	-	22,425	-	22,425
Interest	45,362	-	-	45,362
Travel	-	-	-	-
Special Events	-	-	5,206	5,206
Miscellaneous	23,639	1,120	-	24,759
Total Expenses by Function	\$ 1,885,821	\$ 327,171	\$ 9,473	\$ 2,222,465

See accompanying Notes to Financial Statements.

**NEW LEAF PREP ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Deficit	\$ (113,900)	\$ (65,366)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	67,243	22,425
Noncash Lease Expense	128,057	215,218
Changes in Operating Assets and Liabilities:		
Grants Receivable	85,646	228,536
Other Receivables	1,670	8,757
Prepaid Expenses	(3,372)	(6,944)
Accounts Payable	307	(442)
Accrued Payroll and Other Liabilities	16,415	(14,433)
Accrued Interest	10,886	10,656
Deferred Revenues	6,973	18,556
Net Cash Provided by Operating Activities	199,925	416,963
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property, Plant, and Equipment	(295,662)	(370,023)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Long-Term Debt	530,000	312,000
Principal Payments on Long-Term Debt	(493,000)	(250,000)
Net Cash Provided by Financing Activities	37,000	62,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	(58,737)	108,940
Cash and Cash Equivalents - Beginning of Year	240,407	131,467
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 181,670	\$ 240,407
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	\$ 56,964	\$ 34,706

See accompanying Notes to Financial Statements.

**NEW LEAF PREP ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

New Leaf Prep Academy (the School or Organization) is a nonprofit corporation organized under the laws of the state of Wisconsin for the purpose of providing K-8 Montessori and nature-based education to cultivate life-long self-driven learners in Green Bay, Wisconsin. Through a partnership with the University of Wisconsin – Madison, the Organization operates a charter school and receives a significant portion of its funding in the form of government grants from various state agencies, primarily the Wisconsin Department of Public Instruction (DPI). The Organization received 85% and 67% of its revenue from DPI as charter school state aid.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Receivables and Credit Policies

Grants receivables consist primarily of noninterest-bearing amounts due for reimbursable grants. The Organization determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible. As of June 30, 2024 and 2023, the Organization considers all outstanding balances to be fully collectible.

Property and Equipment

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

Leases

The School leases certain office and educational space. The School determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position.

**NEW LEAF PREP ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the School uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statements of financial position.

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

The School's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the School considers factors such as if the School has obtained substantially all of the rights to the underlying asset through exclusivity, if the School can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**NEW LEAF PREP ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (continued)

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization had no net assets with donor restrictions as of June 30, 2024 and 2023.

Revenue and Revenue Recognition

Program Service Fees

Program and fee income is recognized over time when the related educational instruction is performed. Food service revenue is recognized at a point in time. There were no receivables (contract assets) outstanding related to program services fees as of June 30, 2024, 2023 and 2022. Deferred revenue (contract liabilities) related to program and fee income was \$54,993, \$48,020 and \$29,464 as of June 30, 2024, 2023 and 2022 respectively.

Contributions

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. The Organization had \$-0- conditional contributions as of June 30, 2024 and 2023.

Fundraising

Income for special events is evaluated for treatment as an exchange transaction or a contribution. Revenues from exchange transactions are deferred until the event occurs. Revenues from the contribution portion are reported as increases in net assets with donor restrictions when received and released from restrictions with the event occurs, when applicable.

Government Grants

The Organization received various grants from the federal and state government. These grants generally involve reimbursement of cost approved in advance. Revenue is recognized under the reimbursement of allowable costs as qualifying costs are incurred.

**NEW LEAF PREP ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are expensed as incurred and approximated \$1,015 and \$3,546 during the years ended June 30, 2024 and 2023, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include building and equipment rental and utilities, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, which are allocated on the basis of estimates of time and effort.

Income Taxes

New Leaf Prep Academy is organized as a Wisconsin nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as an organization described in Internal Revenue Section (IRC) Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization has determined that it is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with grants receivable are considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies supportive of our mission.

**NEW LEAF PREP ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Standards Update

On January 1, 2023, the Organization adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): measurement of Credit Losses on Financial Instruments, as amended, which modified the measurement of expected credit losses. The Organization updated this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have an impact on the Organization’s financial statements but did result in changes to the Organization’s accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses.

Subsequent Events

The Organization has evaluated subsequent events through November 22, 2024, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2024	2023
Cash and Cash Equivalents	\$ 181,670	\$ 240,407
Grants Receivable	-	85,646
Other Receivables	151	1,821
Total	\$ 181,821	\$ 327,874

As part of our liquidity management plan, the Organization monitors cash flow needs on a weekly basis to ensure that payment obligations can be met. The Organization also has several lines of credit available if a cash short fall occurs (see Note 6).

