

The Lincoln Academy, Inc.

Beloit, Wisconsin

Financial Report

Year Ended June 30, 2024



The Lincoln Academy, Inc.
Financial Statements and Supplementary Financial Information
Year Ended June 30, 2024

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Independent Auditor's Report

Board of Directors
The Lincoln Academy, Inc.
Beloit, Wisconsin

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of The Lincoln Academy, Inc. (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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lincoln Academy, Inc. as of June 30, 2024, 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Lincoln Academy, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 (GAAP), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Lincoln Academy, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Lincoln Academy, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Lincoln Academy, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenue and expenses per pupil is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, 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 were derived from and relate 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 October 30, 2024, on our consideration of The Lincoln Academy, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Lincoln Academy, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Lincoln Academy, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP
Madison, Wisconsin
October 30, 2024

The Lincoln Academy, Inc.
Statement of Financial Position
June 30, 2024

Assets:	
Cash	\$ 1,495,772
Accounts receivable	27,144
Grants receivable	512,945
Prepaid items	4,758
Property and equipment, net	46,740,361
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Total assets	\$ 48,780,980
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Liabilities:	
Accounts payable	\$ 59,436
Accrued and other liabilities	345,443
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Total liabilities	404,879
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Net assets:	
Without donor restrictions	48,376,101
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Total net assets	48,376,101
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Total liabilities and net assets	\$ 48,780,980
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See accompanying notes to the financial statements.

The Lincoln Academy, Inc.

Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions
Support and revenue:	
Federal grant revenue	\$ 1,872,479
State grant revenue	7,123,249
Other school activity	111,398
Donations	7,489,599
Other income	66,071
Total support and revenue	16,662,796
Expenses:	
Program	9,918,958
Supporting activities - Management and general	2,358,997
Total expenses	12,277,955
Change in net assets	4,384,841
Net assets - Beginning of year	43,991,260
Net assets - End of year	\$ 48,376,101

See accompanying notes to the financial statements.

The Lincoln Academy, Inc.
Statement of Functional Expenses
Year Ended June 30, 2024

	Program	Supporting Activities	Total
Expenses:			
Salaries and wages	\$ 4,070,692	\$ 1,590,792	\$ 5,661,484
Payroll taxes	338,330	90,092	428,422
Employee benefits	1,043,926	261,548	1,305,474
Purchased services	1,323,189	240,133	1,563,322
Food services	405,250	-	405,250
Transportation	456,371	-	456,371
General supplies	219,732	30,565	250,297
Apparel	36,202	-	36,202
Instructional supplies	99,361	-	99,361
Non capital equipment and technology	438,729	8,506	447,235
Depreciation	1,276,078	-	1,276,078
Insurance	-	110,347	110,347
Miscellaneous	211,098	27,014	238,112
Total expenses	\$ 9,918,958	\$ 2,358,997	\$ 12,277,955

See accompanying notes to the financial statements.

The Lincoln Academy, Inc.

Statement of Cash Flows

Year Ended June 30, 2024

Cash flows from operating activities:	
Changes in net assets	\$ 4,384,841
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Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	1,276,078
Changes in operating assets and liabilities:	
Accounts receivable	(663)
Grants receivable	(166,718)
Prepaid items	113,895
Accounts payable	(1,182,992)
Accrued and other liabilities	90,382
Deferred contributions	-
Total adjustments	129,982
<hr/>	
Net cash from operating activities	4,514,823
<hr/>	
Cash flows from investing activities:	
Purchases of property and equipment	(4,075,501)
<hr/>	
Net change in cash	439,322
<hr/>	
Cash - Beginning of year	1,056,450
<hr/>	
Cash - End of year	\$ 1,495,772
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See accompanying notes to the financial statements.

The Lincoln Academy, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

The Lincoln Academy, Inc. (the “Organization”) is a nonstock, nonprofit corporation. The Organization is a charter school authorized by the Board of Regents of the University of Wisconsin System. Operations are conducted solely in Beloit, Wisconsin.

