

**ODYSSEY ACADEMY OF VIRTUAL LEARNING, INC.**  
**Regulatory Basis Financial Statements**  
**For the Year Ended June 30, 2021**

# ODYSSEY ACADEMY OF VIRTUAL LEARNING, INC.

## Table of Contents

June 30, 2021

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	<u>Page</u>
<b>Independent Auditors' Report</b>	1 – 2
<b>Financial Statements</b>	
Statement of Financial Position – Regulatory Basis	3
Statement of Activities – Regulatory Basis	4
Notes to Financial Statements	5 – 6
<b>Additional Report</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	7 – 8
Schedule of Findings and Responses	9 – 10
Corrective Action Plan	11

## Independent Auditors' Report

To the Board of Education  
Odyssey Academy of Virtual Learning, Inc.  
Ripon Area Public Schools  
Ripon, Wisconsin

We have audited the accompanying statement of financial position – regulatory basis of Odyssey Academy of Virtual Learning, Inc. (Charter School) as of June 30, 2021, and the related statements of activities – regulatory basis, and the related notes to the financial statements, which collectively comprise of the Charter School's regulatory financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of *Wisconsin Statute 118.40(2m)(a)* as prescribed by the Wisconsin Department of Public Instruction and as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory financial position of Odyssey Academy of Virtual Learning, Inc. as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with the financial reporting provisions of *Wisconsin Statute 118.40(2m)(a)* as prescribed by the Wisconsin Department of Public Instruction and as described in Note 1.

To the Board of Education  
Odyssey Academy of Virtual Learning, Inc.  
Ripon Area Public Schools  
Ripon, Wisconsin

***Basis of Accounting***

We draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared by Odyssey Academy of Virtual Learning, Inc. on the basis of the financial reporting provisions of *Wisconsin Statute 118.40(2m)(a)* as prescribed by the Wisconsin Department of Public Instruction, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2021, 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**  
Shawano, Wisconsin  
December 2, 2021

## FINANCIAL STATEMENTS

**ODYSSEY ACADEMY OF VIRTUAL LEARNING, INC.**

Statement of Financial Position - Regulatory Basis

As of June 30, 2021

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**CURRENT ASSETS**

Due from District

\$           -

**CURRENT LIABILITIES**

Due to District

\$           -

**NET ASSETS**

Without Donor Restrictions

          -

**TOTAL LIABILITIES AND NET ASSETS**

\$           -

See Accompanying Notes

**ODYSSEY ACADEMY OF VIRTUAL LEARNING, INC.**

Statement of Activities - Regulatory Basis

For the Year Ended June 30, 2021

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	<u>Without Donor Restrictions</u>
<b>REVENUES AND OTHER SUPPORT</b>	
Grants	\$ 207,777
<b>EXPENSES</b>	
Program Services	<u>207,777</u>
<b>CHANGE IN NET ASSETS</b>	-
<b>NET ASSETS - BEGINNING</b>	<u>-</u>
<b>NET ASSETS - ENDING</b>	<u><u>\$ -</u></u>

See Accompanying Notes

# ODYSSEY ACADEMY OF VIRTUAL LEARNING, INC.

Notes to Financial Statements

June 30, 2021

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## 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 statements. The financial statements and notes are representations of the Charter School's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to *Wisconsin Statute 118.40(2m)(a)* as prescribed by the Wisconsin Department of Public Instruction and have been consistently applied in the preparation of the financial statements.

The more significant accounting policies established by *Wisconsin Statute 118.40(2m)(a)* as prescribed by the Wisconsin Department of Public Instruction and used by the School are discussed below.

### 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 Schools revenues and expenses are recorded within the Ripon Area Public Schools basic financial statements.

### Basis of Accounting

The financial statements are presented in accordance with a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Financial Accounting Standards Board. This regulatory basis of accounting involves the reporting of due from the Federal Government, certain accounts payable, due to the School District and changes therein to meet the financial requirements of the Wisconsin Department of Public Instruction.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and full fund financial statements.

### Cash

Cash deposits consist of demand deposits with financial institutions and are carried at cost. For the purpose of the statement of cash flows, the Charter School considers as cash equivalents all highly liquid investments which have a maturity period of ninety days or less from purchase to be cash.

### Due to/from District

Due to and from District represents grant proceeds submitted by the Ripon Area Public Schools on behalf of the Charter School.

### Financial Statements 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 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.



# ODYSSEY ACADEMY OF VIRTUAL LEARNING, INC.

Notes to Financial Statements

June 30, 2021

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## **Note 1 - Summary of Significant Accounting Policies (Continued)**

### **Financial Statements Presentation (Continued)**

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.