NOTE 3 GRANTS RECEIVABLE

The grants receivable balance represents the amount due from the following agencies:

	2024	2023
Wisconsin Department of Public Instruction	\$ -	\$ 85,646
Total Grants Receivable	\$ -	\$ 85,646

All receivables are due within one year and the Organization believes all grants receivable are collectible as of June 30, 2024 and 2023.

**NEW LEAF PREP ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2024	2023
Building Improvements	\$ 138,480	\$ 38,521
Equipment	565,726	370,023
Subtotal	<u>704,206</u>	<u>408,544</u>
Less: Accumulated Depreciation and Amortization	(91,166)	(23,923)
Total Property and Equipment	<u>\$ 613,040</u>	<u>\$ 384,621</u>

Depreciation and amortization expense totaled \$67,243 and \$22,425 for the years ended June 30, 2024 and 2023, respectively.

NOTE 5 LEASES – ASC 842

The School leases certain office and educational space under one long-term, noncancelable operating lease. The lease originally expired on July 1, 2051 but was modified during the current year to expire on July 1, 2044. Rental expense for the lease is comprised of a monthly “base rent”, which is subject to an automatic minimum of 0% and maximum of 8% increase each year, as modified.

The following table provides quantitative information concerning the School’s lease for year ended June 30, 2024:

Lease Cost:	
Operating Lease Cost	\$ 687,256
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	559,200
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	(4,705,408)
Weighted-Average Remaining Lease Term - Operating Leases	20
Weighted-Average Discount Rate - Operating Leases	4.48%
<u>Year Ending June 30,</u>	
2025	\$ 603,936
2026	652,248
2027	652,248
2028	652,248
2029	652,248
Thereafter	9,783,720
Undiscounted Cash Flows	12,996,648
Less: Imputed Interest	(4,405,686)
Total Present Value	<u>\$ 8,590,962</u>
Short-Term Lease Liabilities	\$ 225,917
Long-Term Lease Liabilities	8,365,045
	<u>\$ 8,590,962</u>

**NEW LEAF PREP ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 6 NOTES PAYABLE

The Organization has the following notes payable as of June 30:

<u>Description</u>	<u>2024</u>	<u>2023</u>
\$500,000 line of credit with a related party, unsecured, principal balance due and payable on August 18, 2032, interest of 8% accrues monthly and is due on August 18 each year.	\$ 300,000	\$ 300,000
\$500,000 line of credit with a related party, unsecured, principal balance due and payable on August 18, 2032, interest of 8% accrues monthly and is due on August 18 each year.	303,100	278,100
\$500,000 line of credit with a related party, unsecured, principal balance due and payable on August 18, 2032, interest of 8% accrues monthly and is due on August 18 each year.	<u>119,100</u>	<u>107,100</u>
Total Long-Term Debt	<u>\$ 722,200</u>	<u>\$ 685,200</u>

Interest rate was 8% as of June 30, 2024 and 7% as of June 30, 2023.

NOTE 7 RELATED PARTY TRANSACTIONS

The Organization has outstanding notes payable to related parties as noted below:

	<u>2024</u>	<u>2023</u>
Payable to Employees	\$ 119,100	\$ 107,100
Payable to Blue Bay Investments (Employee-Owned)	303,100	278,100
Payable to Auto Parts Power Sports (Employee and Board Member-Owned)	<u>300,000</u>	<u>300,000</u>
Total	<u>\$ 722,200</u>	<u>\$ 685,200</u>

The Organization also has an outstanding other receivable from a related organization owned by employees for expenses that were paid on behalf of the other organization. The outstanding amount due from the related organization was \$151 and \$1,821 as of June 30, 2024 and 2023, respectively.

The Organization leases the school building from Blue Bay Investments, which is owned by employees. See Note 5 for more information on this lease.

**NEW LEAF PREP ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 8 EMPLOYEE BENEFITS

The Organization has established a pension plan, which covers all eligible employees. The plan is a defined contribution retirement savings plan with contributions set at a percentage of each qualified employee's annual compensation (currently at 6%). The total contribution for this plan for years ended June 30, 2024 and 2023 was \$38,496 and \$34,235, respectively.

NOTE 9 CONTRIBUTED NONFINANCIAL ASSETS

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the years ended June 30, 2024 and 2023.