Basis of Accounting

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

Classification of Net Assets

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization 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.

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 explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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 has no amounts reported in this category.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property, Equipment and Depreciation

Property and equipment are capitalized at cost or, if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. The Organization capitalizes property and equipment with a value greater than or equal to \$5,000 and a useful life of greater than one year. The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

The Lincoln Academy, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Costs are directly charged to a Program or Administration when costs are directly identifiable with the program or supporting function. Salaries, employee benefits and payroll taxes are charged based on the percentage of total staff hours spent in each program area. Other costs are allocated based on the percentage of the total amount of direct expenses in each program area which approximates time and effort.

Revenue Recognition

The Organization recognizes revenue from the following sources:

Contributions

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Lincoln Academy, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Government Grants

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant Awards That Are Contributions - Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards That Are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

Charter School Membership Program

The Organization participates in the Charter School Membership Program (the "Membership Program"), administered by the Wisconsin Department of Public Instruction ("DPI"). The Organization receives a per pupil payment based upon the official enrollments for September and January that are submitted to DPI by the Organization. The Charter School Aid Payments are remitted to the Organization in September, December, February, and June based on enrollment data from DPI. Revenues from the per pupil enrollment are included in state grant revenue on the statements of activities.

Federal and State Child Nutrition Cluster Grants

The Organization receives funding from the State of Wisconsin Department of Public Instruction and the United States Department of Agriculture to provide meals to children and their families. Awards under this program are considered to be conditional contributions and are recognized as revenue as allowable qualifying expenses are incurred.

The Lincoln Academy, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Elementary and Secondary Emergency Education Relief Fund (ESSER)

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") included Elementary and Secondary Emergency Education Relief Fund (ESSER) funds to local educational agencies ("LEAs") in Wisconsin. These funds provide emergency financial assistance to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools. The revenues associated with this program are reflected in the statement of activities in federal grant revenue.

Income Taxes

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization is also exempt from state income tax on the related income.

The Organization recognizes the benefits of a tax position only after determining whether it is more likely than not that a taxing authority would sustain the tax position upon examination of the technical merits of the tax position, assuming the taxing authority has the full knowledge of all information. The Organization recorded no assets or liabilities related to uncertain tax positions.

Prepaid Items

Prepaid items represent payments made by the Organization for which benefits extend beyond June 30, 2024.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 30, 2024, which is the date the financial statements were available to be issued.

The Lincoln Academy, Inc.

Notes to Financial Statements

Note 2: Property and Equipment

A summary of property and equipment is as follows as of June 30, 2024:

	2024
Land	\$ 370,000
Buildings and building improvements	49,709,714
Total property and equipment	50,079,714
Less - Accumulated depreciation	(3,339,353)
Property and equipment - Net	\$ 46,740,361

Note 3: Related Parties

The Organization received donations of approximately \$7.4 million from a member of the Board of Directors through individual contributions and contributions from a Family Foundation.

Note 4: Liquidity and Availability of Financial Resources

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available fund. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents.

For purposes of analyzing resources available to meet general expenditures over a twelve month period, the Organization considers all expenditures related to its ongoing activities of teaching and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

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
Cash	\$ 1,495,772
Accounts receivable	27,144
Grants receivable	512,945
Total financial assets available for general expenditure	\$ 2,035,861

Supplementary Financial Information

The Lincoln Academy, Inc.
Schedule of Revenue and Expenses per Pupil
Year Ended June 30, 2024

