

**NOOR INTERNATIONAL  
ACADEMY**

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**Financial Report  
with Supplemental Information  
June 30, 2022**

# NOOR INTERNATIONAL ACADEMY

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# Wilkerson & Associate P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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LARRY WILKERSON, C.P.A.  
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## Independent Auditor's Report

To the Board of Directors of  
Noor International Academy

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining information of Noor International Academy (the 'Academy'), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Noor International Academy as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles 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 (GAAS). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy, and 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 opinions.

#### *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.

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 Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgement 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 controls 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 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Government Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Noor International Academy's basic financial statements. The nonmajor funds combining statement of revenues, expenditures, and changes in fund balances – special revenue funds is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The nonmajor funds combining statement of revenues, expenditures, and changes in fund balances, statement of revenue and expenditures – budget and actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applies in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor funds combining statement of revenues, expenditures, and changes in fund balances, statement of revenue and expenditures – budget and actual are fairly stated in all material respects in relation to the basic 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 August 31, 2022, on our consideration of Noor International Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of 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 Noor International Academy 's internal control over financial reporting and compliance.

*Wilkerson & Associate PC*

Dearborn, Michigan  
August 31, 2022

# Wilkerson & Associate P.C.

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## 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 of  
Noor International Academy

We have audited the financial statements of Noor International Academy as of and for the year ended June 30, 2022, and have issued our report thereon dated August 31, 2022. 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.

### Internal Control Over Financial Reporting

Noor International Academy is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Noor International Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Noor International Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Noor International Academy's internal control over financial reporting.

*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 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.

Our 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Members: A.I.C.P.A. and M.I.C.P.A.**

To the Board of Directors of  
Noor International Academy

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Noor International Academy's financial statements are free of 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*.

This report is intended for the information and use of the Board of Directors, management and the Michigan Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

*Wilkerson & Associate PC*

August 31, 2022

# **Noor International Academy**

**37412 Dequindre Road  
Sterling Heights, Michigan, 48310**

## **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022**

This section of Noor International Academy's (the Academy) annual financial report presents discussion and analysis of the Noor International Academy's financial performance during the year ended June 30, 2022. It should be read in conjunction with the Academy's financial statements, which immediately follow this section.

The Academy is required to implement the provisions of Governmental Accounting Standards Board Statement No. 34 (GASB No. 34) in its financial statement presentation. This accounting standard requires the reporting of two types of financial statements: Government-Wide Financial Statements and Fund Financial Statements.

The financial report is only one measure of an Academy's viability. An Academy's goal is to provide educational services to the students, not to generate profits as commercial entities do. Consideration should also be given to other non-financial factors, such as the quality of the education provided and safety of the schools, in the assessment of the overall health of a school's district.

### **Government-Wide Financial Statements**

The government-wide financial statements provide information about the activities of the Academy as a whole, presenting both an aggregate view of the Academy's finances and a long-term view of those finances. Government-wide financial statements are presented on a full accrual basis, which is the primary accounting method, used in private industry. The Statement of Net Position reports all the Academy's assets regardless if they are available for current use or legally restricted, and all of its liabilities, both short-term and long-term. The Statement of Activities reports all of the Academy's revenues and expenses by type of activity.

### **Fund Financial Statements**

The Academy segregates resources and activities in separate funds (or entities); each used for a specific purpose to facilitate accountability for those resources. The Fund Financial Statements provide a detailed short-term view of the operations of a School District's various fiscal components, not a long-term view of the School District's as a whole. It provides information as to the amount of financial resources that can be spent in the near future to finance programs. It also provides information about the School District's most significant Fund - the General Fund (the Academy's principal operating Fund) and its non-major funds, which are grouped together and presented as Other Governmental Funds. The Academy's non-major funds are the Food Service Fund the Fiduciary Fund. Fund financial statements are presented on a modified accrual basis. Only those assets that are measurable and currently available



are reported. Liabilities are recognized to the extent that they can be paid using current financial resources.

### **The School District as a Whole**

As discussed above, the Statement of Net Position provides information of the Academy as a whole. Table 1 provides a summary of Noor International Academy's net position as of June 30, 2022.

**Table 1-Summary of Noor International Academy's Net Position**

|  | <b>Governmental<br/>Activities<br/>(in thousands)</b> |                          |
|--|---|--------------------------|
|  | <b><u>2022</u></b>                                    | <b><u>2021</u></b>       |
| <b><u>Assets</u></b>                             |   |                          |
| Current and Other Assets                         | \$ 1,456.2  | \$ 1,380.5               |
| Capital Assets - Net of Accumulated Depreciation | <u>2,515.3</u>  | <u>1,268.2</u>           |
| <b>Total Assets</b>                              | <b><u>3,885.5</u></b>                                 | <b><u>2,648.7</u></b>    |
| <b><u>Liabilities</u></b>                        |   |                          |
| Current Liabilities                              | 232.8   | 213.3                    |
| Long-Term Liabilities                            | <u>1,980.6</u>  | <u>1,042.2</u>           |
| <b>Total Liabilities</b>                         | <b><u>2,213.4</u></b>                                 | <b><u>1,255.5</u></b>    |
| <b><u>Net Position</u></b>                       |   |                          |
| Invested in Capital Assets                       | 534.8   | 226.1                    |
| Unrestricted                                     | <u>1,137.3</u>  | <u>1,167.1</u>           |
| <b>Total Net Position</b>                        | <b><u>\$ 1,672.1</u></b>                              | <b><u>\$ 1,393.2</u></b> |

Net position at year end was \$1,672,124. The Academy's net investments in Capital Assets were \$534,782. The \$1,137,342 in unrestricted net position represents the cumulative operating results for the year ended June 30, 2022 and all prior years.

The Academy's total net position increased by \$278,923 during the fiscal year ended June 30, 2022 (please refer to Table 2 below). The cost to operate the Academy's programs was \$1,787,758. Partially funding these programs were charges for services and grant revenues totaling \$426,758. The remaining costs of the Academy's governmental activities were funded by general revenues, primarily State Aid totaling \$1,545,200 and other local revenue \$94,723.