NOTE 10 COMMITMENTS AND CONTINGENCIES

The Organization participates in federal and state assistance grant programs. These programs are subject to compliance audits by the grantors or their representatives. Accordingly, our compliance with grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although we expect such amounts, if any, to be immaterial.

**NEW LEAF PREP ACADEMY
SCHEDULE OF FINANCIAL RESULTS – CHARTER SCHOOL CONTRACT
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)**

The School is operated through a partnership with the University of Wisconsin – Madison. A Charter School Contract establishes the roles and responsibilities of each party of the agreement. The Charter School Contract requires the following financial results by student FTE to be included in the audit:

Total Revenue

Category	Total Revenue	Per Pupil
State per Pupil Aid	\$ 2,066,378	\$ 11,110
Special Education Aid	57,286	308
Federal Funds	79,838	429
Grants	13,702	74
Other Donations	36,032	194
Other Revenue	181,896	978
Total	\$ 2,435,132	\$ 13,092

Federal Revenue

Category	Total Federal Revenue	Per Pupil
Title I	\$ -	\$ -
Title II	1,021	5
Title III	-	-
Title IV	-	-
Title V	-	-
Title VI	-	-
Other Federal Funds	78,817	424
Total	\$ 79,838	\$ 429

Total Expenditures

Category	Total Expenditures	Per Pupil
Instruction	\$ 1,004,244	\$ 5,399
Instructional Support	38,875	209
Facilities	933,158	5,017
Administration	399,558	2,148
Board	-	-
Other Expenditures	173,197	931
Total	\$ 2,549,032	\$ 13,704

Total Net Deficit

	July 1	June 30	Difference	Cumulative Net Deficit
Total Net Deficit	\$ (560,404)	\$ (674,304)	\$ (113,900)	\$ (674,304)



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

Board of Directors
New Leaf Prep Academy
Green Bay, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Leaf Prep Academy (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated November 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Leaf Prep 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Leaf Prep Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of New Leaf Prep 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Leaf Prep 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*.

New Leaf Prep Academy's Response to Findings

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Green Bay, Wisconsin
November 22, 2024



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

Board of Directors
New Leaf Prep Academy
Green Bay, Wisconsin

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited New Leaf Prep Academy's compliance with the types of compliance requirements identified as subject to audit in the *Wisconsin School District Audit Manual* issued by the Wisconsin Department of Public Instruction that could have a direct and material effect on each of New Leaf Prep Academy's major state programs for the year ended June 30, 2024. New Leaf Prep Academy's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 the *Wisconsin School District Audit Manual*. Our responsibilities under those standards and the *Wisconsin School District Audit Manual* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of New Leaf Prep Academy and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of New Leaf Prep Academy's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on New Leaf Prep Academy's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *Wisconsin School District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about New Leaf Prep Academy's compliance with the requirements of each major state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding New Leaf Prep Academy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of New Leaf Prep Academy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Wisconsin School District Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of New Leaf Prep Academy's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

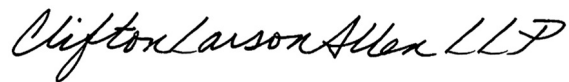
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Board of Directors
New Leaf Prep Academy

