

**NOOR INTERNATIONAL  
ACADEMY**

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**Financial Report  
with Supplemental Information  
June 30, 2023**

# NOOR INTERNATIONAL ACADEMY

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# Wilkerson & Associate P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

## Independent Auditor's Report

To Management and  
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, 2023, 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, 2023, 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 other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied 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 other supplementary information as identified in the table of contents, is 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 September 26, 2023, 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.

*Wilkinson & Associates PC*

Dearborn, Michigan  
September 26, 2023

**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 Management and  
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, 2023, and have issued our report thereon dated September 26, 2023. 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*

September 26, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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# **Noor International Academy**

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

## **Management's Discussion and Analysis** **For the Fiscal Year Ended June 30, 2023**

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, 2023. 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, 2023.

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

	<b>Governmental Activities (in thousands)</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 1,244.4	\$ 1,456.2
Capital Assets- Net of Accumulated Amortization	8.0	-
Capital Assets - Net of Accumulated Depreciation	<u>2,761.0</u>	<u>2,515.3</u>
<b>Total Assets</b>	<b><u>4,013.4</u></b>	<b><u>3,885.5</u></b>
<b><u>Liabilities</u></b>		
Current Liabilities	358.5	232.8
Long-Term Liabilities	<u>1,940.4</u>	<u>1,980.6</u>
<b>Total Liabilities</b>	<b><u>2,298.9</u></b>	<b><u>2,213.4</u></b>
<b><u>Net Position</u></b>		
Invested in Capital Assets	820.7	534.8
Unrestricted	<u>893.8</u>	<u>1,137.3</u>
<b>Total Net Position</b>	<b><u>\$ 1,714.5</u></b>	<b><u>\$ 1,672.1</u></b>

Net position at year end was \$1,714,497. The Academy's net investments in all Capital Assets were \$820,650. The \$893,847 in unrestricted net position represents the cumulative operating results for the year ended June 30, 2023 and all prior years.

The Academy's total net position increased by \$42,373 during the fiscal year ended June 30, 2023 (please refer to Table 2 below). The cost to operate the Academy's programs was \$2,419,759. Partially funding these programs were charges for services and grant revenues totaling \$431,266. The remaining costs of the Academy's governmental activities were funded by general revenues, primarily State Aid totaling \$1,935,638 and other local revenue \$95,228.

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

	<b>Governmental Activities (in thousands)</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
<b><u>Revenues</u></b>		
<b>Program Revenues:</b>		
Federal Grants and Contributions	\$ 431.3	\$ 426.8
<b>General Revenues:</b>		
State Aid - All Sources	1,935.6	1,545.2
Other Revenue	<u>95.2</u>	<u>94.7</u>
<b>Total Revenues</b>	<b><u>\$ 2,462.1</u></b>	<b><u>\$ 2,066.7</u></b>
<b><u>Function/Program Expenses</u></b>		
Instruction and Instructional Staff Services	\$ 1,302.5	\$ 943.9
Support Services	72.2	47.7
General, Executive and School Administration	338.8	318.2
Food Services	128.7	79.2
Business Support Services	7.8	11.8
Operations & Maintenance and Other Expenses	<u>569.5</u>	<u>387.0</u>
<b>Total Expenses</b>	<b><u>\$ 2,419.7</u></b>	<b><u>\$ 1,787.8</u></b>
<b>Increase (Decrease) in Net Position</b>	<b>42.4</b>	<b>278.9</b>
<b>Net Position - Beginning of Year</b>	<b><u>1,672.1</u></b>	<b><u>1,393.2</u></b>
<b>Net Position - End of Year</b>	<b><u>\$ 1,714.5</u></b>	<b><u>\$ 1,672.1</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 \$9,150 per student for the 2022-2023 school year.
- Student Enrollment: The Academy's student enrollment for the fall count of 2022-2023 was 162 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 2023-2024 indicates that the 2023 Fall student enrollment is approximately 193 students.