**Table 2 – Summary of the Statement of Activities**

|  | <b>Governmental<br/>Activities<br/>(in thousands)</b> |                              |
|--|---|------------------------------|
|  | <b><u>2022</u></b>                                    | <b><u>2021</u></b>           |
| <b><u>Revenues</u></b>                         |   |                              |
| <b>Program Revenues:</b>                       |   |                              |
| Charges for Services                           | \$ -  | \$ 0.9                       |
| Federal Grants and Contributions               | 426.8   | 401.2                        |
| <b>General Revenues:</b>                       |   |                              |
| State Aid - All Sources                        | 1,545.2   | 1,629.5                      |
| Other Revenue                                  | <u>94.7</u>   | <u>89.3</u>                  |
| <b>Total Revenues</b>                          | <b><u>\$ 2,066.7</u></b>                              | <b><u>\$ 2,120.9</u></b>     |
| <br><b><u>Function/Program Expenses</u></b>    |   |                              |
| Instruction and Instructional Staff Services   | \$ 943.9  | \$ 818.3                     |
| Support Services                               | 47.7  | 50.8                         |
| General, Executive and School Administration   | 318.2   | 314.5                        |
| Food Services                                  | 79.2  | 76.7                         |
| Business Support Services                      | 11.8  | 8.4                          |
| Operations & Maintenance and Other Expenses    | <u>387.0</u>  | <u>373.8</u>                 |
| <b>Total Expenses</b>                          | <b><u>\$ 1,787.8</u></b>                              | <b><u>\$ 1,642.5</u></b>     |
| <br><b>Increase (Decrease) in Net Position</b> | <br><b>278.9</b>                                      | <br><b>478.4</b>             |
| <b>Net Position - Beginning of Year</b>        | <b><u>1,393.2</u></b>                                 | <b><u>914.8</u></b>          |
| <br><b>Net Position - End of Year</b>          | <br><b><u>\$ 1,672.1</u></b>                          | <br><b><u>\$ 1,393.2</u></b> |

**State of Michigan Aid, Unrestricted**

The State of Michigan aid, unrestricted is determined by the following variables:

- Per student, foundation allowance: annually, the State of Michigan sets the per student foundation allowance. The Academy's foundation allowance was \$8,700 per student for the 2021-2022 school year.
- Student Enrollment: The Academy's student enrollment for the fall count of 2021-2022 was 176 students. To calculate total state aid to be provided by the foundation allowance, a blend of 90% of current year fall count and 10% of the previous year winter count is multiplied by the Academy's foundation allowance.

Subsequent to year-end, the preliminary student enrollment for 2022-2023 indicates that the 2022 Fall student enrollment is approximately 172 students.

## **Capital Assets**

At June 30, 2022, Noor International Academy had an investment in capital assets, net of accumulated depreciation of \$2,515,340 (please refer to Table 3 below). This includes Building, Computers, Software, Furniture and Other Equipment.

Capital assets purchased or acquired are capitalized at cost. The Academy's capitalization policy is individual amounts exceeding \$1,000.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Total depreciation expense for the year was \$66,945.

### **Table 3 – Capital Assets**

| <b><u>Description</u></b>       | <b><u>June 30, 2022</u></b> | <b><u>June 30, 2021</u></b> |
|---------------------------------|-----------------------------|-----------------------------|
| Building                        | \$ 2,682,143                | \$ 1,375,909                |
| Computer Equipment              | 236,577                     | 228,753                     |
| Furniture & Equipment           | <u>71,761</u>               | <u>71,761</u>               |
| <b>Total Capital Assets</b>     | 2,990,481                   | 1,676,423                   |
| (Less Accumulated Depreciation) | <u>(475,141)</u>            | <u>(408,196)</u>            |
| <b>Net Capital Assets</b>       | <b><u>\$ 2,515,340</u></b>  | <b><u>\$ 1,268,227</u></b>  |

## **Debt**

In May 2018, the Academy purchased the school building in which it had been leasing. The principal balance of the loan was \$1,147,500 to be repaid over a twenty-year period. At the end of June 30, 2022, the Academy had \$993,058 in debt outstanding, due to the purchase of the building. The fixed annual interest rate is 5% for the first five years. On the conversion date, the interest rate shall reprice and reset to a fixed annual rate equal to 2.75% above the weekly average yield on five year U.S. Treasury securities. In addition, in March 2022, the Academy purchased another building to begin construction on a new school building. The principal balance of the loan was \$987,500 to be repaid at the end of a two year period. The fixed annual interest rate is 4% for two years with monthly accrued interest only payments due.

The current repayment schedule is as follows:

**Table 4 - Debt**

| <b><u>Period</u></b> | <b><u>Principal<br/>Amounts</u></b> | <b><u>Interest<br/>Amount</u></b> | <b><u>Total<br/>Debt Service</u></b> |
|----------------------|-------------------------------------|-----------------------------------|--------------------------------------|
| 2022-2023            | 41,752                              | 49,861                            | 91,613                               |
| 2023-2024            | 21,616                              | 24,191                            | 45,807                               |
| 2024-Beyond          | <u>1,917,190</u>                    | <u>-</u>                          | <u>1,917,190</u>                     |
| <b>TOTAL</b>         | <b><u>\$ 1,980,558</u></b>          | <b><u>\$ 74,052</u></b>           | <b><u>\$ 2,054,610</u></b>           |

**The School District's Funds**

As mentioned above, the Academy uses funds to segregate and account for resources and activities that are used for specific purposes. At June 30, 2022 the Academy's Governmental Fund had a combined balance of \$1,091,302, a decrease of \$71,317 from June 30, 2021. The contributions of each individual fund are:

**General Fund:**

The ending balance of the General Fund, the principal operating fund of the Academy, decreased by \$93,059 at June 30, 2022 to \$999,607 from \$1,092,666 at June 30, 2021. The decrease is primarily attributable to the purchase of the new building. The fund balance of the General Fund is available to fund costs related to school operations.

