

McFarland School District (3381}
2019-2020
Charter School Authorizer
Annual Report

Authorizer Annual Report Checklist

When completing the Charter School Authorizer Annual Report, verify that:

D All sections of the report are present, and all schedules are completed and attached.

D For school district authorizers, the schedule of authorizer operating costs has been included as a supplement to the school district's annual audited financial statements submitted to DPI.

D The report has been completed at the authorizer level, rather than completed for an individual school.

D Authorizer operating costs have been identified in Section VI. This section should not be left blank.

D The operating costs reported in Section VI reflect **only** the costs the authorizing entity incurred while fulfilling the duties under Wis. Stat. s. 118.40 (3m)(a) to (e) which include:

D Soliciting and evaluating charter school applications,

D Considering the principles and standards for quality authorizing established by the National Association of Charter School Authorizers,

D Giving preference in the awarding of contracts for the operation of charter schools that serve children at risk,

D Approving high-quality charter schools that meet identified educational needs and promote a diversity of educational choices, and

D Monitoring the performance and compliance with Wis. Stat. s. 118.40 of each charter school with which it contracts.

The operating costs in this section should **not** reflect the operating costs for the authorized charter school(s).

D The total amounts reported in Section VI and Section VII are not the same. As noted above, Section VI should only include operating costs the authorizing entity incurred while fulfilling the duties under Wis. Stat. 118.40 (3m)(a) to (e); while Section VII should include the costs of services the authorizing entity provided to the charter schools with which it contracts.

D Costs reported in Section VII are only the costs of services provided to the charter school(s). Examples of the types of costs that should be reported in this section include but are not limited to: costs for business office services, costs for food services, curriculum

services, professional development services, etc.

For further instructions and requirements related to completing each section of this report see the charter school authorizer annual report technical assistance document at

<http://dpi.wi.gov/sms/charter-schools/information-authorizers>.

SECTION I: AUTHORIZER INFORMATION

Authorizing Entity:	McFarland School District
Authorizer Address:	5101 Farwell St. McFarland, WI 53558
Authorizer Contact Person:	Andrew Briddell
Contact Person Title:	Superintendent
Contact Person Phone:	608.838.4554
Contact Person Email:	briddea@mcfds.org

SECTION II: CHARTER SCHOOL INFORMATION

(Add additional lines or attach additional sheets, if necessary.)

Charter Schools Currently Under Contract:			
School Name:	Contract Start Date:	Contract Expiration Date:	Grades Served:
WIVA High School	May 7, 2018	June 3, 2023	9-12
WIVA K8	May 7, 2018	June 3, 2023	K8
Destinations Career Academy	April 16, 2016	June 30, 2021	9-12
INSIGHT High School of WI	July 1, 2017	June 30, 2022	9-12

Charter Schools with Non-renewed or Revoked Contract:			
School Name:	Contract Start Date:	Date of Non-renewal or Revocation:	Reason for Non-renewal or Revocation:
None			

Charter Schools Currently Under Contract that have not Opened:		
School Name:	Contract Start Date:	Date School will Open:
None		

Charter Schools that Closed:		
School Name:	Date of School Closure:	Reason for Closure:
None		

SECTION III: ACADEMIC PERFORMANCE OF CHARTER SCHOOLS

Insight School of Wisconsin (ISWI)

Designated as an at-risk, alternative accountability high school, Insight Wisconsin is in its fourth year. Over the course of the year, Insight Wisconsin (ISWI) implemented a 60:1 ratio for its student/mentor support network, designated English and math teachers, and counselor. The school academic programming continues to improve with personalization and relevance of academic curriculum. ISWI's credit recovery programming, summer school and student engagement program design which supports students as well as providing mentors who have a key and essential role in student success. ISWI met the alternative accountability goals in achievement for the SY18-19; however, the SY19-20 graduation rate and academic State data is not available to report. ISWI's 2019 4-year cohort graduation rate is 45.2% with an estimated 5-year cohort graduation rate of 57%. The Office of Educational Accountability (OEA) will not issue school or district report cards for 2019-2020 per the 2019 Wisconsin Act 185 which prohibits the release of school and district accountability report cards in the 2020-2021 school year. Because of this, and unless otherwise noted, the following information is internal data only as gathered by school-level systems.

ISWI includes additional credit recovery opportunities for students during the summer months, June through August, to assist students who could benefit from credit recovery options.

Overall, for the 2019-2020 school year, ISWI had 50% of its' student meet academic growth expectations based on ISWI internal reporting data. Specifically, in Math ISWI had 50% of its students who met the academic growth expectations and 51% of its students in Reading who met the academic growth expectations.

Destinations Career Academy of Wisconsin (WIDCA)

Destinations Career Academy of Wisconsin (WIDCA) is a career-focused school with graduation requirements leading to industry certification, work experience, and post-secondary preparedness for career or college. WIDCA continues to strive in finding improved instructional models, Response to intervention (RtI), special education services, Project Based Learning (PBL), and targeted instruction to reach our students. During the 19-20 school year, WIDCA offered 4 pathways for students and certification which included: Business, Health and Human Services, Information Technology, and Manufacturing. The 2019 4-year cohort graduation rate is 87%. WIDCA's internal reports indicate the WIDCA 2019-2020 graduation rate is estimated at 91%. The Office of Educational Accountability (OEA) will not issue school or district report cards for 2019-2020 per the 2019 Wisconsin Act 185 which prohibits the release of school and district accountability report cards in the 2020-2021 school year. Because of this, and unless otherwise noted, the following information is internal data only as gathered by school-level systems.