## **Capital Assets**

At June 30, 2023, Noor International Academy had an investment in capital assets, net of accumulated depreciation of \$2,761,028 (please refer to Table 3 below). This includes Building, Computers, Software, Furniture and Other Equipment.

The Academy also had \$7,982 in leased assets, net of accumulated amortization ( please refer to Table 3 below). The leased assets are Office 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 \$46,199. Total amortization expense for the year was \$1,588,

### **Table 3 – Capital Assets**

<b><u>Description</u></b>	<b><u>June 30, 2023</u></b>	<b><u>June 30, 2022</u></b>
Building	\$ 2,962,698	\$ 2,682,143
Computer Equipment	260,944	236,577
Furniture & Equipment	71,761	71,761
Right to use Leased Equipment	<u>9,570</u>	<u>-</u>
<b>Total Capital Assets</b>	3,304,973	2,990,481
(Less Accumulated Depreciation/Amortization)	(522,928)	(475,141)
<b>Net Capital Assets</b>	<b><u>\$ 2,782,045</u></b>	<b><u>\$ 2,515,340</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, 2023, the Academy had \$944,771 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.

In September of 2022, the Academy entered into a four-year lease agreement for office equipment. The present value of the leased asset is \$9,570. The annual interest rate is 7%. In compliance with GASB 87, the Academy is reporting the right to use leased office equipment, as well as the lease liability.

The current repayment schedule for all long-term debt is as follows:

**Table 4 – Debt**

<b>Period</b>	<b>Principal Amounts</b>	<b>Interest Amount</b>	<b>Total Debt Service</b>
2023-2024	\$ 43,589	\$ 52,277	\$ 95,866
2024-2025	46,258	49,608	95,866
2025-2026	48,942	46,924	95,866
2026-2027	50,135	43,895	94,030
2027-2028	90,261	2,884	93,145
2028-BEYOND	1,661,192	257,471	1,918,663
<b>TOTAL</b>	<b>\$ 1,940,377</b>	<b>\$ 453,059</b>	<b>\$ 2,393,436</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, 2023 the Academy's Governmental Fund had a combined balance of \$885,865, a decrease of \$205,437 from June 30, 2022. 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 \$219,455 at June 30, 2023 to \$780,152 from \$999,607 at June 30, 2022. The decrease is primarily attributable to the construction 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. The Food Service Fund, increased by \$14,018 at June 30, 2023 to \$105,713 from \$91,695 at June 30, 2022.

The School District's 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, 2023 was \$5,184.

**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 2023. (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 2022-2023, it received approximately \$9,150 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 2023 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>
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
2022 – 2023	2,365,450	2,365,408
<b><u>Expenditures:</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>
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
2022 – 2023	2,706,474	2,584,861

### **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 2024 budget was adopted in May 2023, based on an estimate of students that will be enrolled in September 2023. 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 2023-2024 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2023 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, 2023**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash	\$ 742,221
Receivables	480,141
Prepaid cost and deposits	22,077
Right to use leased assets, net of amortization	7,982
Capital assets, net of accumulated depreciation	<u>2,761,028</u>
<b>TOTAL ASSETS</b>	<b>4,013,449</b>
 <b>LIABILITIES</b>	
Accounts payable	32,455
Accrued liabilities	216,272
Other current liabilities	5,183
Management company payable	104,664
Long-term liabilities, due within one year	43,589
Long-term liabilities, due after one year	<u>1,896,789</u>
<b>TOTAL LIABILITIES</b>	<b>2,298,952</b>
 <b>NET POSITION</b>	
Invested in capital assets, net of related debt	820,650
Unrestricted	<u>893,847</u>
<b>TOTAL NET POSITION</b>	<b><u><u>\$ 1,714,497</u></u></b>