**Other Governmental Funds:**

The School District's non-major fund – Food Service Fund, is presented in this category. At June 30, 2022 the Food Service Fund, increased by \$21,742 at June 30, 2022 to \$91,695 from \$69,953 at June 30, 2021.

The School Districts other non-major fund – Custodial Fund, is a fiduciary fund that is used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The School District maintains custodial funds to hold assets as an agent in a trustee capacity for various classes, clubs, and student activities. The fund balance in the Custodial Fund at June 30, 2022 was \$3,450.

## **General Fund Budgetary Highlights**

Over the course of the year, the Academy amends its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that school districts periodically amend their budgets to ensure that expenditures do not exceed appropriations. During the year, the Academy revised its budget in response to and / or in anticipation of changing operating conditions. The Academy had three budget amendments during the year that were approved by the Board of Directors of Noor International Academy. The final Budget was adopted in June 2022. (A schedule showing the Academy's Original Budget, Final Budget, and actual results for the General Fund is provided in the Required Supplemental Information section of these Financial Statements).

The majority of the School Districts revenue is based on student enrollment. For the fiscal year 2021-2022, it received approximately \$8,700 per pupil from the State of Michigan. The original budget, which was completed at the end of the prior fiscal year, reflected certain assumptions for enrollment, grant funding, staffing and other expenditures. The June 2022 amended (Final) budget reflected actual enrollment based on the pupil count and a revised estimate of federally approved grant funding, operating expenditures based on the revised revenues estimate were updated accordingly. The actual ending fund balance met expectations.

## **Final Budget vs. Actual**

| <b><u>Revenues:</u></b> | <b><u>Final Budget</u></b> | <b><u>Actual</u></b> |
|-------------------------|----------------------------|----------------------|
| 2012 - 2013             | \$ 1,187,248               | \$ 1,199,711         |
| 2013 - 2014             | 1,353,222                  | 1,424,944            |
| 2014 - 2015             | 1,628,493                  | 1,638,402            |
| 2015 – 2016             | 1,910,491                  | 1,918,614            |
| 2016 – 2017             | 1,951,187                  | 1,942,999            |
| 2017 – 2018             | 1,927,999                  | 1,888,710            |
| 2018 – 2019             | 1,706,087                  | 1,640,140            |
| 2019 – 2020             | 1,750,821                  | 1,642,172            |
| 2020 – 2021             | 2,021,184                  | 1,969,773            |
| 2021 – 2022             | 2,081,379                  | 1,924,214            |

  

| <b><u>Expenditures:</u></b> | <b><u>Final Budget</u></b> | <b><u>Actual</u></b> |
|-----------------------------|----------------------------|----------------------|
| 2012 - 2013                 | \$ 1,163,452               | \$ 1,066,765         |
| 2013 - 2014                 | 1,265,341                  | 1,216,035            |
| 2014 - 2015                 | 1,606,910                  | 1,529,717            |
| 2015 – 2016                 | 1,826,563                  | 1,668,350            |
| 2016 – 2017                 | 1,969,809                  | 1,887,585            |
| 2017 – 2018                 | 2,176,725                  | 2,045,949            |
| 2018 – 2019                 | 1,686,464                  | 1,553,727            |
| 2019 – 2020                 | 1,712,320                  | 1,535,416            |
| 2020 – 2021                 | 1,975,303                  | 1,580,878            |
| 2021 – 2022                 | 2,175,168                  | 2,017,273            |

## **Economic Factors affecting Next Year's Budgets**

Our elected officials and administration consider many factors when setting the Academy's 2023 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The membership blend of 90% of current year fall count and 10% of the previous year winter count is multiplied by the Academy's foundation allowance. The 2023 budget was adopted in May 2022, based on an estimate of students that will be enrolled in September 2022. Approximately 96% of total General Fund revenue is from the foundation allowance. As a result, Academy funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2022-2023 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2022 budget. Once the final student count and related per pupil funding is validated, State law requires the Academy to amend the budget if actual Academy's resources are not sufficient to fund original appropriations.

Since the Academy's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to local school districts. The State periodically holds a revenue-estimating conference to estimate revenues.

## **Contacting the District's Management**

This Financial report is intended to provide our parents and investors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have any question about this report or need additional information, we welcome you to contact the business office.

**NOOR INTERNATIONAL ACADEMY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

|   | <u><b>Governmental<br/>Activities</b></u> |
|---|---|
| <b>ASSETS</b>                                   |   |
| Cash  | \$ 930,510                                |
| Receivables                                     | 357,200                                   |
| Prepaid cost and deposits                       | 82,451                                    |
| Capital assets, net of accumulated depreciation | <u>2,515,340</u>                          |
| <b>TOTAL ASSETS</b>                             | <b>3,885,501</b>                          |
| <br>  |   |
| <b>LIABILITIES</b>                              |   |
| Accounts payable                                | 90,860                                    |
| Accrued liabilities                             | 138,509                                   |
| Other current liabilities                       | 3,450                                     |
| Long-term liabilities:                          |   |
| Long-term liabilities, due within one year      | 41,752                                    |
| Long-term liabilities, due after one year       | <u>1,938,806</u>                          |
| <b>TOTAL LIABILITIES</b>                        | <b>2,213,377</b>                          |
| <br>  |   |
| <b>NET POSITION</b>                             |   |
| Invested in capital assets, net of related debt | 534,782                                   |
| Unrestricted                                    | <u>1,137,342</u>                          |
| <b>TOTAL NET POSITION</b>                       | <b><u><u>\$ 1,672,124</u></u></b>         |