WIDCA utilizes the STAR test to review student in-year academic growth. Overall, for the 2019-2020 school year, WIDCA's student academic growth metrics show 49% of its' students met growth expectations. Specifically, in Math WIDCA had 47% of its students who met the academic growth expectations and 51% of its students, in Reading, met the academic growth expectations.

Wisconsin Virtual Academy High School (WIVA HS)

Wisconsin Virtual Academy High School is a general education high school striving to prepare students for post-secondary readiness. In school year 2019-2020 WIVA had several areas of focus including student academic growth, student retention and school culture.

As stated in the WIDCA and ISWI information above the Office of Educational Accountability (OEA) will not issue school or district report cards for 2019-2020 per the 2019 Wisconsin Act 185 which prohibits the release of school and district accountability report cards in the 2020-2021 school year. Because of this, and unless otherwise noted, the following information is internal data only as gathered by school-level systems. WIVA HS's 2019 4-year cohort graduation rate is 66.8%. The school has an added focus and emphasis on improving the school's graduation rate. WIVA High School is currently on a Continuous Improvement Plan (CIP) and is working closely with the Department of Public Instruction (DPI) to improve its graduation rate. Students who are removed from WIVA HS for failure to launch and failure to participate-truancy, who do not enroll in their resident school district or in another educational option negatively impact WIVA High School's graduation rate. In order to work with students who have decided to withdraw, or are withdrawn from WIVA HS, we have implemented additional measures to communicate with these students and their resident district to facilitate the student's continual education. Our internal data shows that for the students who remain enrolled, and complete their high school education, have an estimated internal 85% graduation rate.

Many of WIVA HS students enroll who are credit deficient and struggle with academic engagement, and as a result, leads to a lower than average score for on-track readiness. Driven by our goals, WIVA HS continues to work on improving curricular options, instruction, student accountability, and teacher effectiveness to improve students' academic growth. Each year, we continue to utilize data to develop internal academic assessment models, formative and summative assessments to measure effectiveness and growth, improve engagement, staffing, and programming promoting

student growth and support.

Student Academic Growth Metrics: WIVA utilizes the STAR test to review student in-year academic growth. Overall, WIVA had 50% of its' students meet growth expectations. Specifically, in math, 51% and reading 49% met student growth expectations.



FOUR LAKES EDUCATION, INC.
MCFARLAND, WISCONSIN

**AUDITED FINANCIAL STATEMENTS
INCLUDING INDEPENDENT AUDITOR'S REPORT**

**AS OF AND FOR THE YEAR
ENDED JUNE 30, 2020**

Johnson Block and Company, Inc.
Certified Public Accountants
2500 Business Park Road
Mineral Point, Wisconsin 53565
(608) 987-2206
Fax: (608) 987-3391

Four Lakes Education, Inc.
Table of Contents
June 30, 2020

Independent Auditor's Report.....	1
<u>Financial Statements:</u>	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
<u>Supplementary Information:</u>	
Schedule of Assets, Liabilities and Net Assets – Wisconsin Virtual Academy.....	12
Schedule of Revenues and Expenses – Wisconsin Virtual Academy.....	13
Schedule of Assets, Liabilities and Net Assets – Destinations Career Academy of Wisconsin	14
Schedule of Revenues and Expenses – Destinations Career Academy of Wisconsin	15
Schedule of Assets, Liabilities and Net Assets – Insight School of Wisconsin High School.....	16
Schedule of Revenues and Expenses – Insight School of Wisconsin High School.....	17
Combined Schedule of Assets, Liabilities and Net Assets	18
Combined Schedule of Revenue and Expenses	19
Schedule of School Revenues and Expenses – Budget to Actual Comparison – Wisconsin Virtual Academy and Insight School of Wisconsin High School	20
Schedule of School Revenues and Expenses – Budget to Actual Comparison – Destinations Career Academy of Wisconsin.....	21
Schedule of Expenditures of Federal Awards.....	22
Schedule of Expenditures of State Awards.....	23
Independent Auditor's Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24
Schedule of Findings and Responses	26



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Four Lakes Education, Inc.
McFarland, Wisconsin

We have audited the accompanying financial statements of Four Lakes Education, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Four Lakes Education, Inc. as of June 30, 2020, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as identified in the table of contents, 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2020, on our consideration of Four Lakes Education, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Four Lakes Education, Inc.'s internal control over financial reporting and compliance.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
November 20, 2020

Four Lakes Education, Inc.
Statement of Financial Position
June 30, 2020

ASSETS

Current assets:

Cash	\$ 14,042,132
Accounts receivable	3,158
Prepaid expenses	<u>8,657</u>
Total current assets	<u>14,053,947</u>

Fixed assets:

Property, equipment, and improvements	381,950
Accumulated depreciation	<u>(108,517)</u>
Total fixed assets	<u>273,433</u>
Total assets	<u><u>\$ 14,327,380</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 76,032
Due to K12	10,010,176
Accrued payroll and related liabilities	<u>445,881</u>
Total current liabilities	<u>10,532,089</u>

Net assets:

Without donor restrictions:

Undesignated	<u>3,795,291</u>
Total liabilities and net assets	<u><u>\$ 14,327,380</u></u>