See accompanying notes to the financial statements



**NOOR INTERNATIONAL ACADEMY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenues and Changes in Net Assets</u>
Governmental Activities				
Instruction	\$ 1,100,686	\$ -	\$ 291,119	\$ (809,567)
Supporting Services				
Pupil support services	72,248	-	-	(72,248)
Instructional support services	201,982	-	-	(201,982)
General administration	293,045	-	-	(293,045)
School administration	43,995	-	-	(43,995)
Business support services	7,861	-	-	(7,861)
Operations and maintenance	199,143	-	-	(199,143)
Pupil transportation services	1,102	-	-	(1,102)
Central support services	222,109	-	-	(222,109)
Food services	128,746	-	140,147	11,401
Community activities	17,321	-	-	(17,321)
Interest on long term debt	83,734	-	-	(83,734)
Depreciation (unallocated)	47,787	-	-	(47,787)
Total Governmental Activities	<u>\$ 2,419,759</u>	<u>\$ -</u>	<u>\$ 431,266</u>	(1,988,493)
General Revenues				
State aid - not restricted to specific purposes				1,935,638
Other local sources				95,228
Total General Revenues				<u>2,030,866</u>
<b>Change in Net Position</b>				42,373
<b>Net Position - July 1, 2022</b>				<u>1,672,124</u>
<b>Net Position - June 30, 2023</b>				<u>\$ 1,714,497</u>

See accompanying notes to the financial statements

**NOOR INTERNATIONAL ACADEMY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<u>General Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash-unrestricted	\$ 737,038	\$ -	\$ 737,038
Cash-restricted	5,183	-	5,183
Due from other governmental units	472,819	7,322	480,141
Due from other funds	-	98,417	98,417
Prepaid cost and deposits	22,077	-	22,077
<b>TOTAL ASSETS</b>	<u><u>\$ 1,237,117</u></u>	<u><u>\$ 105,739</u></u>	<u><u>\$ 1,342,856</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	32,455	-	32,455
Due to other funds	103,600	-	103,600
Accrued expenditures	216,246	26	216,272
Other current liabilities	104,664	-	104,664
<b>TOTAL LIABILITIES</b>	456,965	26	456,991
 <b>Fund Balances</b>			
<b>Non-Spendable Fund Balance:</b>			
Prepaid cost and deposits	22,077	-	22,077
<b>Restricted Fund Balance:</b>			
Food Service	-	105,713	105,713
Agency Fund	5,183	-	5,183
<b>Assigned Fund Balance:</b>			
Assigned fund balance	500,000	-	500,000
<b>Unrestricted Fund Balance:</b>			
Unassigned fund balance	252,892	-	252,892
<b>TOTAL FUND BALANCE</b>	<u>780,152</u>	<u>105,713</u>	<u>885,865</u>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <u><u>\$ 1,237,117</u></u>	 <u><u>\$ 105,739</u></u>	 <u><u>\$ 1,342,856</u></u>

See accompanying notes to the financial statements

**NOOR INTERNATIONAL ACADEMY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023**

**Total Fund Balances - Governmental Funds** \$ 885,865

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	\$ 2,944,282	
Accumulated depreciation	<u>(183,254)</u>	2,761,028

Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Right to use asset at historical cost	\$ 9,570	
Accumulated amortization	<u>(1,588)</u>	7,982

Issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction has any effect on the net position. The amount is the net effect of these differences in the treatment of long-term debt and related items

New long-term debt issued	(9,570)	
Principal payments on long term debt	<u>1,463</u>	(8,107)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

(1,932,271)

