

Green Tree Preparatory Academy Charter School

Financial Statements

For the year ended June 30, 2021

Green Tree Preparatory Academy

Financial Statements

For the year ended June 30, 2021

Table of Contents

Independent Auditor's Report	2 - 3
Statement of Financial Position	4
Statement of Activities and Change in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9
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	10 - 11
Independent Auditor's Report on Supplemental Schedules	12
Independent Auditor's Report on Schedule of Revenue and Expenditures for Instrumentality Charter School	13
Schedule of Charter School Revenue and Expenditures for Instrumentality Charter School	14
Schedule of Findings and Questioned Costs	15
Schedule of Prior Year Findings and Questioned Costs	16

Independent Auditor's Report

Green Tree Preparatory Academy
School Governance Council
And the Milwaukee Board of School Directors

Report on the Financial Statements

I have audited the accompanying Statement of Financial Position, Statement of Activities and Change in Net Assets, and Cash Flows (Financial Statements) of the Green Tree Preparatory Academy Charter School for the year ended June 30, 2021 and the related notes to the financial statements. Green Tree Preparatory Academy is an instrumentality charter school of MPS.

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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Green Tree Preparatory Academy Charter School as of June 30, 2021 and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, I have also issued a report dated December 15, 2021 on my consideration of Green Tree Preparatory Academy Charter School's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Bruce Michael Redlin, CPA, LLC

Bruce Michael Redlin, CPA, LLC
Certified Public Accountant
West Allis, Wisconsin
December 15, 2021

Green Tree Preparatory Academy
Statement of Financial Position
June 30, 2021

Assets	
Current Assets	
Cash in Bank	<u>\$ 15,035</u>
Total Current Assets	\$ 15,035
Total Assets	<u><u>\$ 15,035</u></u>
Net Assets	
Net Assets - Without Donor Restrictions	<u>15,035</u>
Total Net Assets	<u><u>\$ 15,035</u></u>

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

Green Tree Preparatory Academy
Statement of Activities and Change in Net Assets
For the year ended June 30, 2021

	Total	General Fund	Grants	Student Activity Funds
Revenue -				
Funds Received from MPS	\$ 2,346,393	\$ 2,346,393	\$ -	\$ -
Federal Grant - Title I	176,798	-	176,798	-
Federal Grant - Title II	-	-	-	-
Federal Grant - Title III	-	-	-	-
Project Head Start	-	-	-	-
DPI Charter School Grant	62,141	-	62,141	-
Funds Received for Student Activities	2,921	-	-	2,921
Total Revenue	2,588,253	2,346,393	238,939	2,921
Expenditures -				
Position Salaries	1,515,507	1,401,042	114,465	-
Other Wages	121,938	92,300	29,638	-
Benefits	872,755	795,950	76,805	-
Purchased Services	22,847	22,847	-	-
Supplies	52,285	34,254	18,031	-
Capital Expenses	-	-	-	-
Funds Expended on Student Activities	2,435	-	-	2,435
Total Expenditures	2,587,767	2,346,393	238,939	2,435
Excess Revenues (Under) or Over Expenditures	486	-	-	486
Depreciation Expense	-	-	-	-
Excess Revenues (Under) or Over Expenditures after Depreciation	486	-	-	486
Net Assets - Without Restrictions - Beginning of Year	14,549	-	-	14,549
Net Assets - Without Restrictions - End of Year of Year	\$ 15,035	\$ -	\$ -	\$ 15,035

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

Green Tree Preparatory Academy
Statement of Cash Flows
For the year ended June 30, 2021

Cash Flows From Operating Activities -

Excess Revenue Over or (Under) Expenditures	<u>\$ 486</u>
Net Cash Flow From Operating Activities	486
Cash - Beginning of Year	<u>14,549</u>
Cash - End of Year	<u><u>\$ 15,035</u></u>

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

Green Tree Preparatory Academy Charter School
Notes to Financial Statements
Year ended June 30, 2021

Note 1. Significant Accounting Policies

The financial statements of Green Tree Preparatory Academy have been prepared in conformity with generally accepted accounting principles as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity – The Milwaukee Board of School Directors (Board) on January 24, 2019, granted the petition of Green Tree Preparatory Academy to operate a Milwaukee Public School (MPS) instrumentality charter school. The Board approved a five-year contract for school years 2019-2020 through 2023-2024 on December 19, 2019. For the 2020-2021 school year (year ended June 30, 2021), the contract required Green Tree Preparatory Academy to provide educational services to a maximum of 420 pupils. During the 2020-2021 school year, Green Tree Preparatory Academy received funding for 212 students.

Green Tree Preparatory Academy operates under Chapter 118.40 of the Wisconsin statutes and its contract with MPS. MPS is the Local Education Agency (LEA) for Green Tree Preparatory Academy and, as such, distributes funds from the district's general, categorical, construction, extension, and grant funds to Green Tree Preparatory Academy. As an MPS instrumentality charter school, the school's financial activities are subject to review by MPS's external auditors and are incorporated into MPS's annual Basic Financial Statements and the MPS Schedule of Federal and State Awards (Single Audit).