Four Lakes Education, Inc.
Statement of Activities
For the Year Ended June 30, 2020

**CHANGES IN NET ASSETS
WITHOUT DONOR RESTRICTIONS:**

REVENUE

Tuition revenue	\$ 23,736,546
Grant revenue	341,349
Other income	109,804
	<hr/>
Total revenue	24,187,699
	<hr/>

EXPENSES

Salaries and wages	1,285,072
Contracted salaries and wages	3,756,863
Employee benefits	427,092
Contracted employee benefits	1,499,784
Contracted services	6,811,481
Curriculum expense	4,730,788
Supplies and equipment	3,143,079
Testing site rental	43,882
Staff development	50,036
Rent	51,955
Legal and accounting	98,778
Insurance	33,777
Travel	36,472
Depreciation	40,400
Office expenses	353,961
Field trips	35,867
Other expenses	146,003
	<hr/>
Total expenses	22,545,290
	<hr/>

Change in net assets	1,642,409
----------------------	-----------

Net assets - beginning of year	2,152,882
	<hr/>

Net assets, end of year	\$ 3,795,291
	<hr/> <hr/>

Four Lakes Education, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,642,409
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	40,400
(Increase) decrease in operating assets and liabilities:	
Accounts receivable	41,704
Due to K12	1,891,538
Prepaid expenses	(2,077)
Accounts payable	72,855
Accrued payroll and related liabilities	86,369
	<hr/>
Net cash provided by operating activities	<hr/> 3,773,198 <hr/>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<hr/> (313,355) <hr/>
Net cash used in investing activities	<hr/> (313,355) <hr/>
Net change in cash and cash equivalents	3,459,843
Cash and cash equivalents, beginning of year	<hr/> 10,582,289 <hr/>
Cash and cash equivalents, end of year	<hr/> \$ 14,042,132 <hr/>

Four Lakes Education, Inc.
Notes to the Financial Statements
June 30, 2020

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

Four Lakes Education, Inc. (the Organization) is a nonprofit corporation which consists of three charter schools, the Wisconsin Virtual Academy, Destinations Career Academy of Wisconsin, and Insight School of Wisconsin High School. The Wisconsin Virtual Academy's purpose is to utilize research-based technology applications and meaningful teacher/student/parent involvement, to provide a new innovative model of public charter school education choice adapted to the needs of elementary, middle, and high school students, to promote mastery of the Wisconsin Model Academic Standards statewide in Wisconsin. Destinations Career Academy of Wisconsin's purpose is to provide an innovative online school that combines traditional academics with career technical education, giving students in grades 9–12 a head start on their college and career goals. Insight School of Wisconsin High School is an at risk designated school in which its purpose is to provide education services to at risk students. The Organization is largely funded through a charter school contract with the School District of McFarland.

A summary of significant accounting policies follows:

B. Basis of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

C. Basis of Presentation

The Organization utilizes the accrual method of accounting, whereby revenue is recognized when earned, and expenses are recognized when incurred. The Organization's financial statements are prepared in accordance with professional standards. Under generally accepted accounting principles (GAAP), the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions:

Net assets without donor restrictions consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of the Organization and include those expendable resources which have been designated for special use by the Organization's Board of Directors.

Net assets with donor restrictions consist of net assets that are subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Organization's choices of when to use these resources. There were no net assets with donor restrictions as of June 30, 2020.

Four Lakes Education, Inc.
Notes to the Financial Statements
June 30, 2020

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Use of Estimates

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

E. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has determined that all accounts receivable is collectible. Therefore, no allowance for doubtful accounts is recorded in the accompanying financial statements as of June 30, 2020.

F. Property and Equipment

The Organization capitalizes property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets of 3 to 7 years.

G. Tuition Revenue

Tuition is recognized as revenue in the fiscal year for which the tuition relates.

H. Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Wisconsin franchise or income tax. The Organization has adopted accounting guidance for recognizing and measuring uncertain tax positions. The Organization follows statutory requirements for income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing income taxes from activities deemed to be unrelated to the Organization's tax-exempt status would not be material to the financial statements. The Organization's federal exempt organizations returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, the Organization is no longer subject to examination for tax years before 2016.

I. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Organization considers all checking, savings and money market accounts and all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Four Lakes Education, Inc.
Notes to the Financial Statements
June 30, 2020

NOTE 2

PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2020:

Computer hardware	\$ 46,217
Leasehold improvements	265,722
Furniture and fixtures	47,633
Office equipment	<u>22,378</u>
Total property and equipment	381,950
Less: accumulated depreciation	<u>(108,517)</u>
Net property and equipment	<u><u>\$ 273,433</u></u>

NOTE 3

OPERATING LEASES

The Organization, as lessee, leases office space and office equipment. The operating lease agreements expire at various dates through June 2025. Total lease expense was \$54,800 for the year ended June 30, 2020. Future minimum lease payments for these leases are as follows:

Year Ended June 30,	
2021	\$ 58,706
2022	60,102
2023	61,534
2024	60,871
2025	<u>15,102</u>
Total	<u><u>\$ 256,315</u></u>

Four Lakes Education, Inc.
Notes to the Financial Statements
June 30, 2020

NOTE 4

FUNCTIONAL EXPENSES

The costs of providing the various programs and other activities are summarized below. Costs are directly charged to the functions they benefit when possible. Certain costs have been allocated among the programs and supporting services. Allocated expenses include contracted services, rent, legal and accounting, insurance, depreciation, and office and other expenses. These expenses are allocated based on estimates of employee time and effort. The table below presents the Organization's expenses by their function and nature for the year ended June 30, 2020.

