

LifeWise Academy, Inc.

Audited Financial Statements

As of and for the Year Ended

June 30, 2023



Rea & associates

www.reacpa.com

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1-2
Statement of Assets, Liabilities and Net Assets – Modified Cash Basis.....	3
Statement of Revenues, Expenses and Change in Net Assets – Modified Cash Basis	4
Statement of Functional Expenses – Modified Cash Basis	5
Statement of Cash Flows – Modified Cash Basis.....	6
Notes to the Financial Statements	7-13



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
LifeWise Academy, Inc.
Hilliard, Ohio

Opinion

We have audited the financial statements of LifeWise Academy, Inc. (the Organization), which comprise the statement of assets, liabilities and net assets - modified cash basis as of June 30, 2023, the related statement of revenues, expenses and changes in net assets – modified cash basis, statement of functional expenses – modified cash basis, and statement of cash flows – modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities, and net assets arising from cash transactions of the Organization as of June 30, 2023 and its revenues collected and expenses paid during the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinion

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio
January 22, 2024

LIFEWISE ACADEMY, INC.

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
AS OF JUNE 30, 2023

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	\$ 5,012,853
Total current assets	<u>5,012,853</u>
PROPERTY AND EQUIPMENT, net	1,461,699
INVESTMENTS, at fair value	1,271,651
Total assets	<u><u>\$ 7,746,203</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Current portion of mortgage payable	\$ 5,389
Total current liabilities	<u>5,389</u>
MORTGAGE PAYABLE, net of current portion	88,934
Total liabilities	<u>94,323</u>
NET ASSETS, without donor restrictions	7,651,880
Total liabilities and net assets	<u><u>\$ 7,746,203</u></u>

The accompanying notes are an integral part of these financial statements.

LIFEWISE ACADEMY, INC.

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN
NET ASSETS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

REVENUE, GAINS, AND SUPPORT:	
Contributions	\$ 13,132,638
Nonfinancial contributions	137,888
Program revenue	550,494
Investment income	48,922
Other revenue	39,423
Total revenue, gains, and support	<u>13,909,365</u>
EXPENSES:	
Program services	7,214,221
Supporting services:	
Management and general	1,541,798
Fundraising	774,785
Total expenses	<u>9,530,804</u>
Change in net assets	<u>4,378,561</u>
NET ASSETS, beginning of the year	<u>3,273,319</u>
NET ASSETS, end of the year	<u>\$ 7,651,880</u>

The accompanying notes are an integral part of these financial statements.

LIFEWISE ACADEMY, INC.

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
FUNCTIONAL EXPENSES:				
Personnel	\$ 4,628,377	\$ 795,750	\$ 451,796	\$ 5,875,923
Travel	361,758	-	87,374	449,132
Performance & teaching	105,011	99,636	-	204,647
Operations	316,661	115,776	235,615	668,052
Classrooms	400,037	1,967	-	402,004
Marketing	415,203	5,932	-	421,135
Office expense & fees	621,585	224,012	-	845,597
Building expense	149,688	182,768	-	332,456
Depreciation	115,957	115,957	-	231,914
Other	99,944	-	-	99,944
Total functional expenses	<u>\$ 7,214,221</u>	<u>\$ 1,541,798</u>	<u>\$ 774,785</u>	<u>\$ 9,530,804</u>

The accompanying notes are an integral part of these financial statements.

LIFEWISE ACADEMY, INC.

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 4,378,561
Adjustments to reconcile the change in net assets to net cash provided by operating activities:	
Depreciation expense	231,914
Donated assets	137,888
Net realized and unrealized (gains) on investments	(48,922)
Increase (decrease) in operating liabilities:	
Payroll withholdings	(76,588)
Net cash provided by operating activities	<u>4,622,853</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Payments for the purchase of property and equipment	(1,170,422)
Payments for the purchase of investments	(3,278,199)
Proceeds from the sale of investments	2,055,470
Net cash used in investing activities	<u>(2,393,151)</u>
CASH FLOW FROM FINANCING ACTIVITIES:	
Payments on mortgage payable	(5,488)
Net cash used in financing activities	<u>(5,488)</u>
Net increase in cash	<u>2,224,214</u>
CASH AND CASH EQUIVALENTS, beginning of the year	2,788,639
CASH AND CASH EQUIVALENTS, end of the year	<u>\$ 5,012,853</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	<u>\$ 4,482</u>

The accompanying notes are an integral part of these financial statements.