**Total Net Position - Governmental Activities**

\$ 1,714,497

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, 2023**

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Local sources	\$ 6,713	\$ -	\$ 6,713
State sources	1,933,021	2,617	1,935,638
Federal sources	337,159	140,147	477,306
Incoming transfers and other transactions	88,515	-	88,515
<b>Total governmental fund revenues</b>	<u>2,365,408</u>	<u>142,764</u>	<u>2,508,172</u>
<b>Expenditures</b>			
Instructional services	1,100,686	-	1,100,686
Supporting services:			
Pupil support services	72,248	-	72,248
Instructional support services	201,982	-	201,982
General administration	313,947	-	313,947
School administration	43,995	-	43,995
Business support services	7,861	-	7,861
Operations and maintenance	199,143	-	199,143
Pupil transportation services	1,102	-	1,102
Central support services	222,109	-	222,109
Food services	-	128,746	128,746
Community activities	17,321	-	17,321
Facilities acquisition, construction & improvement	280,555	-	280,555
Debt service	133,484	-	133,484
<b>Total governmental fund expenditures</b>	<u>2,594,433</u>	<u>128,746</u>	<u>2,723,179</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(229,025)	14,018	(215,007)
<b>Other financing sources (uses)</b>			
Lease liability issued	9,570	-	9,570
<b>Total other financing sources (uses)</b>	<u>9,570</u>	<u>-</u>	<u>9,570</u>
<b>Excess of revenues and other financing sources over expenditures and other uses</b>	(219,455)	14,018	(205,437)
<b>Fund Balance, July 1, 2022</b>	<u>999,607</u>	<u>91,695</u>	<u>1,091,302</u>
<b>Fund Balance, June 30, 2023</b>	<u>\$ 780,152</u>	<u>\$ 105,713</u>	<u>\$ 885,865</u>

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, 2023**

**Total Net Change in Fund Balance - Governmental Funds** \$ (205,437)

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/amortization expenses in the statement of activities. This is the amount by which depreciation/amortization exceeds capital outlays in the period:

Capitalized capital outlay	\$ 291,887	
Depreciation expense	<u>(46,199)</u>	245,688
Right to use leased capital outlay expenditures which were	9,570	
Amortization expense	<u>(1,588)</u>	7,982

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.

Prior year deferred revenue	(46,040)
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Repayment of note principal is an expense in governmental funds, but not in the statement of activities (where it reduces long-term debt)	48,287
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Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related issues.

New long-term debt issued		(9,570)
Principal payments on long term debt		<u>1,463</u>

**Change in Net Position of Governmental Activities** **\$ 42,373**

See accompanying notes to the financial statements

**NOOR INTERNATIONAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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 Central Michigan University 3% of State aid as an administrative fee. The total administrative fees paid through June 30, 2023, to Central Michigan University was approximately \$43,775.

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, 2023**

**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 are 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, 2023**

**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 it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when 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, 2023**

**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, 2023**

**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, 2023**

**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, 2023 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 2023 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, 2023, 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, 2023**

**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 costs are 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, 2023.

**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, 2023**

**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, 2023**

**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, 2023. 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, 2023. 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 are 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, 2023**

**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 \$742,220.

The deposits of the Academy were reflected in the accounts of the financial institution at \$772,965 of which \$505,571 is covered by federal depository insurance.

**NOOR INTERNATIONAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4- INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances is as follows:

	<b>Fund Due From</b>			
<b>Fund Due To</b>	<b>General Fund</b>	<b>Food Service Fund</b>	<b>Fiduciary Fund</b>	<b>Total</b>
Food Service Fund	98,417	-		98,417
Fiduciary Fund	5,183	-	-	5,183
<b>Total</b>	<b>\$ 103,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 103,600</b>

The balance is a result of the lag time between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

**NOTE 5 - CAPITAL ASSETS**

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

	<b>Balance July 1, 2022</b>	<b>Additions</b>	<b>Disposals and Adjustments</b>	<b>Balance June 30, 2023</b>
Assets being depreciated				
Building	\$ 2,682,143	\$ 280,555	\$ -	\$ 2,962,698
Computer equipment	236,577	11,332	-	247,909
Furniture and equipment	71,761	-	-	71,761
Right to use leased assets	-	9,570	-	9,570
Subtotal	2,990,481	301,457	-	3,291,938
Accumulated depreciation/amortization:				
Building	199,674	34,920	-	234,594
Computer equipment	210,773	8,956	-	219,729
Furniture and equipment	64,694	2,323	-	67,017
Right to use leased assets	-	1,588	-	1,588
Subtotal	475,141	47,787	-	522,928
Net capital assets	<b>\$ 2,515,340</b>	<b>\$ 253,670</b>	<b>\$ -</b>	<b>\$ 2,769,010</b>



**NOOR INTERNATIONAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 5 - CAPITAL ASSETS** *(continued)*

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

**NOTE 6 - 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, 2023, the Academy had \$944,771 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, June 5, 2023, 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, with a cap of 5.5%.