		Per Pupil (based (on the 3rd Friday in Sept count)
Total September Pupil Count		626
Support and revenue:		
Charter Schools State Aid	\$ 7,122,011	\$ 11,377
Other state revenue	1,238	2
Federal grant revenue:		
Title I	137,937	220
Title II	19,672	31
ESSER III	822,478	1,314
Other federal revenue	892,392	1,426
Other school activity	111,398	178
Donations	7,489,599	11,964
Other revenue	66,071	106
Total support and revenue	16,662,796	26,618
Expenses:		
Instruction	5,580,729	8,915
Instructional support	780,999	1,248
Facilities	3,267,926	5,220
Administration	2,248,650	3,592
Other expenditures	399,651	638
Total expenses	12,277,955	19,613
Change in net assets	4,384,841	7,005
Net assets - Beginning of year	43,991,260	70,274
Net assets - End of year	\$ 48,376,101	\$ 77,278

See Independent Auditor's Report.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with Government Auditing Standards

Board of Directors
The Lincoln Academy, Inc.
Beloit, Wisconsin

We have audited, 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, the financial statements of the The Lincoln Academy, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statement 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 October 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Lincoln Academy, Inc.'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 The Lincoln Academy, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Lincoln Academy, Inc.'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 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. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Lincoln Academy, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the The Lincoln Academy, Inc.'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 The Lincoln Academy, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP

October 30, 2024
Madison, Wisconsin

Independent Auditor's Report on Compliance for Each Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State of Wisconsin Single Audit Guidelines

Board of Directors
The Lincoln Academy, Inc.
Beloit, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited The Lincoln Academy, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration (State Single Audit Guidelines), that could have a direct and material effect on each of The Lincoln Academy, Inc.'s major federal and state programs for the year ended June 30, 2024. The Lincoln Academy, Inc.'s major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"); and *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Auditor's 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 The Lincoln Academy, Inc.'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 generally accepted auditing standards, *Government Auditing Standards*, the *State Single Audit Guidelines* and the Uniform Guidance 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 based on the financial of the report on compliance about the The Lincoln Academy, Inc.'s compliance with the requirements of each major federal or state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the *State Single Audit Guidelines*, and the Uniform Guidance, 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 the The Lincoln Academy, Inc.'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 the The Lincoln Academy, Inc.'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the The Lincoln Academy, Inc.'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 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 or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency in internal control, or a combination of deficiencies, in internal control with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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 Uniform Guidance and the *State of Wisconsin Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

October 30, 2024
Madison, Wisconsin

The Lincoln Academy, Inc.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Grantor Agency/Pass Through Agency/Program Title	Assistance Listing (AL) Number	Pass-Through Entity Identifying Number	Accrued Revenue 7/1/2023	Cash Received	Federal Expenditures	Accrued Revenue 6/30/2024
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
Passed through Wisconsin Department of Public Instruction						
<i>Child Nutrition Cluster</i>						
School Breakfast Program	10.553	2024-538023-DPI-SB-546	\$ 9,138	\$ 103,245	\$ 109,512	\$ 15,405
National School Lunch Program	10.555	2024-538023-DPI-NSL-547	36,915	265,222	263,466	35,159
Donated Food Commodities	10.555	N/A	-	21,128	21,128	-
Total AL 10.555			<u>36,915</u>	<u>286,350</u>	<u>284,594</u>	<u>35,159</u>
Total Child Nutrition Cluster			<u>46,053</u>	<u>389,595</u>	<u>394,106</u>	<u>50,564</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Passed through Wisconsin Department of Public Instruction						
ESEA Title I - Basic Grant	84.010	2024-538023-DPI-TI-A-141	4,712	109,995	137,937	32,654
<i>Special Education Cluster</i>						
IDEA Flow Through	84.027	2024-538023-DPI-FLOW-341	28,479	169,802	144,816	3,493
IDEA Preschool	84.173	2024-538023-DPI-PRESCH-347	-	15,487	15,838	351
Total Special Education Cluster			<u>28,479</u>	<u>185,289</u>	<u>160,654</u>	<u>3,844</u>
Wisconsin Charter School Program	84.282	2024-538023-DPI-WCSP1-360	-	111,953	257,693	145,740
Title III-A	84.365A	2024-538023-DPI-TIIIA-391	-	-	13,518	13,518
ESEA Title II-A Teacher/Principal	84.367A	2024-538023-DPI-TIIA-365	-	19,672	19,672	-
Title IV-A-Student Support and ACAD Enrich Grants	84.424	2024-538023-DPI-TIVA-381	-	10,000	10,000	-
COVID 19 - Elementary and Secondary School Emergency Re	84.425	2024-538023-DPI-ESSERFII-163	114,423	114,423	-	-
COVID 19 - Elementary and Secondary School Emergency Re	84.425	2024-538023-DPI-ESSERFIII-165	150,258	733,049	822,478	239,687
Total AL 84.425			<u>264,681</u>	<u>847,472</u>	<u>822,478</u>	<u>239,687</u>
Total U.S. Department of Education			<u>297,872</u>	<u>1,284,381</u>	<u>1,421,952</u>	<u>435,443</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
Passed through Wisconsin Department of Health Services						
Medical Assistance Program Cluster	93.778	N/A	2,302	52,420	56,421	6,303
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 346,227</u></u>	<u><u>\$ 1,726,396</u></u>	<u><u>\$ 1,872,479</u></u>	<u><u>\$ 492,310</u></u>