### **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.

### **Use of Estimates**

The preparation of financial statements 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.

### **Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Such allocations are determined by management on an equitable basis.

### **Subsequent Events**

The Charter School has evaluated subsequent events through December 2, 2021 the date which the financial statements were 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 Financing 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 Public Schools  
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 statement of financial position – regulatory basis and statement of activities – regulatory basis of Odyssey Academy of Virtual Learning, Inc. (a nonprofit organization), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Charter School's regulatory basis financial statements, and have issued our report thereon dated December 2, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, 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 opinions on the financial statements, 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 to 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We consider the deficiencies described in the accompany *schedule of findings and responses* as 2021-001 and 2021-002 to be significant deficiencies.

To the Board of Education  
Odyssey Academy of Virtual Learning, Inc.  
Ripon Area Public Schools  
Ripon, Wisconsin

### **Compliance and Other Matters**

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

### **Odyssey Academy of Virtual Learning, Inc. Responses to Findings**

The Charter School's responses to the findings identified in our audit are described in the accompanying *schedule of findings and responses* and *corrective action plan*. The Charter School's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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**  
Shawano, Wisconsin  
December 2, 2021

**ODYSSEY ACADEMY OF VIRTUAL LEARNING, INC.**

Schedule of Findings and Responses

June 30, 2021

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**#2021-001 Lack of Segregation of Duties**

<b>Condition:</b>	Various functions of the Charter School are performed by the same person.
<b>Cause:</b>	Limited staff is available to segregate duties.
<b>Criteria:</b>	The School Board and management are responsible for establishing and maintaining internal controls over financial reporting to prevent misstatements in their financial reporting.
<b>Effect:</b>	Because of the lack of segregation of duties, unauthorized transactions or misstatements as a result of errors could occur.
<b>Recommendation:</b>	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.
<b>Management's Response:</b>	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.
<b>Responsible Official:</b>	Jonah Adams, Business Manager.
<b>Anticipated Completion Date:</b>	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, 2021

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**Section II - Financial Statement Findings (Continued)**

**#2021-002 Financial Reporting**

<b>Condition:</b>	During our audit, we noted that the internal control system does not include a process for preparing the external annual audited financial statements and the related disclosures in accordance with the financial reporting provisions of <i>Wisconsin Statute 118.40(2m)(a)</i> as prescribed by the Wisconsin Department of Public Instruction.
<b>Cause:</b>	Management is responsible for establishing and maintaining internal controls and for the fair presentation of financial position, change in net position, and disclosures in the financial statements, in conformity with financial reporting provisions of <i>Wisconsin Statute 118.40(2m)(a)</i> as prescribed by the Wisconsin Department of Public Instruction.
<b>Criteria:</b>	Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, change in net position, disclosures in the financial statements in conformity with financial reporting provisions of <i>Wisconsin Statute 118.40(2m)(a)</i> as prescribed by the Wisconsin Department of Public Instruction.
<b>Effect:</b>	Although the auditors are preparing the financial statements and the related footnotes, management of the Charter School thoroughly reviews them and accepts responsibility for their completeness and accuracy.
<b>Recommendation:</b>	We recommend that management continue to make this decision on a cost/benefit basis.
<b>Management's Response:</b>	Due to limited staffing the Charter School will continue to contract with an outside audit firm to complete the statements. Management reviews the financial statements and compares to the Charter School's financial records for completeness and accuracy and accepts responsibility for those financial statements.
<b>Responsible Official:</b>	Jonah Adams, Business Manager.
<b>Anticipated Completion Date:</b>	This finding will not completely resolve itself given the cost/benefit basis the Charter School continues to make.



**Odyssey Academy of Virtual Learning**

1120 Metomen Street

Ripon, WI 54971

P: (920) 748-4625

F: (920) 748-2715

[www.odysseyacademyofvirtualllearning.edu](http://www.odysseyacademyofvirtualllearning.edu)

*"Excellence Through Innovation."*

**Corrective Action Plan**

**Financial Statement Findings**

**#2021-001 – 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.

**#2021-002 – Financial Reporting** – The Charter School is aware that its staff does not have a process to prepare financial statements and related noted in accordance with financial reporting provisions of *Wisconsin Statute 118.40(2m)(a)* as prescribed by the Wisconsin Department of Public Instruction. The Charter School will continue to make this decision on a cost/benefit basis and have auditors assist in preparing the financial statements and related noted. Management does review the financial statements and compares to the Charter School's financial records for completeness and accuracy and accepts responsibility for those financial statements.

**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.