LIFEWISE ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

LifeWise, Inc. (the Organization) is a non-profit organization that began operations in 2011 and incorporated under the laws of the state of Ohio. The Organization assists youth, youth organizations, schools, communities, and churches by providing seminars, educational materials, inspirational and motivational materials, books, released-time religious instruction, and other programs to help youth reach their full potential. LifeWise, Inc. serves more than six dozen school districts in Ohio, Indiana, Pennsylvania, and Iowa.

Method of Accounting

The Organization's policy is to prepare its financial statements on a modified cash basis that includes recording of depreciation on property and equipment, liabilities for the acquisition of property and equipment, and payroll taxes withheld. Under this basis, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when the related liability is incurred. Consequently, accounts receivable, accounts payable, and accrued expenses, other than those mentioned above, are not included in the financial statements. If an expenditure results in the acquisition of an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated over the estimated useful life of the asset.

Use of Management Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Financial Statement Presentation

The financial statements have been prepared in accordance with principles that require the Organization to report the changes in, and totals of each net asset class based on the existence of donor restrictions, as applicable. Net assets and changes therein are classified as with or without donor restrictions, and are detailed as follows:

Net Assets Without Donor Restriction – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of revenue, expenses, and changes in net assets as net assets released from restrictions.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents.

LIFEWISE ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost if purchased and at fair value if donated, less accumulated depreciation. Depreciation is calculated using the straight-line method between five and thirty nine-year estimated useful lives of the underlying assets. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation are eliminated from the accounts and any resulting gain or loss is reflected in revenues, gains, and support. Depreciation expense was \$231,914 for the year ended June 30, 2023.

Revenue and Support Recognition

The Organization's revenue and support recognition policies are as follows:

Contributions

Contributions are recorded as revenue in the year the cash is received.

Program Revenue

Program revenue consists of amounts derived from performance fees and merchandise sales and are recognized when payment is received.

Investment Income

Investment income consists of dividends, interest, and realized and unrealized gains/losses and is recognized when received. See Note 5 regarding income from investments in marketable securities.

Other Revenue

Other revenue consists of income from various rewards programs and other miscellaneous income and is recognized when received.

Allocation of Functional Expenses

Conditions are set under which the Organization allocates costs to program services, management and general and fundraising classifications. Cost allocation occurs whenever costs are associated with more than one activity, and can be attributed to each activity specifically. Costs have been allocated based on estimated or actual amounts.

Advertising and Promotion

The Organization expenses advertising and promotion costs as they are paid. These expenses totaled \$362,123 for the year ended June 30, 2023.

Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, certain business activities of the Organization may be subject to Federal income taxes. Since the Organization did not have any such activities for the year ended June 30, 2023 no provision for Federal, state, or local income taxes was necessary.

LIFEWISE ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued)

The Organization is required to evaluate the level of uncertainty related to whether tax positions taken on the modified cash basis of reporting will be sustained upon examination. Any positions taken that do not meet the more-likely-than-not threshold must be quantified and recorded as a liability for unrecognized tax benefits in the accompanying statements of assets, liabilities and changes in net assets- modified cash basis along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Management believes that none of the tax positions taken would materially impact the financial statements and no such liabilities have been recorded.

Related Parties

Related parties exist when an entity has the ability to significantly influence the management or operating policies of another entity.

Subsequent Events

The Organization has evaluated subsequent events through January 22, 2024, the date on which the financial statements were available to be issued. Management has determined that there were no subsequent events requiring disclosure.

NOTE 2: RISKS AND UNCERTAINTIES

Uninsured Risk – Cash Deposits

The Organization maintains its cash and cash equivalents balances in financial institutions located in Ohio. Deposits in interest-bearing and non-interest-bearing accounts are collectively insured by the Federal Deposit Insurance Corporation (FDIC) up to a coverage limit of \$250,000 at each FDIC-insured depository institution. As a result, the Organization may have balances that exceed the insured limit.