See accompanying notes to the financial statements

**NOOR INTERNATIONAL ACADEMY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

| <u>Functions/Programs</u>                       | <u>Expenses</u>     | <u>Program Revenues</u>         |   | <u>Governmental<br/>Activities</u>                                  |
|---|---------------------|---------------------------------|---|---|
|   |                     | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Net (Expense)<br/>Revenues and<br/>Changes in<br/>Net Assets</u> |
| Governmental Activities                         |                     |                                 |   |   |
| Instruction                                     | \$ 809,686          | \$ -                            | \$ 325,993  | \$ (483,693)  |
| Supporting Services                             |                     |                                 |   |   |
| Pupil support services                          | 47,685              | -                               | -   | (47,685)  |
| Instructional support services                  | 134,235             | -                               | -   | (134,235)   |
| General administration                          | 283,730             | -                               | -   | (283,730)   |
| School administration                           | 34,467              | -                               | -   | (34,467)  |
| Business support services                       | 11,773              | -                               | -   | (11,773)  |
| Operations and maintenance                      | 154,815             | -                               | -   | (154,815)   |
| Pupil transportation services                   | 193                 | -                               | -   | (193)   |
| Central support services                        | 106,141             | -                               | -   | (106,141)   |
| Food services                                   | 79,191              | -                               | 100,765   | 21,574  |
| Community activities                            | 6,282               | -                               | -   | (6,282)   |
| Interest on long term debt                      | 52,615              | -                               | -   | (52,615)  |
| Depreciation (unallocated)                      | 66,945              | -                               | -   | (66,945)  |
| Total Governmental Activities                   | <u>\$ 1,787,758</u> | <u>\$ -</u>                     | <u>\$ 426,758</u>                                 | (1,361,000)   |
| General Revenues                                |                     |                                 |   |   |
| State aid - not restricted to specific purposes |                     |                                 |   | 1,545,200   |
| Other local sources                             |                     |                                 |   | 94,723  |
| Total General Revenues                          |                     |                                 |   | <u>1,639,923</u>  |
| <b>Change in Net Position</b>                   |                     |                                 |   | 278,923   |
| <b>Net Position - July 1, 2021</b>              |                     |                                 |   | <u>1,393,201</u>  |
| <b>Net Position - June 30, 2022</b>             |                     |                                 |   | <u>\$ 1,672,124</u>   |

See accompanying notes to the financial statements



**NOOR INTERNATIONAL ACADEMY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

|   | <b>General<br/>Fund</b> | <b>Other<br/>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------------|--|---|
| <b>ASSETS</b>                             |                         |  |   |
| Cash-unrestricted                         | \$ 927,060              | \$ -   | \$ 927,060                              |
| Cash-restricted                           | 3,450                   | -  | 3,450                                   |
| Due from other governmental units         | 350,422                 | 6,778  | 357,200                                 |
| Due from other funds                      | -                       | 86,010   | 86,010                                  |
| Prepaid cost and deposits                 | 82,451                  | -  | 82,451                                  |
| <b>TOTAL ASSETS</b>                       | <b>\$ 1,363,383</b>     | <b>\$ 92,788</b>                                     | <b>\$ 1,456,171</b>                     |
| <br><b>LIABILITIES AND FUND BALANCES</b>  |                         |  |   |
| <b>Liabilities</b>                        |                         |  |   |
| Accounts payable                          | 90,860                  | -  | 90,860                                  |
| Due to other funds                        | 89,460                  | -  | 89,460                                  |
| Accrued expenditures                      | 137,416                 | 1,093  | 138,509                                 |
| Deferred revenue                          | 46,040                  | -  | 46,040                                  |
| <b>TOTAL LIABILITIES</b>                  | 363,776                 | 1,093  | 364,869                                 |
| <br><b>Fund Balances</b>                  |                         |  |   |
| <b>Non-Spendable Fund Balance:</b>        |                         |  |   |
| Prepaid cost and deposits                 | 82,451                  | -  | 82,451                                  |
| <b>Assigned Fund Balance:</b>             |                         |  |   |
| Assigned fund balance                     | 503,393                 | -  | 503,393                                 |
| <b>Unrestricted Fund Balance:</b>         |                         |  |   |
| Unassigned fund balance                   | 413,763                 | 91,695   | 505,458                                 |
| <b>TOTAL FUND BALANCE</b>                 | 999,607                 | 91,695.00  | 1,091,302                               |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b> | <b>\$ 1,363,383</b>     | <b>\$ 92,788</b>                                     | <b>\$ 1,456,171</b>                     |

See accompanying notes to the financial statements

**NOOR INTERNATIONAL ACADEMY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022**

**Total Fund Balances - Governmental Funds** \$ 1,091,302

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, not reported as assets in governmental funds

|  |                          |                  |           |
|--|--------------------------|------------------|-----------|
|  | Cost of capital assets   | \$ 2,990,481     |           |
|  | Accumulated depreciation | <u>(475,141)</u> | 2,515,340 |

|  |        |
|--|--------|
| Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds. | 46,040 |
|--|--------|

|  |                    |
|--|--------------------|
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds: | <u>(1,980,558)</u> |
|--|--------------------|

|   |                            |
|---|----------------------------|
| <b>Total Net Position - Governmental Activities</b> | <u><u>\$ 1,672,124</u></u> |
|---|----------------------------|