	<u>Program Activities</u>	<u>Management and General</u>	<u>Amount</u>
Salaries and wages	\$ 1,182,916	\$	\$ 1,182,916
Contracted salaries and wages	3,859,019		3,859,019
Employee benefits	427,092		427,092
Contracted employee benefits	1,499,784		1,499,784
Contracted services	2,605,819	4,205,662	6,811,481
Curriculum expense	4,730,788		4,730,788
Supplies and equipment	3,143,079		3,143,079
Testing site rental	43,882		43,882
Staff development	50,036		50,036
Rent		51,955	51,955
Legal and accounting		98,778	98,778
Insurance		33,777	33,777
Travel	36,472		36,472
Depreciation		40,400	40,400
Office expenses	68,004	285,957	353,961
Field trips	35,867		35,867
Other expenses	112,516	33,487	146,003
Total expenses	<u>\$ 17,795,274</u>	<u>\$ 4,750,016</u>	<u>\$ 22,545,290</u>

Four Lakes Education, Inc.
Notes to the Financial Statements
June 30, 2020

NOTE 5

CONCENTRATIONS

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash. The Organization had amounts on deposit with a bank in excess of the federal deposit insurance limit of \$1,987,110 as of June 30, 2020.

As a School District of McFarland Charter School, the Organization receives a significant portion of its revenues from the State of Wisconsin Department of Public Instruction. These revenues include charter schools state aid, special education, and other governmental assistance. The School District of McFarland Charter School agreement with Wisconsin Virtual Academy expires on June 30, 2023. The School District of McFarland Charter School agreement with Destinations Career Academy of Wisconsin expires on June 30, 2021. The School District of McFarland Charter School agreement with Insight School of Wisconsin High School expires on June 30, 2022. The Organization received 98% of its revenues through the School District of McFarland for the year ended June 30, 2020.

NOTE 6

CONTRACTED SERVICES

The Organization has a contracted services agreement with K12 in which the Organization shall pay K12 for program products, defined administration services (15% of the base charter school revenues and other charter school revenues), and technology services (7% of the base charter school revenues and other charter school revenues). Plus, an agreed upon performance incentive fee if performance goals are met. For the year ended June 30, 2020, the Organization's administration service, technology service, and performance incentive fees were \$3,611,684, \$1,685,453, and \$556,547, respectively.

NOTE 7

LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization monitors its liquidity so that it is able to meet its operating needs. The following table reflects the Organization's financial assets as of June 30, 2020, reduced by amounts not available for general expenditure within one year. Financial assets are not considered available when not liquid or not convertible into cash within one year or because the board of directors or donors have restricted funds for specific purposes.

Cash and cash equivalents	\$ 14,042,132
Accounts receivable	<u>3,158</u>
Total financial assets, excluding noncurrent receivables	14,045,290
Less those unavailable for general expenditure within one year due to:	
None unavailable	<u> </u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 14,045,290</u></u>

Four Lakes Education, Inc.
Notes to the Financial Statements
June 30, 2020

NOTE 8

EMPLOYEE RETIREMENT PLAN

The Organization established a retirement plan under IRC Section 401(k). For eligible employees the Organization matches the employee's contributions up to a maximum of 6% of the employee's wages. For the year ended June 30, 2020, the Organization contributed \$168,049 on behalf of its employees to the plan.

NOTE 9

SUBSEQUENT EVENTS/COMMITMENTS

In late 2019, a novel strain of coronavirus (COVID-19) originated and subsequently spread worldwide. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. The spread of COVID-19 coronavirus created economic uncertainty domestically and internationally. In March 2020, all remaining 2019/2020 in person events were canceled.

The full financial impact on the Organization is unknown. It is anticipated that the impacts of COVID-19 will continue for some time. Future impacts may include, but are not limited to, restrictions on employees' ability to work and participation in the organization's programming may continue to be impacted and thereby affect revenues. Changes to the operating environment may also increase operating costs.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 20, 2020, the date the financial statements were available to be issued.

NOTE 10 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Financial Accounting Standards Board (FASB) has approved the following:

- Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), which requires recognition of rights and obligations from lease contracts longer than one year as assets and liabilities on the statement of net position. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021.
- Accounting Standards Update (ASU) No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement, which modifies the disclosure requirements for fair value measurements. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019.
- Accounting Standards Update (ASU) No. 2019-03, Not-for-Profit Entities (Topic 958): Updating the Definition of Collections. ASU 2019-03 is effective for fiscal years beginning after December 15, 2019.
- ASU No. 2014-09, (Topic 606): Revenue from Contract with Customers. The amendments in this Update will affect annual reporting periods beginning after December 15, 2019.

When they become effective, application of these standards may restate portions of these financial statements.