Market Risk – Investments

The Organization's investment portfolio consists of various fixed income and equity securities. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

LIFEWISE ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	2023
Land	\$ 39,600
Buildings	125,600
Building improvements	117,020
Modular buildings	78,755
Vehicles	1,410,892
Property and equipment, at cost	1,771,867
Less: accumulated depreciation	(310,168)
Property and equipment, net	<u>\$ 1,461,699</u>

NOTE 4: OPERATING LEASES

On June 1, 2022, the Organization entered into a three-year non-cancelable operating lease agreement that became effective June 1, 2022 and runs through May 31, 2025. The lease includes a renewal option of an additional three-to-five-year term. The future minimum operating lease payments reflect this understanding. The Organization also leases various other spaces in churches and schools on an as needed basis. Rent expense totaled \$98,579 for the year ended June 30, 2023.

Future minimum operating lease payments under non-cancelable lease agreements with original terms in excess of one year are as follows for June 30, 2023:

Years Ended	Amount
2024	\$ 45,975
2025	46,763
2026	46,462
2027	47,813
2028	49,163
Total	<u>\$ 236,176</u>

NOTE 5: INVESTMENTS IN MARKETABLE SECURITIES

Investment in marketable securities and mutual funds held by the Organization consist of the following as of June 30:

	Cost	Net Unrealized Gains/(Losses)	Fair Value
Treasury bills	\$ 1,016,758	\$ 657	\$ 1,017,415
Bonds	21,394	(456)	20,938
Equities	135,015	2,567	137,582
Exchange traded funds	91,316	4,400	95,716
Total investments	<u>\$ 1,264,483</u>	<u>\$ 7,168</u>	<u>\$ 1,271,651</u>

LIFEWISE ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: FAIR VALUE MEASUREMENTS

Investments are measured at fair value based on level 1, 2, or 3 inputs. Accounting principles established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. The assets listed at fair value are displayed on the statement of assets, liabilities, and net assets – modified cash basis as “investments, at fair value” and include the following:

Exchange traded funds: Valued at the net asset value (“NAV”) of shares held by the Organization at year end.

Bonds, equities, and treasury bills: Valued at the closing price reported on the active market on which the individual securities are traded.

All of the Organization's financial instruments measured at fair value consist of assets which are valued using Level 1 inputs as of June 30, 2023.

LIFEWISE ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: MORTGAGE PAYABLE

Mortgage payable is as follows at June 30:

	<u>2023</u>
Mortgage payable to The Citizens National Bank of Bluffton, payable in 120 monthly installments of \$802, including interest at a rate of 4.6% increasing based on the weekly average yield on U.S. Treasury securities every five years beginning June 10, 2021. The note began June 2016; and is being amortized over a 20-year term with payments being made over a 10-year term with a final payment of any outstanding principal and accrued interest. The mortgage is secured by first position on all business assets.	\$ 94,323
Less: current portion	(5,389)
	<u>\$ 88,934</u>

The following are maturities of long-term debt for each year through maturity as of June 30, 2023:

<u>For the years ended June 30</u>	<u>Amount</u>
2024	\$ 5,389
2025	5,643
2026	<u>83,291</u>
Total	<u>\$ 94,323</u>

NOTE 8: RELATED PARTY TRANSACTIONS

The Organization has an agreement to provide services to an affiliated 501(c)(3) organization. Under this agreement, the Organization provides all necessary business services in exchange for recording 100% of performance fees by performers employed by the Organization and 20% of performance fees by performers not employed by the Organization. During the year ended June 30, 2023, total revenue from performance fees was \$513,883.

The Organization utilizes the professional services of a Board member. During the year ended June 30, 2023, total expenses of \$31,667 are recognized on the statement of revenues, expenses, and change in net assets – modified cash basis.

NOTE 9: LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of the statement of assets, liabilities and net assets – modified cash basis date, reduced by amounts not available for general use within one year of June 30, 2023 because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside by the Board for growth and sustainability of the Organization that could be drawn upon if the Board approves the action.