Basis of Presentation – Green Tree Preparatory Academy, as an MPS instrumentality charter school, is obligated to account for their funds in a manner consistent with the requirements of MPS. MPS requires that instrumentality charter schools present separate statements for each major fund category, that is, school operations, categorical, and student activities.

The financial statements of Green Tree Preparatory Academy have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

The financial statements are prepared using the accrual method of accounting. Revenues under all funds are reported as expenditures are incurred, that is, if the school does not spend the money available under either MPS or categorical funds, it is entitled to a budget carryover. Accordingly, Green Tree Preparatory Academy's revenues for these funds are recognized based on recorded expenditures. Revenues related to student activities are recorded when received. Expenditures are recognized when Milwaukee Public Schools incurs a fund liability.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the governmental fund types. Board policy requires that all annual appropriations lapse at fiscal year-end except for encumbrances and carryovers. Encumbrances and commitments carry over to the following year as appropriations. As of June 30, 2021, \$11,612 of encumbrances and commitments were designated for carryover to the following year. Encumbrances are neither included as expenditures nor liabilities in the accompanying financial statements.

Green Tree Preparatory Academy Charter School
Notes to Financial Statements
Year ended June 30, 2019

Basis of Presentation – (continued)

For the 2020-2021 school year, \$11,612 of unspent revenue appropriation was available to carry over to the following school year.

Note 2. Student Activity Fund

The student activity fund is established to account for funds generated within the school that result from various school activities such as fund-raisers, field trips, and soda sales. These funds are spent at the discretion of the school for activities such as class trips and student clubs. The student activity fund is also used to record receipts and expenditures for various Board funded activities such as cafeteria sales, bus passes, and the purchase of various items that are chargeable to the School Operations Fund. Each MPS school receives a cash advance for the school reimbursement account that provides on-site funds to purchase operating supplies that are subsequently reimbursed by MPS. Green Tree Preparatory Academy has a \$5,000 cash advance from the district.

Note 3. Funding

According to the contract between MPS and Green Tree Preparatory Academy, the actual per pupil allocation rate that Green Tree Preparatory Academy should receive from the General Fund is \$9,319 per pupil.

Green Tree Preparatory Academy is classified as a Title I (high poverty area) school and, as such, receives Title I funds. Title I funds are calculated and distributed to Green Tree Preparatory Academy in the same manner as other MPS schools. If the funds are not spent or if more funds are spent than are distributed, then the excess or deficit funding reverts to the school district. During the 2020-2021 school year, Green Tree Preparatory Academy spent \$176,798 in Title I funds.

Green Tree Preparatory Academy received funds from the Wisconsin DPI Charter School Program. These funds are calculated and distributed to Green Tree Preparatory Academy in the same manner as other MPS schools. If the funds are not spent or if more funds are spent than are distributed, then the excess funding may be carried over to the subsequent fiscal year. During the 2020-2021 school year, Green Tree Preparatory Academy spent \$62,141 in DPI Charter school funds.

Note 4. Contract Compliance

The contract between Green Tree Preparatory Academy and Milwaukee Public Schools requires compliance with performance and contract requirements. Specifics regarding this issue are detailed in a separate annual performance and compliance report.

Note 5. Tax Status

Green Tree Preparatory Academy is classified as a non-profit organization by the Internal Revenue Service because of its status as a governmental instrumentality.

Green Tree Preparatory Academy Charter School
Notes to Financial Statements
Year ended June 30, 2019

Note 6. Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed, December 15, 2021. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact operations. The related duration and financial impact, if any, cannot be reasonably estimated at this time.

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

**Green Tree Preparatory Academy Charter School
School Governance Council
and the Milwaukee Board of School Directors**

I have audited the financial statements of Green Tree Preparatory Academy Charter School of and for the year ended June 30, 2021 and have issued my report thereon dated December 15, 2021. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Green Tree Preparatory Academy Charter School's internal control over financial reporting as a basis for designing my auditing procedures for expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the school's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the school's financial statements that is more than inconsequential will not be prevented or detected by the school's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the school's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I noted no deficiencies in internal control over financial reporting that I consider to be a material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Green Tree Preparatory Academy Charter School's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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 (continued)

This report is intended for the information of the Milwaukee Board of School Directors, the School Governance Council, and Wisconsin Department of Public Instruction. However, this report is a matter of public record, and its distribution is not limited.

Bruce Michael Redlin, CPA, LLC

Bruce Michael Redlin, CPA, LLC
Certified Public Accountant
West Allis, Wisconsin
December 15, 2021

Independent Auditor's Report on Supplementary Schedules

Green Tree Preparatory Academy Charter School School Governance Council and the Milwaukee Board of School Directors

I have audited the financial statements of the Green Tree Preparatory Academy Charter School as of June 30, 2021 and have issued my report thereon dated December 15, 2021. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit to form an opinion on the basic financial statements of Green Tree Preparatory Academy Charter School taken as a whole. The accompanying Schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Bruce Michael Redlin, CPA, LLC

Bruce Michael Redlin, CPA, LLC
Certified Public Accountant
West Allis, Wisconsin
December 15, 2021

Independent Auditor's Report on Schedule of Revenue and Expenditures for Instrumentality Charter School

**Green Tree Preparatory Academy Charter School
School Governance Council
And the Milwaukee Board of School Directors**

I have audited the accompanying schedule of charter school revenues and expenditures as defined in the contract dated December 19, 2019 between MPS and Green Tree Preparatory Academy Charter School for the year ended June 30, 2021. This schedule is the responsibility of Green Tree Preparatory Academy Charter School's management. My responsibility is to (1) express an opinion on this schedule based on my audit and (2) express an opinion on Green Tree Preparatory Academy Charter School's compliance with the contract requirement that Green Tree Preparatory Academy Charter School expend MPS charter school contract revenues consistent with the provisions of the contract and the 2020-2021 charter school operating budget approved by the MPS Division of Diversified Community Schools.