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

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

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



CliftonLarsonAllen LLP

Green Bay, Wisconsin
November 22, 2024

**NEW LEAF PREP ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2024**

Grantor Agency/Cluster or Grant Title	Pass-through Agency	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/22	Cash Received	Accrued (Deferred) Revenue 6/30/23	Total Revenue	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF EDUCATION									
March 13, 2020 - September 30, 2024	WI Dept. of Public Instruction	84.425	2022-058150-DPI-EBIS-165	\$ (1,946)	\$ 76,513	\$ -	\$ 74,567	\$ 74,567	\$ -
Special Education - Grants to States									
Special Education Flow-Through									
July 1, 2022 - June 30, 2023	WI Dept. of Public Instruction	84.027	2023-058024-DPI-FLOW-341	(21,969)	21,969	-	-	-	-
July 1, 2022 - June 30, 2023	WI Dept. of Public Instruction		2023-058024-DPI-FT-Midyear-342	(6,020)	6,020	-	-	-	-
July 1, 2023 - June 30, 2024	WI Dept. of Public Instruction		2024-058024-DPI-FLOW-341	-	29,922	-	29,922	29,922	-
July 1, 2023 - June 30, 2024	WI Dept. of Public Instruction		2024-058024-DPI-FT-Midyear-342	-	7,588	-	7,588	7,588	-
Special Education - Grants to States									
Special Education Preschool									
July 1, 2022 - June 30, 2023	WI Dept. of Public Instruction	84.173	2023-058024-DPI-PRESCH-347	(96)	96	-	-	-	-
July 1, 2022 - June 30, 2023	WI Dept. of Public Instruction		2023-058024-DPI-PS-Midyear-348	(344)	344	-	-	-	-
July 1, 2023 - June 30, 2024	WI Dept. of Public Instruction		2024-058024-DPI-PRESCH-347	-	839	-	839	839	-
Charter Schools									
July 1, 2022 - June 30, 2023	WI Dept. of Public Instruction	84.282	2023-058024-DPI-WCSP1-360	(54,431)	54,431	-	-	-	-
July 1, 2023 - June 30, 2024	WI Dept. of Public Instruction		2024-058024-DPI-WCSP1-360	-	4,250	-	4,250	4,250	-
Improving Teacher Quality State Grants									
July 1, 2022 - June 30, 2023	WI Dept. of Public Instruction	84.367	2023-058024-DPI-TIIA-365	(840)	840	-	-	-	-
July 1, 2023 - June 30, 2024	WI Dept. of Public Instruction		2024-058024-DPI-TIIA-365	-	1,021	-	1,021	1,021	-
Total Federal Awards				<u>\$ (85,646)</u>	<u>\$ 203,833</u>	<u>\$ -</u>	<u>\$ 118,187</u>	<u>\$ 118,187</u>	<u>\$ -</u>
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION									
Charter Schools State Aid	Direct Program	255.289	None	\$ -	\$ 2,066,378	\$ -	\$ 2,066,378	\$ 2,066,378	\$ -
Assessments of Reading Readiness	Direct Program	255.956	LEA-166	-	970	-	970	970	-
Educator Effective Eval System Grants	Direct Program	255.940	LEA-154	-	1,200	-	1,200	1,200	-
Special Ed & School Age Parents Aid	Direct Program	255.101	LEA-100	-	18,937	-	18,937	18,937	-
Total State Awards				<u>\$ -</u>	<u>\$ 2,087,485</u>	<u>\$ -</u>	<u>\$ 2,087,485</u>	<u>\$ 2,087,485</u>	<u>\$ -</u>

See accompanying Notes to Schedule of Expenditures of Federal and State Awards.

NEW LEAF PREP ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of New Leaf Prep Academy's programs of the federal and Wisconsin governments for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of the *Wisconsin School District Audit Manual* issued by the Wisconsin Department of Public Instruction. Because the Schedule presents only a selected portion of the operations of New Leaf Prep Academy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of New Leaf Prep 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 *Wisconsin School District Audit Manual*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 OVERSIGHT AGENCIES

The federal and state oversight agencies for New Leaf Prep Academy are as follows:

Federal — U.S. Department of Education
State — Wisconsin Department of Public Instruction

NOTE 4 SUBRECIPIENT PAYMENTS

No federal or state awards were passed through to sub recipients during the year ended June 30, 2024.

**NEW LEAF PREP ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes x no

State Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major state programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with *Wisconsin School District Audit Manual*? _____ yes x no

Identification of Major State Programs

State ID Number	Name of State Program
255.289	Charter Schools State Aid

Dollar threshold used to distinguish between Type A and Type B programs: \$ 250,000

**NEW LEAF PREP ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section II – Financial Statement Findings

2024–001 Financial Statement Preparation

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: The Organization maintains accounting records which reflect the financial transactions; however, ensuring the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), including note disclosures would require additional experience and knowledge. The Organization contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to assist in the preparation of the financial statements in an efficient manner. However, as independent auditors, CLA cannot be considered part of the Organization’s internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the Organization has implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.

Criteria or Specific Requirement: Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Effect: The lack of controls in place over the financial reporting function increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected.

Cause: The additional costs associated with hiring staff experienced in preparing year-end financial reports, including additional training time, outweigh the derived benefits. However, management has reviewed and approved the annual financial statements and related notes, as prepared by the audit firm, and has accepted responsibility for those financial statements.

Repeat Finding: Yes

Recommendation: We recommend that management continue reviewing the annual financial statements and the adjusting entries. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the Organization is necessary to obtain a complete and adequate understanding of the annual financial statements.

Views of Responsible Officials and Planned Corrective Actions: There is no disagreement with the audit finding. Refer to the Organization’s Corrective Action Plan for more information.

Section III – Findings and Questioned Costs – Major State Programs


None Reported.

**NEW LEAF PREP ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section IV – Other Issues

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? _____yes x no
2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *Wisconsin School District Audit Manual*:
Wisconsin Department of Public Instruction _____yes x no
3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? _____yes x no

Name and signature of signing director



Becky Meyer, CPA

Date of report

November 22, 2024



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