

ODYSSEY ACADEMY OF VIRTUAL LEARNING, INC.

Financial Statement

For the Year Ended June 30, 2023

ODYSSEY ACADEMY OF VIRTUAL LEARNING, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Odyssey Academy of Virtual Learning, Inc.
Ripon Area School District
Ripon, Wisconsin

Report on the Audit of the Financial Statement

Opinion

We have audited the accompanying financial statement resulting from the Wisconsin Charter School Program grant activity of Odyssey Academy of Virtual Learning, Inc. (Charter School), which is comprised of the statement of activities for the year ended June 30, 2023, and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the changes in Odyssey Academy of Virtual Learning, Inc.'s net assets resulting from the Wisconsin Charter School Program grant activity for the year ended June 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Odyssey Academy of Virtual Learning, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statement presents only the Wisconsin Charter School Program grant activity for the Odyssey Academy of Virtual Learning, Inc. and does not purport to, and does not, present fairly the changes in Odyssey Academy of Virtual Learning, Inc.'s financial position for the year ended June 30, 2023 in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statement

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

To the Board of Education
Odyssey Academy of Virtual Learning, Inc.
Ripon Area School District
Ripon, Wisconsin

Auditors' Responsibilities for the Audit of the Financial Statement

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.

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.

Restrictions on Use

Our report is intended solely for the information and use of Odyssey Academy of Virtual Learning, Inc. and the Wisconsin Department of Public Instruction and is not intended to be and should not be used by anyone other than these specified parties.

To the Board of Education
Odyssey Academy of Virtual Learning, Inc.
Ripon Area School District
Ripon, Wisconsin

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2023, on our consideration of Odyssey Academy of Virtual Learning, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Odyssey Academy of Virtual Learning, Inc.'s internal control over financial reporting and compliance.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
November 20, 2023

FINANCIAL STATEMENT

ODYSSEY ACADEMY OF VIRTUAL LEARNING, INC.

Statement of Activities

For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>
REVENUES AND OTHER SUPPORT	
Grants	\$ 142,857
PROGRAM EXPENSES	
Salaries	2,559
Payroll Taxes	195
Employee Benefits	166
Personal Services	470
Employee Travel	283
Communication	750
Equipment Components	1,345
General Supplies	20,000
Textbooks	70,305
Non-Capital Technology	46,784
Total Program Expenses	<u>142,857</u>
CHANGE IN NET ASSETS	-
NET ASSETS - BEGINNING	<u>-</u>
NET ASSETS - ENDING	<u>\$ -</u>

See Accompanying Notes

ODYSSEY ACADEMY OF VIRTUAL LEARNING, INC.

Notes to Financial Statement

June 30, 2023

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of Odyssey Academy of Virtual Learning, Inc. (Charter School) is presented to assist in understanding the Charter School's financial statement. The financial statement and notes are representations of the Charter School's management who is responsible for the integrity and objectivity of the financial statement.

Nature of Operations

The Charter School is a nonprofit organization operating as a charter school as authorized by the Ripon Area School District under *Wisconsin Statute 118.40(2m)(a)*. The Charter School's revenues and expenses are recorded within the Ripon Area Public Schools' basic financial statements.

Basis of Accounting

The financial statement of the Charter School has been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Charter School is required to report information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Charter School. These net assets may be used at the discretion of the Charter School's management and the board.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Charter School or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Charter School currently does not have any donor restricted assets.

Revenues are reported as increases in without donor restricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in without donor restricted net assets.

Expirations of with donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

The financial statement presents only the Wisconsin Charter School Program grant activity for the Odyssey Academy of Virtual Learning, Inc. and does not purport to, and does not, present fairly the, changes in financial position of the Odyssey Academy of Virtual Learning, Inc.

Income Taxes

The Charter School is a charitable organization under Section 501(c)(3) of the Internal Revenue Code, and thus is exempt from income taxes. Gifts, grants and bequests are deductible by donors within limitations of the Internal Revenue Code. The Charter School does not have federal or state income tax filing requirements.

The Charter School evaluates its tax positions based on whether or not the position is more likely than not to be sustained upon examination by taxing authorities. This evaluation includes monitoring changes in tax law and new authoritative rulings for potential implications of its tax status. The Charter School is not aware of any tax positions that would require disclosures. The Charter School has not identified any income it would consider to be unrelated business income.

ODYSSEY ACADEMY OF VIRTUAL LEARNING, INC.

Notes to Financial Statement

June 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the financial statement in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results may differ from these estimates.