I conducted the audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the schedule of charter school revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule of charter school revenues and expenditures. An audit also includes assessing the accounting principles used and significant estimates made by the management of Green Tree Preparatory Academy Charter School as well as the management of MPS. I believe that my audit provides a reasonable basis for my opinion.

Governmental Auditing Standards also require that I consider internal controls over financial reporting and compliance with requirements of laws, regulations, contracts, and grants. The management of Green Tree Preparatory Academy Charter School is responsible for establishing and maintaining effective internal controls. In planning and performing my audit, I considered Green Tree Preparatory Academy Charter School's internal control over compliance with requirements that could have a direct and material effect on the financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the schedule of charter school revenues and expenditures. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving control over financial reporting and its operation that I consider to be material weaknesses.

In my opinion, (1) the schedule of charter school revenues and expenditures referred to above presents fairly, in all material respects, the expenditure and revenue activities of Green Tree Preparatory Academy Charter School for the year ended June 30, 2021 as defined in the contract referred to in the first paragraph and (2) the expenditures reported for the year ended June 30, 2021 comply with the expenditure and annual operating budget requirements as defined in the contract referred to in the first paragraph.


Bruce Michael Redlin, CPA, LLC

Bruce Michael Redlin, CPA, LLC
Certified Public Accountant
West Allis, Wisconsin
December 15, 2021

Green Tree Preparatory Academy
Schedule of Charter School Revenues and Expenditures for Instrumentality Charter School
Year Ended June 30, 2021

	<u>Contract Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
MPS Charter School	\$ 2,470,909	\$ 2,346,393	\$ 124,516
Total Revenues	<u>2,470,909</u>	<u>2,346,393</u>	<u>124,516</u>
Expenses -			
Position Salaries	1,529,383	1,401,042	128,341
Benefits for Position Salaries	815,160	746,754	68,406
Other Wages	18,998	92,300	(73,302)
Benefits for Other Wages	10,127	49,196	(39,069)
Purchased Services	45,583	22,847	22,736
Supplies	53,313	34,254	19,059
Capital Expenses	-	-	-
Other	(1,655)	-	(1,655)
Total Expenses	<u>2,470,909</u>	<u>2,346,393</u>	<u>124,516</u>
Revenues in Excess of (Less Than) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Green Tree Preparatory Academy
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2021

A.	<u>Summary of Auditor's Results</u>	<u>Result</u>
	<u>Financial Statements</u>	
1.	The type of auditor's report issued? (i.e., unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion).	Unmodified
2.	Internal control over financial reporting:	
	a. Material weaknes(s) identified?	No
	b. Reportable condition(s) identified not considered to be material weaknesses?	No
3.	Does the audit report show material non-compliance?	No
B.	<u>Financial Statement Findings:</u>	<u>No</u>
C.	<u>Federal Award Program Findings and Questioned Costs:</u>	<u>No matters were reported</u>
D.	<u>Other Issues:</u>	
1.	Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern?	No
2.	Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with Government Auditing Standards?	No
3.	Was a Management Letter issued or other document conveying audit issues as a result of this audit?	No
4.	Name and signature of auditor in charge: <u></u>	
	Bruce Michael Redlin, CPA	
5.	Date of Report	<u>December 15, 2021</u>

Green Tree Preparatory Academy
 Schedule of Prior Year Findings and Questioned Costs
 Year Ended June 30, 2020 (Prior Financial Audit Period)
 (There were no prior findings because this is the first year under audit)

A.	<u>Summary of Auditor's Results</u>	<u>Result</u>
	<u>Financial Statements</u>	
1.	The type of auditor's report issued? (i.e., unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion).	Unmodified
2.	Internal control over financial reporting:	
	a. Material weaknes(s) identified?	No
	b. Reportable condition(s) identified not considered to be material weaknesses?	No
3.	Does the audit report show material non-compliance?	No
B.	<u>Financial Statement Findings:</u>	<u>No</u>
C.	<u>Federal Award Program Findings and Questioned Costs:</u>	<u>No matters were reported</u>
D.	<u>Other Issues:</u>	
1.	Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern?	No
2.	Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with Government Auditing Standards?	No
3.	Was a Management Letter issued or other document conveying audit issues as a result of this audit?	No
4.	Name and signature of auditor in charge: _____ Bruce Michael Redlin, CPA	
5.	Date of Report (prior year report)	December 22, 2020