LIFEWISE ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

The Organization's financial assets available within one year of the statement of assets, liabilities and net assets – modified cash basis date for general expenditure are as follows:

Financial Assets:	
Cash and cash equivalents	\$ 5,012,853
Investments in marketable securities	<u>1,271,651</u>
Financial Assets, at year-end	6,284,504
Less those unavailable for general expenditure within one year	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,284,504</u>

Liquidity Policy

As part of the Organization's liquidity management, it maintains a sufficient level of operating cash and short-term investments to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 10: RETIREMENT PLAN

The Organization has established a 403(b) plan, which covers substantially all of its employees. Subject to regulatory restrictions, eligible employees may elect to defer receipt of a portion of their annual wages for a contribution to the 403(b) plan. Employee contributions vest upon deferral. The Organization contributes 100% of employee elected deferrals that do not to exceed 5% of an employee's compensation. The matching contribution immediately vests. The Organization contributed \$103,432 for the plan year ended June 30, 2023.



January 22, 2024

To the Board of Directors
Lifewise Academy, Inc.
Hilliard, Ohio

We are pleased to present this report related to our audit of the financial statements of Lifewise Academy, Inc. (the "Organization") for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Organization's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Organization.

Rea & Associates, Inc.

TABLE OF CONTENTS

	<u>PAGE</u>
Required Communications	1-3
Significant Written Communications Between Management and our Firm	4-7

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities with Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated October 18, 2023. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.

Accounting Policies and Practices

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Organization. The Organization did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. Estimates significant to the financial statements include the following along with management's description of the process utilized in forming the estimates:

- Allocation of expenses – Certain costs are allocated to more than one activity based on estimated or actual amounts.

The Board of Directors may wish to monitor the process used to compute and record these accounting estimates throughout the year.

Audit Adjustments

There were 11 audit adjustments made to the original trial balances presented to us to begin our audit. These entries have been provided to management under separate cover. Any other adjustments posted to the original trial balances provided were either related to bookkeeping assistance provided by Rea & Associates, Inc. or adjustments provided by management.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the audited financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the Organization.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed with management or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management relating to the performance of the audit.

Difficult or Contentious Matters that Required Consultation

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Shared Responsibilities for Independence

The American Institute of Certified Public Accountants (AICPA) regularly emphasizes that auditor independence is a joint responsibility and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with AICPA independence rules. For Rea and Associates, Inc. (Rea) to fulfill its professional responsibility to maintain and monitor independence, management, Board of Directors, and Rea each play an important role.

Our Responsibilities

- AICPA rules require independence both of mind and in appearance when providing audit and other attestation services. Rea is to ensure that the AICPA's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality control over compliance with independence rules and firm policies.

The Organization's Responsibilities

- Timely inform Rea, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, officers, or person in financial reporting oversight roles.
 - Change in corporate structure impacting affiliates such as add-on acquisitions or exits.
- Provide necessary affiliate information such as new or updated investment structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the Organization and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with Rea.
- Not entering into relationships resulting in Rea, Rea covered persons or their close family members, temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting oversight role at the Organization.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to be of service to Lifewise Academy, Inc.

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

Rea & Associates, Inc.



January 22, 2024

Rea & Associates, Inc.
5400 Frantz Road, Suite 200
Dublin, Ohio 43016

This representation letter is provided in connection with your audit of the financial statements of Lifewise, Inc. (the "Organization"), which comprise the statement of assets, liabilities and net assets on a modified cash basis as of June 30, 2023, and the related statements of revenue, expenses, and changes in net assets, cash flows, and functional expenses, on a modified cash basis, for the year ended June 30, 2023, and the related notes to the financial statements for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than the accounting principles general accepted in the United States of America.

We confirm, to the best of our knowledge and belief, that as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated October 18, 2023, for the preparation and fair presentation of the financial statements referred to above in accordance with the modified cash basis of accounting as described in Note 1 to the financial statements.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the modified cash basis of accounting.
6. All events subsequent to the date of the financial statements, and for which the modified cash basis of accounting requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with the modified cash basis of accounting.
8. We have no knowledge of any uncorrected misstatements in the financial misstatements.

9. We have designated an individual with sufficient skills, knowledge and experience to oversee the financial statement preparation process, and any other non-attest services, and take responsibility for the results of these services. This individual performed a detailed review of the financial statements, consisting of the following procedures:

- a. Reconciliation of the Organization's accounting records to the financial statements.
- b. Review and approval of all journal entries proposed by you, if applicable, including the review of supporting documentation and explanations.
- c. Review of the adequacy of financial statement disclosures.
- d. Review and approval of schedules and calculations supporting the amounts included in the notes to the financial statements.
- e. Applying analytical procedures to the financial statements.