See accompanying notes to the financial statements

**NOOR INTERNATIONAL ACADEMY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

|  | <b>General Fund</b> | <b>Nonmajor<br/>Funds</b> | <b>Total<br/>Governmental Funds</b> |
|--|---------------------|---------------------------|-------------------------------------|
| <b>Revenues</b>  |                     |                           |                                     |
| Local sources  | \$ 2,186            | \$ -                      | \$ 2,186                            |
| State sources  | 1,545,032           | 168                       | 1,545,200                           |
| Federal sources  | 284,459             | 100,765                   | 385,224                             |
| Incoming transfers and other transactions                | 92,537              | -                         | 92,537                              |
| <b>Total governmental fund revenues</b>                  | <b>1,924,214</b>    | <b>100,933</b>            | <b>2,025,147</b>                    |
| <b>Expenditures</b>                                      |                     |                           |                                     |
| Instructional services                                   | 809,686             | -                         | 809,686                             |
| Supporting services:                                     |                     |                           |                                     |
| Pupil support services                                   | 47,685              | -                         | 47,685                              |
| Instructional support services                           | 142,059             | -                         | 142,059                             |
| General administration                                   | 283,730             | -                         | 283,730                             |
| School administration                                    | 34,467              | -                         | 34,467                              |
| Business support services                                | 11,773              | -                         | 11,773                              |
| Operations and maintenance                               | 154,815             | -                         | 154,815                             |
| Pupil transportation services                            | 193                 | -                         | 193                                 |
| Central support services                                 | 106,141             | -                         | 106,141                             |
| Food services  | -                   | 79,191                    | 79,191                              |
| Community activities                                     | 6,282               | -                         | 6,282                               |
| Facilities acquisition, construction & improvement       | 318,734             | -                         | 318,734                             |
| Debt service   | 101,708             | -                         | 101,708                             |
| <b>Total governmental fund expenditures</b>              | <b>2,017,273</b>    | <b>79,191</b>             | <b>2,096,464</b>                    |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>(93,059)</b>     | <b>21,742</b>             | <b>(71,317)</b>                     |
| <b>Fund Balance, July 1, 2021</b>                        | <b>1,092,666</b>    | <b>69,953</b>             | <b>1,162,619</b>                    |
| <b>Fund Balance, June 30, 2022</b>                       | <b>\$ 999,607</b>   | <b>\$ 91,695</b>          | <b>\$ 1,091,302</b>                 |

See accompanying notes to the financial statements

**NOOR INTERNATIONAL ACADEMY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**JUNE 30, 2022**

**Total Net Change in Fund Balance - Governmental Funds** \$ (71,317)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period:

|                            |                  |           |
|----------------------------|------------------|-----------|
| Depreciation Expense       | \$ (66,945)      |           |
| Capitalized capital outlay | <u>1,314,058</u> | 1,247,113 |

Revenue is reported in the statement of activities when earned; they are not reported in the funds until collected or collectible with 60 days of year end.

|                               |         |
|-------------------------------|---------|
| Current year deferred revenue | 46,040  |
| Prior year deferred revenue   | (4,506) |

|   |        |
|---|--------|
| Repayment of note principal is an expense in governmental funds, but not in the statement of activities (where it reduces long-term debt) | 49,093 |
|---|--------|

|   |                  |
|---|------------------|
| Note proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position: | <u>(987,500)</u> |
|---|------------------|

**Change in Net Position of Governmental Activities** \$ 278,923

See accompanying notes to the financial statements

**NOOR INTERNATIONAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Noor International Academy (the “Academy”) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies:

**A. Reporting Entity**

Noor International Academy is a public school academy that provides instructional and support services to elementary school students from kindergarten to the eighth grade. The Academy was formed as a public school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994.

The Academy entered into a seven-year contract with Central Michigan University to charter a public school academy, expiring on June 30, 2027. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State Constitution. Central Michigan University is the fiscal agent for the Academy and is responsible for overseeing the Academy’s compliance with the contract and all applicable laws. The Academy pays the Central Michigan University 3% of State aid as an administrative fee. The total administrative fees paid through June 30, 2022 to the Central Michigan University was approximately \$38,351.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational and financial relationships that determine which of the governmental organizations are a part of the Academy’s reporting entity, and which organizations are legally separate, component units of the Academy. Based on application of the criteria, the entity does not contain component units.

**NOOR INTERNATIONAL ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
*(continued)*

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Substantially all interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Academy's government-wide activities are considered governmental activities.

The statement of net position reports all financial and capital resources, in a net position form (assets minus liabilities equal net position). Net Position is displayed in three components, as applicable, net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational and capital requirements of a particular function.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

**Government-Wide Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**NOOR INTERNATIONAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
*(continued)*

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation** *(continued)*

The effect of the interfund activity has been substantially eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all unrestricted State aid.

**Fund-Based Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

**NOOR INTERNATIONAL ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
*(continued)*

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation** *(continued)*

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with state law.

The Academy also receives revenue from the State to administer certain categorical educational programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the State of the expenditures incurred. For categorical funds meeting this requirement, funds received which are not expected to be expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

The Academy reports the following major governmental fund:

**General Fund**

The General Fund is used to record the general operations of the Academy pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Additionally, the Academy reports the following non-major governmental Food Service and Fiduciary Funds:

**Food Service Fund**

This fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes in the Academy's food service program. Any deficit generated by this activity is the responsibility of the General Fund.



**NOOR INTERNATIONAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
*(continued)*

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation** *(continued)*

**Custodial Funds**

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The Academy maintains custodial funds to hold assets as an agent in a trustee capacity for various classes, clubs, and student activities.

**D. Assets, Liabilities and Net Position or Equity**

**Deposits, Cash Equivalents, and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of twelve months or less when acquired.

The Academy believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Academy evaluates each financial institution it deposits Academy funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk are used as depositories.

The Academy is authorized by Michigan Compiled Laws, Section 129.91 to invest surplus monies in federally insured United States banks, credit unions, and savings and loan associations that have offices in Michigan. The Academy is also authorized to invest in bonds and notes, certain commercial paper, U.S. Government repurchase agreements, bankers' acceptances and mutual funds and investment pools that are composed of authorized investment vehicles.

**NOOR INTERNATIONAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
*(continued)*

**D. Assets, Liabilities and Net Position or Equity** *(continued)*

Investments are recorded at fair value, based on quoted market prices, or estimated fair value.

**Receivables**

Receivables at June 30, 2022 consist primarily of state school aid due from the State of Michigan and the federal government. All receivables are expected to be fully collected in July and August of 2022 and are considered current for the purposes of these financial statements.

**Prepaid Expenses**

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and expenditure is reported in the year in which the services are consumed.