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.

In September of 2022, the Academy entered into a four-year lease agreement for office equipment. The present value of the leased asset is \$9,570. The annual interest rate is 7%.

The Long-term obligation activity can be summarized as follows:

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Due Within One Year</b>	<b>Ending Balance</b>
Notes	\$ 1,980,558	\$ -	\$ (48,287)	\$ 41,352	\$ 1,932,271
RTU Asset Liability	-	9,570	(1,463)	2,235	8,107
<b>TOTAL</b>	<b>\$ 1,980,558</b>	<b>\$ 9,570</b>	<b>\$ (49,750)</b>	<b>\$ 43,587</b>	<b>\$ 1,940,378</b>

**NOOR INTERNATIONAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 6 - DEBT** *(continued)*

The repayment schedule below includes the debt for the school building and the leased office equipment.

<b>Period</b>	<b>Principal Amounts</b>	<b>Interest Amount</b>	<b>Total Debt Service</b>
2023-2024	\$ 43,589	\$ 82,890	\$ 126,479
2024-2025	46,258	49,608	95,866
2025-2026	48,942	46,924	95,866
2026-2027	50,135	43,895	94,030
2027-2028	90,261	2,884	93,145
2028-BEYOND	1,661,193	257,471	1,918,664
<b>TOTAL</b>	<b>\$ 1,940,378</b>	<b>\$ 483,672</b>	<b>\$ 2,424,050</b>

**NOTE 7 - 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 8 - 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. The management fees for the year ended June 30, 2023, were approximately \$222,097.

**NOTE 9 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 26, 2023, 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.

**NOOR INTERNATIONAL ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 10 - IMPLEMENTATION OF STANDARD**

For the year ended June 30, 2023, the Academy implemented the following pronouncement: GASB Statement No. 87, Leases.

**Summary**

The Governmental Accounting Standards Board (GASB) Statement No.87, Leases, was issued by the GASB in June 2017. The statement is effective for all applicable fiscal years beginning after December 15, 2019, and all reporting periods thereafter. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting 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, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**NOTE 11 - UPCOMING ACCOUNTING PRONCEMENTS**

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, Subscription-based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Academy has evaluated the pronouncement and has determined that it does not have any qualifying subscriptions for the 2022-23 fiscal year. The Academy will continue to evaluate the impact this standard will have on the financial statements of future years.