Information Provided

10. We have provided you with:

- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
- b. Additional information that you have requested from us for the purpose of the audit;
- c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
- d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

11. All transactions have been recorded in the accounting records and are reflected in the financial statements.

12. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

13. We have disclosed to you all information that we are aware of regarding allegations of fraud or suspected fraud affecting the entity's financial statements involving:

- a. Management.
- b. Employees who have significant roles in internal control.
- c. Others where the fraud could have a material effect on the financial statements.

14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements received in communications from employees, former employees, regulators or others.

15. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements. Additionally, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

16. We are not aware of any pending or threatened litigation and claims whose effects were considered when preparing the financial statements, and we have not consulted legal counsel concerning litigation or claims.

17. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.

18. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Organization's ability to record, process, summarize and report financial data.

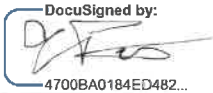
19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

21. With respect to the non-audit services performed in the course of the audit, including assistance with the preparation of the financial statements and footnotes:

- a. We have made all management decisions and performed all management functions;
- b. We assigned an appropriate individual to oversee the services;
- c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
- d. We have accepted responsibility for the results of the services; and
- e. We have accepted responsibility for all significant judgments and decisions that were made.

LifeWise, Inc.

DocuSigned by:

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1/23/2024

Joel Penton, CEO

DocuSigned by:

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1/23/2024

Steve Clifton, COO

January 22, 2024

Management and the Board of Directors
LifeWise Academy, Inc.
Hilliard, Ohio

In planning and performing our audit of the financial statements of LifeWise Academy, Inc. (the Organization) as of June 30, 2023 and for the year then ended, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Control Deficiency

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a control deficiency.

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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Vehicle Valuation

A control deficiency was discovered during the testing of the vehicle asset account.

1. During review and testing of the vehicle account, it was noted that a significant number of vehicles were recorded at \$500 which was inaccurate based on vehicle type and the repairs and upgrades performed.
2. Significant challenges were encountered when reconciling Salesforce to QuickBooks and in some instances support documentation was difficult to obtain.
3. Vehicles were not being depreciated during the year. An entry should be made each month to record depreciation for all fixed assets.

Recommendation

We recommend that special consideration be given to three control activities during the recording of purchased and donated vehicles and depreciation of vehicles.

1. When a vehicle is purchased, all supporting purchase documentation should be kept in easily identifiable location. Vehicles should be recorded within Salesforce and QuickBooks at the cost of purchase or, if donated, at their fair market value. Reconciliations of Salesforce to QuickBooks should be done on a regular basis. Vehicle values should be recorded at cost when purchased or donated.
2. Any additional capitalized costs incurred when preparing the vehicle for use should be accounted for as well.
3. Purchase dates should be recorded accurately as the date the vehicle is in the possession of LifeWise Academy, Inc.
4. Vehicles should be depreciated over its useful life and begin on the date it is placed in service.

Recommendations to Management

We also have the following recommendations to provide management for the efficient operating of the Organization:

Segregation of Duties

Segregation of duties is the practice of dividing key tasks and responsibilities among different individuals within an organization. This prevents any one person holding too much responsibility, and therefore excess control, over critical processes. Segregation of duties can help reduce the risk of errors, fraud, and misuse of powers.

Internal Fund Accounting

Explore potential other ways to accomplish internal fund accounting without using various trial balance accounts to manage the process. By using trial balance accounts, this can lead to errors with unnecessary additional trial balance accounts. Potentially explore the class function within to better organize fund accounting.

Necessity of Documented Accounting Policies

A formal accounting policy document can hold many benefits for an organization. Benefits include the following:

1. Clear and concise documentation will ensure accounting practices are applied consistently across the Organization. At LifeWise, there are many Program Centers reporting directly to the Support Center. A clear and concise document would ensure that each Program Center is given the same instructions and reports in the same manner.
2. Transparency will allow accounting process to be easy to understand and will hold employees accountable for tasks they perform.
3. Training and onboarding will become easier as new recruits can simply read a manual and have a basic understanding of accounting processes before training begins. If all new employees follow the same manual in use by current employees, all employees will follow the same process.
4. Risks of errors, fraud, or misuse of financial information can be mitigated because all employees will follow a process that prohibits these things from occurring.
5. A clear accounting manual can be shared with the Board. The Board of Directors can read the accounting manual to understand processes and better understand the financial reports they are provided. This can allow additional oversight and analyzation of the steps that were taken to create those financial statements.