SUPPLEMENTARY INFORMATION

Four Lakes Education, Inc.
Schedule of Assets, Liabilities and Net Assets-
Wisconsin Virtual Academy
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash	\$ 11,013,544	\$ 9,896,320
Accounts receivable		44,862
Due from other schools	313,845	
Prepaid expenses	<u>7,457</u>	<u>6,580</u>
Total current assets	<u>11,334,846</u>	<u>9,947,762</u>
Fixed assets:		
Property, equipment, and improvements	381,950	68,595
Accumulated depreciation	<u>(108,517)</u>	<u>(68,117)</u>
Total fixed assets	<u>273,433</u>	<u>478</u>
Total assets	<u><u>\$ 11,608,279</u></u>	<u><u>\$ 9,948,240</u></u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 74,382	\$ 3,177
Due to K12	8,536,729	7,652,058
Due to other schools		10,202
Accrued payroll and related liabilities	<u>395,440</u>	<u>345,328</u>
Total current liabilities	<u>9,006,551</u>	<u>8,010,765</u>
Net assets:		
Without donor restrictions:		
Undesignated	<u>2,601,728</u>	<u>1,937,475</u>
Total liabilities and net assets	<u><u>\$ 11,608,279</u></u>	<u><u>\$ 9,948,240</u></u>

Four Lakes Education, Inc.
Schedule of Revenue and Expenses-
Wisconsin Virtual Academy
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CHANGES IN NET ASSETS		
WITHOUT DONOR RESTRICTIONS:		
REVENUE		
Tuition revenue	\$ 20,407,437	\$ 16,746,593
Grant revenue	341,349	282,492
Other income	<u>101,082</u>	<u>36,233</u>
Total revenue	<u>20,849,868</u>	<u>17,065,318</u>
EXPENSES		
Salaries and wages	1,119,321	974,544
Contracted salaries and wages	3,431,608	2,509,078
Employee benefits	367,291	351,342
Contracted employee benefits	1,390,317	971,737
Contracted services	5,892,230	4,909,753
Curriculum expense	4,221,614	3,443,327
Supplies and equipment	2,902,321	2,257,206
Testing site rental	41,691	60,548
Staff development	47,740	89,817
Rent	49,391	36,151
Legal and accounting	98,778	80,240
Insurance	32,109	40,565
Travel	33,713	42,595
Depreciation	40,400	960
Office expenses	338,807	116,894
Telephone and ISP reimbursements		9,081
Field trips	35,867	33,361
Other expenses	<u>142,417</u>	<u>146,957</u>
Total expenses	<u>20,185,615</u>	<u>16,074,156</u>
Change in net assets	664,253	991,162
Net assets - beginning of year	<u>1,937,475</u>	<u>946,313</u>
Net assets, end of year	<u><u>\$ 2,601,728</u></u>	<u><u>\$ 1,937,475</u></u>

Four Lakes Education, Inc.
Schedule of Assets, Liabilities and Net Assets-
Destinations Career Academy of Wisconsin
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash	\$ 1,121,425	\$ 685,969
Accounts receivable	3,158	
Due from other schools		10,202
Prepaid expenses	<u>1,200</u>	
Total current assets	<u>1,125,783</u>	<u>696,171</u>
Total assets	<u><u>\$ 1,125,783</u></u>	<u><u>\$ 696,171</u></u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 1,421	\$
Due to K12	704,555	466,580
Due to other schools	11,384	
Accrued payroll and related liabilities	<u>21,759</u>	<u>14,184</u>
Total current liabilities	<u>739,119</u>	<u>480,764</u>
Net assets:		
Without donor restrictions:		
Undesignated	<u>386,664</u>	<u>215,407</u>
Total liabilities and net assets	<u><u>\$ 1,125,783</u></u>	<u><u>\$ 696,171</u></u>

Four Lakes Education, Inc.
Schedule of Revenue and Expenses-
Destinations Career Academy of Wisconsin
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CHANGES IN NET ASSETS		
WITHOUT DONOR RESTRICTIONS:		
REVENUE		
Tuition revenue	\$ 1,342,206	\$ 1,078,179
Other income	<u>8,594</u>	<u>19</u>
Total revenue	<u>1,350,800</u>	<u>1,078,198</u>
EXPENSES		
Contracted salaries and wages	261,660	147,161
Contracted employee benefits	90,567	50,473
Contracted services	367,344	290,561
Curriculum expense	308,885	262,433
Supplies and equipment	122,868	99,755
Testing site rental	2,191	2,416
Staff development	1,442	1,705
Rent	2,564	1,830
Insurance	1,668	2,056
Travel	1,866	
Office expenses	15,154	5,891
Other expenses	<u>3,334</u>	<u>4,056</u>
Total expenses	<u>1,179,543</u>	<u>868,337</u>
Change in net assets	171,257	209,861
Net assets, beginning of year	<u>215,407</u>	<u>5,546</u>
Net assets, end of year	<u><u>\$ 386,664</u></u>	<u><u>\$ 215,407</u></u>

Four Lakes Education, Inc.
Schedule of Assets, Liabilities and Net Assets-
Insight School of Wisconsin High School
June 30, 2020

	<u>2020</u>
ASSETS	
Current assets:	
Cash	<u>\$ 1,907,163</u>
 Total assets	 <u><u>\$ 1,907,163</u></u>
 LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	\$ 229
Due to K12	768,892
Due to other schools	302,461
Accrued payroll and related liabilities	<u>28,682</u>
 Total current liabilities	 <u>1,100,264</u>
 Net assets:	
Without donor restrictions:	
Undesignated	<u>806,899</u>
 Total liabilities and net assets	 <u><u>\$ 1,907,163</u></u>

Four Lakes Education, Inc.
Schedule of Revenue and Expenses-
Insight School of Wisconsin High School
For the Year Ended June 30, 2020