**Capital Assets**

Capital assets, which include land, buildings, equipment, and vehicles are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The Academy does not have any infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

|                               |               |
|-------------------------------|---------------|
| Buildings and additions       | 20 – 50 years |
| Buses and other vehicles      | 5 – 10 years  |
| Furniture and other equipment | 5 – 20 years  |

**NOOR INTERNATIONAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
*(continued)*

**D. Assets, Liabilities and Net Position or Equity** *(continued)*

**MPSERS Liability**

The Academy contracted with Hamadeh Educational Services, Inc. – Management Company to provide all staffing personnel during the year under audit. Consequently, all staffing cost is treated as purchased services in the financial statements.

The Academy has no obligation to fund the Michigan Public School Employees Retirement System for the year ended June 30, 2022.

**Deferred Revenue**

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

**Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types recognize bond proceeds, premiums and discounts, as well as issuance costs, during the current period. At the end of the school year, the Academy had long-term debt outstanding.

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the fund financial statements, governmental funds report the following components of the fund balance:

- **Non-spendable-** Amounts that are not in spendable form or are legally or contractually required to be maintained intact.

**NOOR INTERNATIONAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
*(continued)*

**D. Assets, Liabilities and Net Position or Equity** *(continued)*

- **Restricted-** Amounts that are legally restricted by outside parties, constitutional provision, or by enabling legislation for use of a specific purpose.
- **Committed-**Amounts that have been formally set aside by the Board of Directors for use and specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Directors.
- **Assigned-** Intent to spend the resources on a specific purpose expressed by the Board of Directors.
- **Unassigned-** Amounts that do not fall into any of the above categories. This is the residual classification for amounts in the General Fund and represents fund the fund balance that has not been assigned to other funds or has not been restricted, committed or assigned for specific purposes in the General Fund.

**Comparative Data**

Comparative data is not included in the Academy's financial statements.

Government-wide financial (statements statement of net position and statement of activities) prepared using full accrual accounting for all of the Academy's activities have been provided. The fund financial statements focus on major funds rather than fund types.

**Estimates**

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOOR INTERNATIONAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Data**

The Academy is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (the Uniform Budgetary Act). The following is a summary of the requirements of the Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds by July 1.
2. The budgets must be balanced.
3. The budgets must be amended when necessary.
4. Public hearings must be held before budget adoptions.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures must be authorized by a budget before being incurred.

The Academy formally adopted General Fund and Special Revenue Funds (Food Services) budgets by function for the fiscal year ended June 30, 2022. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. No encumbrances were outstanding in the General Fund and Special Revenue Funds at June 30, 2022. During the current year, the budget was amended in a legally permissible manner.

The combined statement of revenues, expenditures and changes in fund balances – all governmental fund types is presented in conformity with generally accepted accounting principles. The combined statement of revenues, expenditures and changes in fund balances – budget and actual is presented on the same basis of accounting used in preparing the adopted budget.

**NOOR INTERNATIONAL ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 3 - DEPOSITS AND INVESTMENTS**

State statutes and the Academy's investment policy authorize the Academy to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan; the Academy is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Academy's deposits are in accordance with statutory authority. The Academy has designated one bank for the deposit of its funds, and has not adopted any other formal investment policy.

The Academy's cash and investments are subject to custodial credit risk, which is examined in more detail below:

**Custodial Credit Risk of Bank Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy evaluates its depositories and only those with an acceptable risk level are used for the Academy's deposits.

The Academy believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

At year end, the Academy's deposits and investments were reported in the basic financial statements as cash and cash equivalents of \$930,510.

The deposits of the Academy were reflected in the accounts of the financial institution at \$940,481 of which \$503,362 is covered by federal depository insurance.

**NOOR INTERNATIONAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity of the Academy’s governmental activities was as follows:

|                           | <b>Balance<br/>July 1, 2021</b> | <b>Additions</b>    | <b>Disposals<br/>and<br/>Adjustments</b> | <b>Balance<br/>June 30, 2022</b> |
|---------------------------|---------------------------------|---------------------|--|----------------------------------|
| Assets being depreciated  |                                 |                     |  |                                  |
| Building                  | \$ 1,375,909                    | \$ 1,306,234        | \$ -                                     | \$ 2,682,143                     |
| Computer equipment        | 228,753                         | 7,824               | -  | 236,577                          |
| Furniture and equipment   | 71,761                          | -                   | -  | 71,761                           |
| Subtotal                  | 1,676,423                       | 1,314,058           | -  | 2,990,481                        |
| Accumulated depreciation: |                                 |                     |  |                                  |
| Building                  | 142,983                         | 56,691              | -  | 199,674                          |
| Computer equipment        | 204,042                         | 6,731               | -  | 210,773                          |
| Furniture and equipment   | 61,171                          | 3,523               | -  | 64,694                           |
| Subtotal                  | 408,196                         | 66,945              | -  | 475,141                          |
| Net capital assets        | <u>\$ 1,268,227</u>             | <u>\$ 1,247,113</u> | <u>\$ -</u>                              | <u>\$ 2,515,340</u>              |

Depreciation expense was not charged to specific activities as the Academy considers its assets to impact multiple activities and allocation is not practical.

**NOTE 5 - DEBT**

In May 2018, the Academy purchased the school building in which it had been leasing. The principal balance of the loan was \$1,147,500 to be repaid over a twenty-year period. At the end of June 30, 2022, the Academy had \$993,058 in debt outstanding, due to the purchase of the building. The fixed annual interest rate is 5% for the first five years. On the conversion date, the interest rate shall reprice and reset to a fixed annual rate equal to 2.75% above the weekly average yield on five year U.S. Treasury securities.

**NOOR INTERNATIONAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5 - DEBT** *(continued)*

In addition, in March 2022, the Academy purchased another building to begin construction on a new school building. The principal balance of the loan was \$987,500 to be repaid at the end of a two year period. The fixed annual interest rate is 4% for two years with monthly accrued interest only payments due.