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

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio

DRAFT

Year End: June 30, 2023

Trial Balance

Account	Prelim	Adj's	Reclass	Rep	Annotation	Rep 06/22	%Chg
6230 Interest Finance Chg	0.00	0.00	0.00	0.00		(278.14)	(100)
*** Unassigned Accounts ***	0.00	0.00	0.00	0.00		(278.14)	(100)
1110 SFT Checking 4572	99,792.84	0.00	0.00	99,792.84		2,372,178.96	(96)
1115 HNB Operating 7423	1,017,430.01	0.00	0.00	1,017,430.01		0.00	0
1120 AB Checking 4982	49,377.56	0.00	0.00	49,377.56		18,701.03	164
1130 BH Checking 8621	44,807.26	0.00	0.00	44,807.26		3,694.65	1113
1160 TT Checking 3701	0.00	0.00	0.00	0.00		4,361.00	(100)
1170 10T Checking 3532	5,000.00	0.00	0.00	5,000.00		5,000.00	0
1180 LWA Checking 2702	5,000.00	0.00	0.00	5,000.00		300,000.00	(98)
1181 LWA Defiance Cking 3602	14,551.12	0.00	0.00	14,551.12		14,551.12	0
1182 LWA Riverview Cking 5389	0.00	0.00	0.00	0.00		5,000.00	(100)
1187 LWA Van Wert Cking 9387	0.00	0.00	0.00	0.00		5,000.00	(100)
1188 LWA Wayne Trace 2037	0.00	0.00	0.00	0.00		5,000.00	(100)
1189 LWA Tara Schwartz 5865	0.00	0.00	0.00	0.00		5,000.00	(100)
1193 LW Defiance Area 2921	0.00	0.00	0.00	0.00		5,431.00	(100)
1194 LW Pandora 2939	0.00	0.00	0.00	0.00		5,000.00	(100)
1196 LWA Napoleon 8009	0.00	0.00	0.00	0.00		5,000.00	(100)
1199 Lockbox	5,350.00	0.00	0.00	5,350.00		34,146.00	(84)
1200 Alt Giving	5,000.00	0.00	0.00	5,000.00		0.00	0
1201 Alternative Giving	15,475.44	0.00	0.00	15,475.44		0.00	0
1202 AB Checking 3949	45,243.00	0.00	0.00	45,243.00		0.00	0
1203 Primary Operations & Lockbox	58,728.34	0.00	0.00	58,728.34		0.00	0
1260 Clover MMkt	(570.00)	0.00	0.00	(570.00)		(570.00)	0
1270 SC PayPal MMkt	22.50	0.00	0.00	22.50		0.00	0
1275 HNB Money Market 7481	3,465,363.45	0.00	0.00	3,465,363.45		0.00	0
1276 HNB LTI Money Market 7588	145,509.89	0.00	0.00	145,509.89		0.00	0
1280 AB PayPal MMkt	1,118.40	0.00	0.00	1,118.40		618.31	81
1310 SC Cash	299.89	0.00	0.00	299.89		299.89	0
1399 Bill.com Clearing	29,928.36	0.00	0.00	29,928.36		227.00	13084
1.1.100 Cash and Cash Equivalents	5,007,428.06	0.00	0.00	5,007,428.06		2,788,638.96	80
REA001 Cash from Investments	0.00	0.00	5,418.31	5,418.31		0.00	0
1.1.100.106 Cash and Cash Equivalents, Operating	0.00	0.00	5,418.31	5,418.31		0.00	0
1232 Schwab - Cash Act (302)	256,621.94	0.00	(3,386.58)	253,235.36		0.00	0
1239 Schwab - Cash Act (259)	1,019,446.37	0.00	(2,031.73)	1,017,414.64		0.00	0
1612 Schwab - Investment Act Donor Recpts (1259)	1,000.00	0.00	0.00	1,000.00		0.00	0
1.1.200 Investments - Short-term	1,277,068.31	0.00	(5,418.31)	1,271,650.00		0.00	0
1710 Due From/To SII	10,728.16	(10,728.16)	0.00	0.00		10,728.16	(100)
1900 Vehicle Receivable	90,652.24	0.00	0.00	90,652.24		59,750.85	52
1.1.300 Accounts Receivable, Net	101,380.40	(10,728.16)	0.00	90,652.24		70,479.01	29
1700 Due From/To Employees	1,107.45	(1,107.45)	0.00	0.00		1,107.45	(100)
1.1.300.306 Employee Receivable	1,107.45	(1,107.45)	0.00	0.00		1,107.45	(100)
1790 Payroll Asset	7.51	0.00	0.00	7.51		0.00	0
1.1.900.906 Other Current Assets	7.51	0.00	0.00	7.51		0.00	0
1600 NCF Investment Fund	0.00	0.00	0.00	0.00		0.01	(100)
1601 NCF Investments - Program Fund	996,970.95	(996,970.00)	0.00	0.95		0.00	0
1.2.200 Investments, Long-term	996,970.95	(996,970.00)	0.00	0.95		0.01	9400
1800 Land	39,600.00	0.00	0.00	39,600.00		39,600.00	0
1.2.500.100.106 Land	39,600.00	0.00	0.00	39,600.00		39,600.00	0
1811 Real Property:Buildings Acquisition	125,600.00	0.00	0.00	125,600.00		125,600.00	0
1812 Real Property:Building Improvements	117,019.87	0.00	0.00	117,019.87		112,369.87	4
1820 Modular Buildings	78,657.00	0.00	0.00	78,657.00		78,657.00	0
1.2.500.100.206 Buildings and Improvements	321,276.87	0.00	0.00	321,276.87		316,626.87	1