Subsequent Events

The Charter School has evaluated subsequent events through November 20, 2023, the date which the financial statement was available to be issued.

Note 2 - Liquidity Management

The Charter School did not have any financial assets available within one year of the balance sheet for general expenditures.

As a part of the Charter School's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 3 - Contingencies

The Charter School received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grants. The Charter School believes such disallowances, if any, would be immaterial.

ADDITIONAL REPORT



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

To the Board of Education
Odyssey Academy of Virtual Learning, Inc.
Ripon Area School District
Ripon, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement resulting from the Wisconsin Charter School grant activity of Odyssey Academy of Virtual Learning, Inc. (Charter School), which are comprised of the statement of activities for the year ended June 30, 2023, and the related notes to the financial statement, and have issued our report thereon dated November 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Charter School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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*.

To the Board of Education
Odyssey Academy of Virtual Learning, Inc.
Ripon Area School District
Ripon, Wisconsin

Odyssey Academy of Virtual Learning, Inc. Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Charter School's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Charter School's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
November 20, 2023

ODYSSEY ACADEMY OF VIRTUAL LEARNING, INC.

Schedule of Findings and Responses

June 30, 2023

2023-001 Lack of Segregation of Duties

Condition:	Various functions of the Charter School are performed by the same person.
Cause:	Limited staff is available to segregate duties.
Criteria:	The School Board and management are responsible for establishing and maintaining internal controls over financial reporting to prevent misstatements in their financial reporting.
Effect:	Because of the lack of segregation of duties, unauthorized transactions or misstatements as a result of errors could occur.
Recommendation:	The duties should be separated as much as possible and compensating controls should be used to compensate for the lack of separation of duties. This includes the Board monitoring the Charter School's operations.
Management's Response:	The Charter School is aware of the lack of segregation of duties and agrees with this finding. The Charter School will continue to improve the segregation of duties by providing appropriate review and oversight wherever possible.
Responsible Official:	Jonah Adams, Business Manager.
Anticipated Completion Date:	This finding will not completely resolve itself given the cost/benefit basis the Charter School continues to make.

ODYSSEY ACADEMY OF VIRTUAL LEARNING, INC.

Schedule of Findings and Responses – Continued

June 30, 2023

2023-002 Financial Reporting

Condition:	The Charter School's management does not have the necessary training to record year end adjustments to the general ledger and to prepare the financial statement, including related notes, in accordance with generally accepted accounting principles (GAAP).
Cause:	Management does not have the training to prepare the financial statement and related notes in accordance with GAAP.
Criteria:	One of the components of internal control over financial reporting is that personnel within the entity be sufficiently knowledgeable to record the entity's financial transactions in accordance with generally accepted accounting principles (GAAP) and to prepare the Academy's financial statement, including related in accordance with those accounting principles.
Effect:	Although the auditors are preparing the financial statement and the related footnotes, management of the Charter School thoroughly reviews them and accepts responsibility for their completeness and accuracy.
Recommendation:	We recommend that management continue to make this decision on a cost/benefit basis.
Management's Response:	Due to limited staffing the Charter School will continue to contract with an outside audit firm to complete the statement. Management reviews the financial statement and compares to the Charter School's financial records for completeness and accuracy and accepts responsibility for the financial statement.
Responsible Official:	Jonah Adams, Business Manager.
Anticipated Completion Date:	This finding will not completely resolve itself given the cost/benefit basis the Charter School continues to make.



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CORRECTIVE ACTION PLAN

Financial Statement Findings

2023-001 – Lack of Segregation of Duties – The Charter School is aware of the lack of segregation of duties and has evaluated the cost/benefit of hiring additional support staff to achieve proper separation of duties, and at this point it is not possible due to budget constraints.

Responsible Official

Jonah Adams, Business Manager

Anticipated Completion Date

This finding will not completely resolve itself given the cost/benefit basis the Charter School continues to make.

2023-002 – Financial Reporting – The Charter School is aware that its staff does not have a process to prepare financial statement and related notes in accordance with generally accepted accounting principles. The Charter School will continue to make this decision on a cost/benefit basis and have auditors assist in preparing the financial statement and related notes. Management does review the financial statement and compares it to the Charter School's financial records for completeness and accuracy and accepts responsibility for the financial statement.

Responsible Official

Jonah Adams, Business Manager

Anticipated Completion Date

This finding will not completely resolve itself given the cost/benefit basis the Charter School continues to make.

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