	<u>2020</u>
CHANGES IN NET ASSETS	
WITHOUT DONOR RESTRICTIONS:	
REVENUE	
Tuition revenue	\$ 1,986,903
Other income	<u>128</u>
Total revenue	<u>1,987,031</u>
EXPENSES	
Salaries and wages	165,751
Contracted salaries and wages	63,595
Employee benefits	59,801
Contracted employee benefits	18,900
Contracted services	551,907
Curriculum expense	200,289
Supplies and equipment	117,890
Staff development	854
Travel	893
Other expenses	<u>252</u>
Total expenses	<u>1,180,132</u>
Change in net assets	806,899
Net assets, beginning of year	<u> </u>
Net assets, end of year	<u><u>\$ 806,899</u></u>

Four Lakes Education, Inc.
Combined Schedule of Assets, Liabilities and Net Assets
June 30, 2020

	Wisconsin Virtual Academy	Destinations Career Academy	Insight School of Wisconsin High School	Eliminations	Combined
ASSETS					
Current assets:					
Cash	\$ 11,013,544	\$ 1,121,425	\$ 1,907,163	\$	\$ 14,042,132
Accounts receivable		3,158			3,158
Due from other schools	313,845			(313,845)	
Prepaid expenses	7,457	1,200			8,657
Total current assets	11,334,846	1,125,783	1,907,163	(313,845)	14,053,947
Fixed assets:					
Property, equipment, and improvements	381,950				381,950
Accumulated depreciation	(108,517)				(108,517)
Total fixed assets	273,433				273,433
Total assets	<u>\$ 11,608,279</u>	<u>\$ 1,125,783</u>	<u>\$ 1,907,163</u>	<u>\$ (313,845)</u>	<u>\$ 14,327,380</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	\$ 74,382	\$ 1,421	\$ 229	\$	\$ 76,032
Due to K12	8,536,729	704,555	768,892		10,010,176
Due to other schools		11,384	302,461	(313,845)	
Accrued payroll and related liabilities	395,440	21,759	28,682		445,881
Total current liabilities	9,006,551	739,119	1,100,264	(313,845)	10,532,089
Net assets:					
Without donor restrictions:					
Undesignated	2,601,728	386,664	806,899		3,795,291
Total liabilities and net assets	<u>\$ 11,608,279</u>	<u>\$ 1,125,783</u>	<u>\$ 1,907,163</u>	<u>\$ (313,845)</u>	<u>\$ 14,327,380</u>

Four Lakes Education, Inc.
Combined Schedule of Revenue and Expenses
For the Year Ended June 30, 2020

	Wisconsin Virtual Academy	Destinations Career Academy	Insight School of Wisconsin High School	Combined
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:				
REVENUE				
Tuition revenue	\$ 20,407,437	\$ 1,342,206	\$ 1,986,903	\$ 23,736,546
Grant revenue	341,349			341,349
Other income	101,082	8,594	128	109,804
Total revenue	20,849,868	1,350,800	1,987,031	24,187,699
EXPENSES				
Salaries and wages	1,119,321		165,751	1,285,072
Contracted salaries and wages	3,431,608	261,660	63,595	3,756,863
Employee benefits	367,291		59,801	427,092
Contracted employee benefits	1,390,317	90,567	18,900	1,499,784
Contracted services	5,892,230	367,344	551,907	6,811,481
Curriculum expense	4,221,614	308,885	200,289	4,730,788
Supplies and equipment	2,902,321	122,868	117,890	3,143,079
Testing site rental	41,691	2,191		43,882
Staff development	47,740	1,442	854	50,036
Rent	49,391	2,564		51,955
Legal and accounting	98,778			98,778
Insurance	32,109	1,668		33,777
Travel	33,713	1,866	893	36,472
Depreciation	40,400			40,400
Office expenses	338,807	15,154		353,961
Field trips	35,867			35,867
Other expenses	142,417	3,334	252	146,003
Total expenses	20,185,615	1,179,543	1,180,132	22,545,290
Change in net assets	664,253	171,257	806,899	1,642,409
Net assets - beginning of year	1,937,475	215,407		2,152,882
Net assets, end of year	\$ 2,601,728	\$ 386,664	\$ 806,899	\$ 3,795,291

Four Lakes Education, Inc.
Schedule of School Revenues and Expenses - Budget to Actual Comparison-
Wisconsin Virtual Academy and Insight School of Wisconsin High School
For the Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
CHANGES IN NET ASSETS			
WITHOUT DONOR RESTRICTIONS:			
REVENUE			
Tuition revenue	\$ 18,747,365	\$ 22,394,340	\$ 3,646,975
Grant revenue	273,938	341,349	67,411
Other income	123,164	101,210	(21,954)
Total revenue	19,144,467	22,836,899	3,692,432
EXPENSES			
Salaries and wages	1,096,900	1,285,072	(188,172)
Contracted salaries and wages	3,275,644	3,495,203	(219,559)
Employee benefits	408,093	427,092	(18,999)
Contracted employee benefits	1,313,924	1,409,217	(95,293)
Contracted services	5,436,857	6,444,137	(1,007,280)
Curriculum expense	3,887,102	4,421,903	(534,801)
Supplies and equipment	2,501,880	3,020,211	(518,331)
Testing site rental	63,258	41,691	21,567
Staff development	96,877	48,594	48,283
Rent	78,900	49,391	29,509
Legal and accounting	72,000	98,778	(26,778)
Insurance	40,000	32,109	7,891
Travel	58,576	34,606	23,970
Depreciation	1,289	40,400	(39,111)
Office expenses	146,763	338,807	(192,044)
Telephone and ISP reimbursements	5,061		5,061
Field trips	44,500	35,867	8,633
Other expenses	199,181	142,669	56,512
Total expenses	18,726,805	21,365,747	(2,638,942)
Change in net assets	417,662	1,471,152	1,053,490
Net assets - beginning of year	1,937,475	1,937,475	
Net assets - end of year	\$ 2,355,137	\$ 3,408,627	\$ 1,053,490