## REQUIRED SUPPLEMENTARY INFORMATION

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**NOOR INTERNATIONAL ACADEMY  
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual (GAAP Basis)	Variances
	Original	Final		Over/(Under)
				Final to Actual
<b>Revenues</b>				
Local sources	\$ 3,100	\$ 5,600	\$ 6,713	\$ 1,113
State sources	1,820,434	1,902,074	1,933,021	30,947
Federal sources	263,278	355,427	337,159	(18,268)
Other transactions and financing sources	91,163	102,349	98,085	(4,264)
<b>Total governmental fund revenues</b>	<b>2,177,975</b>	<b>2,365,450</b>	<b>2,374,978</b>	<b>9,528</b>
<b>Expenditures</b>				
Instructional Services	746,813	1,126,197	1,100,686	(25,511)
Supporting Services:				
Pupil support services	52,822	68,827	72,248	3,421
Instructional support services	196,625	199,236	201,982	2,746
General administration	392,604	376,513	313,947	(62,566)
School administration	34,362	48,994	43,995	(4,999)
Business support services	22,220	10,303	7,861	(2,442)
Operations and maintenance	192,744	210,537	199,143	(11,394)
Pupil transportation services	4,822	3,080	1,102	(1,978)
Central support services	207,843	225,142	222,109	(3,033)
Community Services	5,900	19,663	17,321	(2,342)
Facilities acquisition, construction & improvement	-	280,555	280,555	-
Debt service	183,280	137,427	133,484	(3,943)
<b>Total governmental fund expenditures</b>	<b>2,040,035</b>	<b>2,706,474</b>	<b>2,594,433</b>	<b>(112,041)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>137,940</b>	<b>(341,024)</b>	<b>(219,455)</b>	<b>121,569</b>
<b>Fund Balance, July 1, 2022</b>	<b>1,197,655</b>	<b>999,607</b>	<b>999,607</b>	<b>-</b>
<b>Fund Balance, June 30, 2023</b>	<b>\$ 1,335,595</b>	<b>\$ 658,583</b>	<b>\$ 780,152</b>	<b>\$ 121,569</b>

See accompanying notes to the financial statements

## OTHER SUPPLEMENTARY INFORMATION

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**NOOR INTERNATIONAL ACADEMY  
BALANCE SHEET  
SPECIAL REVENUE FUND  
JUNE 30, 2023**

	<u>Food Services</u>
<b>ASSETS</b>	
Due from other governmental units	7,322
Due from other funds	<u>98,417</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 105,739</u></u></b>
 <b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities</b>	
Accrued expenditures	<u>26</u>
<b>TOTAL LIABILITIES</b>	26
 <b>Fund Balances</b>	
<b>Restricted Fund Balance:</b>	
Food Service	<u>105,713</u>
<b>TOTAL FUND BALANCE</b>	<u>105,713</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u><u>\$ 105,739</u></u></b>

See accompanying notes to the financial statements

**NOOR INTERNATIONAL ACADEMY  
SPECIAL REVENUE FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Food Services</b>
<b>Revenues</b>	
State sources	\$ 2,617
Federal sources	140,147
Total Revenues	142,764
 <b>Expenditures</b>	
Food services	128,746
Total Expenditures	128,746
 <b>Excess of revenues over expenditures and other financing sources</b>	 \$ 14,018
 <b>Fund Balance- Beginning of Year</b>	 91,695
<b>Fund Balance-End of Year</b>	<b>\$ 105,713</b>

See accompanying notes to the financial statements



**NOOR INTERNATIONAL ACADEMY  
STATEMENT OF NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2023**

	<b>Custodial Funds</b>
<b>ASSETS</b>	
Due from General Fund	\$ 5,183
<b>TOTAL ASSETS</b>	<b>\$ 5,183</b>
 <b>NET POSITION</b>	
Restricted for:	
Individuals, organizations and other custodial activities	\$ 5,183
<b>TOTAL NET POSITION</b>	<b>\$ 5,183</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, 2023**

	<u><b>Custodial Funds</b></u>
<b>Additions</b>	
Fundraisers	\$ 2,139
<b>Total additions</b>	2,139
<b>Deductions</b>	
Supplies and materials	406
<b>Total deductions</b>	406
<b>Net increase(decrease) in fidicuary net position</b>	1,733
<b>Net Position, July 1, 2022</b>	3,450
<b>Net Position, June 30, 2023</b>	\$ 5,183

See accompanying notes to the financial statements

# 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, 2023. 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>

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*

September 26, 2023

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

To the Board of Directors  
Noor International Academy  
September 26,2023

## **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, 2023, and have issued our report thereon dated September 26,2023. 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 27, 2023, 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 September 26,2023, 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  
September 26,2023

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, a new accounting policy was adopted, GASB 87, and the application of existing policies were not changed during the year ended June 30, 2023.

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  
September 26,2023

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  
September 26,2023

***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

Noor International Academy  
September 26,2023

## 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.