See Independent Auditor's Report.

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

The Lincoln Academy, Inc.
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2024

Grantor Agency/Pass Through Agency/Program Title	State I.D. Number	Pass-Through Entity Identifying Number	Accrued Revenue 7/1/2023	Cash Received	State Expenditures	Accrued Revenue 6/30/2024
<u>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</u>						
Special Education & School Age Parents	255.101	538023-100	\$ -	\$ 197,949	\$ 197,949	\$ -
State School Lunch Aid	255.102	538023-107	-	3,214	3,214	-
General Transportation Aid	255.107	538023-102	-	4,413	4,413	-
Charter Schools State Aid	255.109	538023-115	-	6,821,931	6,821,931	-
Aid for School Mental Health Programs	255.227	538023-176	-	44,611	44,611	-
School Based Mental Health Services	255.297	538023-177	-	-	19,708	19,708
Educator Effective Eval Sys Grants	255.940	538023-154	-	3,120	3,120	-
Assessments of Reading Readiness	255.956	538023-166		1,238	1,238	
Total Wisconsin Department of Public Instruction			-	7,076,476	7,096,184	19,708
<u>WORKFORCE DEVELOPMENT BOARD OF SOUTH CENTRAL WISCONSIN</u>						
Youth Apprenticeship	20.445(7)(b)	573-5001	-	19,973	20,900	927
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ -	\$ 7,096,449	\$ 7,117,084	\$ 20,635

See Independent Auditor's Report.

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

The Lincoln Academy, Inc.

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2024

Note 1: Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state award activity of The Lincoln Academy, Inc. under programs of the federal and state government for the year ended June 30, 2024. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and *State of Wisconsin Single Audit Guidelines*. Because the schedules present only a selected portion of the operations of The Lincoln Academy, Inc., it is not intended to, and does not, present the financial position, changes in net position, or cash flows of The Lincoln Academy, Inc. Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 2: De Minimis Cost Rate

The Lincoln Academy, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Subrecipients

The Lincoln Academy, Inc. does not have subrecipients or subrecipient expenditures.

The Lincoln Academy, Inc.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	

Assistance Listing Number	Name of Federal Program or Cluster
84.425	COVID 19 - Elementary and Secondary School Emergency Relief
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as a low-risk auditee?	No

State Financial Assistance

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the <i>State of Wisconsin Single Audit Guidelines</i> ?	No
Identification of major state programs:	

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

The Lincoln Academy, Inc.
Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2024

Section II - Financial Statement Findings

None

Section III - Federal and State Findings and Questioned Costs

None.

Section IV - Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No


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 *State of Wisconsin Single Audit Guidelines*:

Department of Public Instruction No

Workforce Development Board of South Central Wisconsin No

Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes

Name of Partner



Brian Anderson

Date

October 30, 2024