Four Lakes Education, Inc.
Schedule of School Revenues and Expenses - Budget to Actual Comparison-
Destinations Career Academy of Wisconsin
For the Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
CHANGES IN NET ASSETS:			
WITHOUT DONOR RESTRICTIONS:			
REVENUE			
Tuition revenue	\$ 1,414,182	\$ 1,342,206	\$ (71,976)
Other income	1,485	8,594	7,109
	<u>1,415,667</u>	<u>1,350,800</u>	<u>(64,867)</u>
EXPENSES			
Contracted salaries and wages	274,418	261,660	12,758
Contracted employee benefits	87,661	90,567	(2,906)
Contracted services	385,971	367,344	18,627
Curriculum expense	462,379	308,885	153,494
Supplies and equipment	156,460	122,868	33,592
Testing site rental	17,846	2,191	15,655
Staff development	6,394	1,442	4,952
Rent	1,877	2,564	(687)
Insurance	2,101	1,668	433
Travel	6,126	1,866	4,260
Office expenses	8,033	15,154	(7,121)
Other expenses	5,890	3,334	2,556
	<u>1,415,156</u>	<u>1,179,543</u>	<u>235,613</u>
Change in net assets	511	171,257	170,746
Net assets - beginning of year	<u>215,407</u>	<u>215,407</u>	
Net assets - end of year	<u><u>\$ 215,918</u></u>	<u><u>\$ 386,664</u></u>	<u><u>\$ 170,746</u></u>

Four Lakes Education, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Awarding Agency/ Pass-Through Agency Award Description	Federal Catalog Number	Pass-Through Entity Identifying Number	(Receivable) July 1, 2019	Expenditures	Receipts Grantor Reimbursement	(Deferred)/ Receivable June 30, 2020
<u>United States Department of Education</u>						
Passed through Wisconsin Department of Public Instruction:						
<u>McFarland School District</u>						
Title I - Grants to Local Educational Agencies	84.010	2020-133381-TIA-141	\$ (44,863)	\$ 50,393	\$ 95,735	\$ (479)
Total Federal Awards			<u>\$ (44,863)</u>	<u>\$ 50,393</u>	<u>\$ 95,735</u>	<u>\$ (479)</u>

Four Lakes Education, Inc.
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2020

Awarding Agency/ Pass-Through Agency Award Description	State I.D. Number	Pass Through ID Number	(Receivable) July 1, 2019	Receipts Grantor Reimbursement:	Expenditures	Receivable June 30, 2020
<u>Wisconsin Department of Public Instruction</u>						
Passed through McFarland School District:						
Handicapped Pupils and School Age Parents	255.101	133381-100	\$	\$ 290,956	\$ 290,956	\$
Total State Awards			\$	\$ 290,956	\$ 290,956	\$



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

To the Board of Directors
Four Lakes Education, Inc.
McFarland, 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 Four Lakes Education, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
November 20, 2020

Four Lakes Education, Inc.
Schedule of Findings and Responses
For the Year Ended June 30, 2020

A. Summary of Auditor's Results

Financial Statements

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

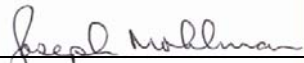
B. Financial Statement Findings

No audit findings noted.

C. Other Issues

- | | |
|---|-----|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |

3. Name and signature of partner



Joseph Mohlmann, CPA

4. Date of report

November 20, 2020



To the Board of Directors
Four Lakes Education, Inc.
McFarland, Wisconsin

We have audited the financial statements of Four Lakes Education, Inc. for the year ended June 30, 2020, and have issued our report thereon dated November 20, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 12, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019-2020. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's allocation of program service expenses and management and general expenses. We evaluated the estimates and determined they were reasonable in relation to the financial statements taken as a whole and consistent between years.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were:

- 1) The disclosure of the Organization's financial instruments that are exposed to concentrations of credit risk in Note 5 to the financial statements consist primarily of cash. The Organization places its cash with high credit quality financial institutions. The Organization had amounts on deposit with a bank in excess of the federal deposit insurance limit of \$1,987,110.
- 2) The disclosure of revenues from major districts in Note 5 to the financial statements relating to the amounts of revenue received from major districts reflects the percentage of revenue generated from a few districts. A loss of a major district could severely impact the financial condition of the Organization.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 20, 2020.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Attached are recommendations and informational points to management that are not material weaknesses or significant deficiencies.