Year End: June 30, 2023

Trial Balance

Account	Prelim	Adj's	Reclass	Rep	Annotation	Rep 06/22 %Chg
1830 Equipment	97.80	0.00	0.00	97.80		97.80 0
1.2.500.100.306 Machinery and Equipment	97.80	0.00	0.00	97.80		97.80 0
1840 Vehicles	1,374,391.52	36,500.47	0.00	1,410,891.99		383,008.25 268
1.2.500.100.406 Vehicles	1,374,391.52	36,500.47	0.00	1,410,891.99		383,008.25 268
1819 Real Property:Real Property A/D	(22,441.22)	(6,336.03)	0.00	(28,777.25)		(22,441.22) 28
1829 Modular Buildings:Modular Buildings A/D	(26,607.72)	(11,236.72)	0.00	(37,844.44)		(26,607.72) 42
1.2.500.500.206 Buildings and Improvements - Accum Depre	(49,048.94)	(17,572.75)	0.00	(66,621.69)		(49,048.94) 36
1839 Equipment:Equipment A/D	(21.60)	(19.60)	0.00	(41.20)		(21.60) 91
1.2.500.500.306 Machinery and Equipment - Accum Depreci	(21.60)	(19.60)	0.00	(41.20)		(21.60) 91
1849 Vehicles:Vehicles A/D	(29,183.95)	(214,321.46)	0.00	(243,505.41)		(29,183.95) 734
1.2.500.500.406 Vehicles - Accum Depreciation	(29,183.95)	(214,321.46)	0.00	(243,505.41)		(29,183.95) 734
2110 Divvy GL Account	(50,504.37)	50,504.37	0.00	0.00		(20,222.50) (100)
2.1.200 Accounts Payable	(50,504.37)	50,504.37	0.00	0.00		(20,222.50) (100)
2100 Accounts Payable (A/P)	(278.00)	278.00	0.00	0.00		(13,239.42) (100)
2.1.200.106 Trade Accounts Payable	(278.00)	278.00	0.00	0.00		(13,239.42) (100)
2210 Payroll Tax Payable	(6,521.39)	6,521.39	0.00	0.00		(6,521.39) (100)
2240 SUTA/WC Payable	(827.12)	827.00	0.00	(0.12)		(827.84) (100)
2.1.300.106 Accrued Payroll and Payroll Taxes	(7,348.51)	7,348.39	0.00	(0.12)		(7,349.23) (100)
2211 Health Benefits Payable:FSA Payable	(12,183.00)	12,183.00	0.00	0.00		(6,439.00) (100)
2220 Health Benefits Payable	17,335.68	(17,335.68)	0.00	0.00		(47,626.18) (100)
2230 Retirement Benefits Payable	(3,965.95)	3,965.95	0.00	0.00		(13,196.45) (100)
2.1.300.306 Accrued Employee Benefits	1,186.73	(1,186.73)	0.00	0.00		(67,261.63) (100)
2300 Grants Amortizable	4,418.26	(1,415.08)	0.00	3,003.18		4,418.26 (32)
2.1.650 Deferred Revenue, Current	4,418.26	(1,415.08)	0.00	3,003.18		4,418.26 (32)
2499 Unclassified Income	(3,003.18)	0.00	0.00	(3,003.18)		(3,003.18) 0