The repayment schedule is currently as follows:

| <u>Period</u> | <u>Principal<br/>Amounts</u> | <u>Interest<br/>Amount</u> | <u>Total<br/>Debt Service</u> |
|---------------|------------------------------|----------------------------|-------------------------------|
| 2022-2023     | 41,752                       | 49,861                     | 91,613                        |
| 2023-2024     | 21,616                       | 24,191                     | 45,807                        |
| 2024-Beyond   | 1,917,190                    | -                          | 1,917,190                     |
| <b>TOTAL</b>  | <b>\$ 1,980,558</b>          | <b>\$ 74,052</b>           | <b>\$ 2,054,610</b>           |

**NOTE 6 - RISK MANAGEMENT**

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions and employees, injuries (worker's compensation), as well as medical benefits provided to employees. The Academy has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage since inception.

**NOTE 7 - MANAGEMENT AGREEMENT**

The Academy has entered into a management agreement with Hamadeh Educational Services, Inc. (the "Management Company"), a for-profit corporation. The Management Company is responsible for all management, operation, administration, and education of the Academy. All Academy personnel are provided by the Management Company.



**NOOR INTERNATIONAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

There management fees for the year ended June 30, 2022 were approximately \$193,243.

**NOTE 8 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through August 31, 2022, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

**REQUIRED SUPPLEMENTAL INFORMATION**

**NOOR INTERNATIONAL ACADEMY  
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

|  | Budgeted Amounts  |                   | Actual<br>(GAAP Basis) | Variances          |
|--|-------------------|-------------------|------------------------|--------------------|
|  | Original          | Final             |                        | Over/(Under)       |
|  |                   |                   |                        | Final<br>to Actual |
| <b>Revenues</b>  |                   |                   |                        |                    |
| Local sources  | \$ 3,500          | \$ 3,500          | \$ 2,186               | \$ (1,314)         |
| State sources  | 1,778,511         | 1,573,354         | 1,545,032              | (28,322)           |
| Federal sources  | 184,018           | 413,362           | 284,459                | (128,903)          |
| Other transactions and financing sources                 | 17,895            | 91,163            | 92,537                 | 1,374              |
| <b>Total governmental fund revenues</b>                  | <b>1,983,924</b>  | <b>2,081,379</b>  | <b>1,924,214</b>       | <b>(157,165)</b>   |
| <b>Expenditures</b>                                      |                   |                   |                        |                    |
| Instructional Services                                   | 912,821           | 863,452           | 809,686                | (53,766)           |
| Supporting Services:                                     |                   |                   |                        |                    |
| Pupil support services                                   | 47,159            | 52,860            | 47,685                 | (5,175)            |
| Instructional support services                           | 187,634           | 172,278           | 142,059                | (30,219)           |
| General administration                                   | 362,757           | 319,684           | 283,730                | (35,954)           |
| School administration                                    | 25,977            | 37,034            | 34,467                 | (2,567)            |
| Business support services                                | 11,312            | 21,428            | 11,773                 | (9,655)            |
| Operations and maintenance                               | 145,608           | 167,662           | 154,815                | (12,847)           |
| Pupil transportation services                            | 4,608             | 1,050             | 193                    | (857)              |
| Central support services                                 | 70,580            | 106,205           | 106,141                | (64)               |
| Community Services                                       | 15,000            | 10,375            | 6,282                  | (4,093)            |
| Facilities acquisition, construction & improvement       | 2,000             | 320,500           | 318,734                | (1,766)            |
| Debt service   | 91,613            | 102,640           | 101,708                | (932)              |
| <b>Total governmental fund expenditures</b>              | <b>1,877,069</b>  | <b>2,175,168</b>  | <b>2,017,273</b>       | <b>(157,895)</b>   |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>106,855</b>    | <b>(93,789)</b>   | <b>(93,059)</b>        | <b>730</b>         |
| <b>Fund Balance, July 1, 2021</b>                        | <b>801,081</b>    | <b>1,092,666</b>  | <b>1,092,666</b>       | <b>-</b>           |
| <b>Fund Balance, June 30, 2022</b>                       | <b>\$ 907,936</b> | <b>\$ 998,877</b> | <b>\$ 999,607</b>      | <b>\$ 730</b>      |

See accompanying notes to the financial statements

**OTHER SUPPLEMENTAL INFORMATION**

**NOOR INTERNATIONAL ACADEMY  
SPECIAL REVENUE FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2022**

|   | <b>Food<br/>Services</b> |
|---|--------------------------|
| <b>Revenues</b>   |                          |
| State sources   | \$ 168                   |
| Federal sources   | 100,765                  |
| Total Revenues  | 100,933                  |
| <b>Expenditures</b>   |                          |
| Food services   | 79,191                   |
| Total Expenditures  | 79,191                   |
| <b>Excess of revenues over expenditures<br/>and other financing sources</b> | <b>\$ 21,742</b>         |
| <b>Fund Balance- Beginning of Year</b>                                      | <b>69,953</b>            |
| <b>Fund Balance-End of Year</b>   | <b>\$ 91,695</b>         |

See accompanying notes to the financial statements

**NOOR INTERNATIONAL ACADEMY  
STATEMENT OF NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2022**

|   | <b>Custodial<br/>Funds</b> |
|---|----------------------------|
| <b>ASSETS</b>   |                            |
| Due from General Fund                                     | \$ 3,450                   |
| <b>TOTAL ASSETS</b>                                       | <b>\$ 3,450</b>            |
| <br><b>NET POSITION</b>                                   |                            |
| Restricted for:   |                            |
| Individuals, organizations and other custodial activities | \$ 3,450                   |
| <b>TOTAL NET POSITION</b>                                 | <b>\$ 3,450</b>            |