Restriction on Use

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

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
November 20, 2020

RECOMMENDATIONS AND INFORMATIONAL POINTS TO MANAGEMENT
THAT ARE NOT MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES

Cash and Investments

At June 30, 2020, the Organization had deposits at local banks of \$14,127,306. The Federal Deposit Insurance Corporation (FDIC) protects deposits up to \$250,000 at each financial institution, and the Organization had collateral of \$11,640,196, leaving an uninsured balance of \$1,987,110. With the large amounts of deposits, the Organization should consider developing procedures that would reduce the risk of excess deposits in any one financial institution. The Organization should consider using more than one financial institution, ask the financial institution for deposit insurance or some other type of collateral to cover excess deposits or consider investing excess funds in another type of investment to obtain better investment returns.

In addition, a bank reconciliation as of June 30, 2020 has several outstanding checks dating back 24 months and totaling \$8,920 that should be voided. The Organization should review older outstanding checks and determine if new checks should be issued. Depending on the type of checks, Organizations may need to turn the checks over to the State of Wisconsin as unclaimed checks. The Organization can visit www.statetreasury.wisconsin.gov to review compliance requirements.

Wisconsin Virtual Academy (WIVA) K-8

Wisconsin Virtual Academy is a Title 1 K-8 public school chartered by McFarland School District. Due to COVID-19 barriers presented during the Spring of the 2019-2020 school year, state-level achievement and performance data is not available. The Office of Educational Accountability (OEA) will not issue school or district report cards for 2019-2020 per the 2019 Wisconsin Act 185 which prohibits the release of school and district accountability report cards in the 2020-2021 school year. Because of this, and unless otherwise noted, the following information is internal data only as gathered by school-level systems.

In the elementary school grades (K-5), 87% of students were on track in 75% or more of their courses at the close of the 2019-2020 school year. This marks a 4% increase from the previous school year. Per the norm-referenced STAR assessment data, at the end of the 2019-2020 school year, 57% of K-5 students had met their Math growth target for the year and 56% of K-5 students had met their Reading growth target for the year. A year over year comparison is not available at this time.

In the middle school grades (6-8), 67% of students were passing all their courses at the close of the 2019-2020 school year. This marks a 0% change from the previous school year. Per the norm-referenced STAR assessment data, at the end of the 2019-2020 school year, 55% of 6-8 students had met their Math growth target for the year and 50% of 6-8 students had met their Reading growth target for the year. A year over year comparison is not available at this time.

Student mastery of standards is an area of positive, substantial shifts in practice and professional development for WIVA K-8. Certified staff continue to increase collaborative efforts and data analysis skills in order that students' demonstration of knowledge and skill is more appropriately elicited and leveraged. Further academic achievement gains in math, English, science, and social studies are expected as all departments and staff are united in accountability for one year's growth of every student in one year's time.

Both the student and staff populations have approximately doubled in size in one year's time so WIVA K-8 continues to place pointed emphasis on building community and forming meaningful connections.

SECTION IV: FINANCIAL PERFORMANCE OF CHARTER SCHOOLS

(Provide a summary of the financial performance of each charter school that operated during the school year.)

Section V: Other Contract Terms and Expectations (Optional)

(Provide a summary and discussion of any additional contract terms or expectations that the authorizer deems relevant to its report on the overall performance of the charter schools it authorizes.)

NONE

Section VI: Authorizer Operating Costs

(Complete and attach audited Schedule of Charter School Authorizer Operating Costs.)

N/A

Examples of the types of costs that should be reported in the schedule of authorizer operating costs include but are not limited to: costs incurred by the authorizer to oversee and monitor its charter schools (i.e. salary and fringe for individuals who assume these duties), costs incurred for soliciting, receiving, and reviewing applications for new charter schools (i.e. salary and fringe for individuals who assume these duties which may include administrative staff, business office staff, legal staff, etc.), costs incurred for completing and analyzing charter school data for the purpose of making renewal and revocation decisions, and any additional costs associated with duties under Wis. Stats. s. 118.40(3m)(a) to (e) above.

Costs that should not be included in the schedule of authorizer operating costs include salary and fringe for the teachers at the charter school, costs of charter school transportation, curriculum services, food service, etc. Only costs associated with the authorizer fulfilling its duties should be reported in this schedule.

Section VII: Services Provided to Charter Schools

(Complete and attach Schedule of Charter School Authorizer Services and Costs.)

N/A

Examples of the types of costs that should be reported in the schedule of services and costs include but are not limited to: costs for business office services, costs for food services, curriculum services, professional development services, etc. Costs and types of services may vary depending upon the contractual relationship between the authorizer and the charter school.

(Insert authorizing entity name)

Section VI

N/A

**Schedule of Charter School Authorizer Operating Costs
Fiscal Year Ending (insert date)**

Operating Activity	WUFAR Object Code	Cost
Employee Salaries	100	
Employee Benefits	200	
Purchased Services	300	
Non-Capital Objects	400	
Capital Objects	500	
Insurance & Judgements	700	

Other (replace Other with an activity name)	900	
Other (replace Other with an activity name)	900	
Total		

(Insert authorizing entity name)

Section VII

N/A

Schedule of Charter School Authorizer Services and Costs
Fiscal Year Ending (insert date)

Services Provided	Function Code	Cost
Regular Curriculum	120000	
Special Education	150000	
Health Services	214000	
Psychological Services	215000	
Curriculum Development	221200	
Instructional Staff Training	221300	
General Administration	230000	
Building Administration	240000	
Business Services	252000	
General Operations	253000	
Pupil Transportation	256000	
Technology	266000	
Other Services (replace Other with a Service)		
Total		