See accompanying notes to the financial statements

**NOOR INTERNATIONAL ACADEMY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

|   | <u><b>Custodial<br/>Funds</b></u> |
|---|-----------------------------------|
| <b>Additions</b>  |                                   |
| Fundraisers   | \$ 2,114                          |
| <b>Total additions</b>                                  | <u>2,114</u>                      |
| <b>Deductions</b>                                       |                                   |
| Supplies and materials                                  | 1,952                             |
| <b>Total deductions</b>                                 | <u>1,952</u>                      |
| <b>Net increase(decrease) in fiduciary net position</b> | 162                               |
| <b>Net Position, July 1, 2021</b>                       | <u>3,288</u>                      |
| <b>Net Position, June 30, 2022</b>                      | <u><u>\$ 3,450</u></u>            |

See accompanying notes to the financial statements

NOOR INTERNATIONAL ACADEMY  
REPORT TO THE BOARD OF DIRECTORS

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JUNE 30, 2022



# Wilkerson & Associate P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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3 PARKLANE BLVD. SUITE 612  
DEARBORN, MICHIGAN 48126  
313-982-4340 FAX 313-982-4342

LARRY WILKERSON, C.P.A.  
THOMAS E. WILKERSON, C.P.A.

To the Board of Directors of  
Noor International Academy

We have recently completed our audit of the basic financial statements of Noor International Academy (the "Academy") as of and for the year ended June 30, 2022. In addition to our audit report, we are providing the following required audit communication, recommendations, and informational items which impact the Academy:

|                            | <u>Page(s)</u> |
|----------------------------|----------------|
| <b>Results of Audit</b>    | <b>2-5</b>     |
| <b>Recommendations</b>     | <b>6</b>       |
| <b>Informational Items</b> | <b>6-7</b>     |

We are grateful for the opportunity to be of service to Noor International Academy. Should you have any questions regarding the comments in this report, please do not hesitate to call.

*Wilkerson & Associate PC*

August 31, 2022

**Members: A.I.C.P.A. and M.I.C.P.A.**

To the Board of Directors  
Noor International Academy  
August 31,2022

## **Results of the Audit**

We have audited the financial statements of Noor International Academy (the “Academy”) as of and for the year ended June 30, 2022 and have issued our report thereon dated August 31,2022. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility Under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated January 31, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Academy. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

Our audit of the Academy’s financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we have made some assessments of the Academy’s compliance with certain provisions of laws, regulations, contracts, and grant agreements. While those assessments are not sufficient to identify all noncompliance with applicable laws, regulations, and contract provisions, we are required to communicate all noncompliance conditions that come to our attention. We have communicated those conditions in a separate letter dated August 31,2022 regarding our consideration of the Academy’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

To the Board of Directors  
Noor International Academy  
August 31,2022

We are also obligated to communicate certain matters related to our audit of those responsible for the governance of the Academy, including certain instances of error or fraud and significant deficiencies in internal control that we identify during our audit. In certain situations, *Government Auditing Standards* require disclosure of illegal acts to applicable government agencies. If such illegal acts were detected during our audit, we would be required to make disclosures regarding these acts to applicable government agencies. No such disclosures were required.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters during the preliminary audit phase.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter. We will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Academy are described in Note 1 to the financial statements. GASB Statement NO. 84 was adopted by the Academy during the ended June 30, 2022.

We noted no transactions entered into by the Academy during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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. There were no significant estimates included in this year's financial statements.

To the Board of Directors  
Noor International Academy  
August 31,2022

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statements disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive disclosures included in the financial statements.

***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 known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified.

***Disagreements with Management***

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement 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 as of the date of the audit report.

***Management Consultants 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 consultant involves application of an accounting principle to the Academy'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.

To the Board of Directors  
Noor International Academy  
August 31,2022

***Other Audit Findings or Issues***

In the normal course of our professional association with the Academy, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Academy, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition of our retention as the Academy's auditors.

**Other Information in Documents Containing Audited Financial Statements**

Our responsibility for other information in documents containing the Academy's financial statements and report does not extend beyond the financial statements. We do not have an obligation to determine whether or not such information is properly stated. However, we read the management's discussion and analysis and budgetary comparison schedule and nothing came to our attention that caused us to believe that such information, or its manner of presentation is materially inconsistent with the information or manner of its presentation in the financial statements.

In addition to the comments and recommendations in this letter, our observations and comments regarding the Academy's internal controls, including any significant deficiencies or material weaknesses that we identified, have been reported to you in the 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*.

This information is intended solely for the use of the board of directors and management of Noor International Academy and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Wilkerson & Associate PC*

Larry D. Wilkerson, CPA

## Recommendations

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### NOOR INTERNATIONAL ACADEMY RECOMMENDATIONS

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As a result of auditing standards required to be implemented last year, the audit continues to require a strong emphasis to be placed on the Academy's internal control systems. The primary goal of internal controls is to provide a reasonable (as opposed to absolute) protection to the Academy and its assets and financial information. During this year's audit process, we noted no items that required management to make changes; therefore, no recommendations are made for this year.

## Informational Items

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### NOOR INTERNATIONAL ACADEMY

August 31,2022

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#### GASB Statement No. 87 – Leases

This statement is effective for the first time in the Academy's June 30, 2022 financial statements. The statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on payment provisions of the lease. The statement was issued to improve accounting and financial reporting for leases by governments. The statement establishes a single model for lease accounting for both lessees and lessors based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Academy will have to identify and analyze all significant lease contracts to determine the lease asset and lease liability or deferred inflow or outflow of resources that will be required to be recognized upon implementation of the standard.

### Lessee Accounting under GASB 87

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the maximum lease term per the lease contract is 12 months or less, or it transfers ownership of the underlying asset. The lease liability is measured at the present value of lease payments expected to be made during the lease term (less any lease incentives). The right-to use asset is measured at the amount of initial measurement of the lease liability, plus any payments made to the lessor at or before commencement of the lease term and certain direct costs incurred to place the leased asset in service. The lessee should reduce the lease liability as payments are made and recognize an outflow of resources (i.e., expense) for interest on the liability. The lease asset should be amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.