2.1.650.106 Deferred Revenue	(3,003.18)	0.00	0.00	(3,003.18)		(3,003.18) 0
2500 SC Office Mortgage	(103,911.47)	9,588.00	0.00	(94,323.47)		(99,811.01) (5)
2.2.100.106 Mortgage Payable	(103,911.47)	9,588.00	0.00	(94,323.47)		(99,811.01) (5)
2600 Vehicle Payables	(90,652.24)	0.00	0.00	(90,652.24)		(59,750.85) 52
2.2.100.906 Other Long Term Debt	(90,652.24)	0.00	0.00	(90,652.24)		(59,750.85) 52
3000 Unrestricted Net Assets	(225,544.26)	0.00	45,292.01	(180,252.25)		(225,544.26) (20)
3500 Interfund Transfers	3,087.14	0.00	0.00	3,087.14		3,087.14 0
3999 Retained Earnings	(3,305,372.25)	209,216.48	0.00	(3,096,155.77)		(1,462,853.09) 112
3.2.106 Net Assets Without Donor Restrictions	(3,527,829.37)	209,216.48	45,292.01	(3,273,320.88)		(1,685,310.21) 94
3100 Restricted Net Assets	1,850.01	0.00	(1,850.01)	0.00		1,850.01 (100)
3200 Designated Net Assets	43,442.00	0.00	(43,442.00)	0.00		43,442.00 (100)
3.2.206.100 Net Assets With Donor Restrictions - Purpose	45,292.01	0.00	(45,292.01)	0.00		45,292.01 (100)
4210 Performance Fees External	(513,882.50)	0.00	0.00	(513,882.50)		(480,226.26) 7
4420 Merchandise Sales Inc	(36,611.46)	0.00	0.00	(36,611.46)		(18,127.78) 102
4500 Services Income	0.00	0.00	0.00	0.00		3,937.50 (100)
4510 Uncategorized Income	0.00	0.00	0.00	0.00		(18.97) (100)
4520 Processing Fees Income	0.00	0.00	0.00	0.00		26.58 (100)
4.1.100 Revenue	(550,493.96)	0.00	0.00	(550,493.96)		(494,408.93) 11
4010 AMP	(3,048,251.56)	0.00	0.00	(3,048,251.56)		(1,823,719.70) 67
4020 Other Donations	(10,062,140.18)	0.00	0.00	(10,062,140.18)		(3,942,638.44) 155
4030 Donated Securities	(11,246.13)	0.00	0.00	(11,246.13)		0.00 0

1/29/2024

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Year End: June 30, 2023
 Trial Balance

Account	Prelim	Adj's	Reclass	Rep	Annotation	Rep 06/22 %Chg
4060 NCF Direct Donations	(331,456.25)	331,456.25	0.00	0.00		(290,504.69) (100)
4070 Donations Exempt from NCF	(11,000.00)	0.00	0.00	(11,000.00)		(13,300.00) (17)
4.1.100.506 Contributions	(13,464,094.12)	331,456.25	0.00	(13,132,637.87)		(6,070,162.83) 116
4080 In-Kind Contributions	(110,387.09)	(27,500.47)	0.00	(137,887.56)		0.00 0
4.1.100.506.600 In-Kind Contributions	(110,387.09)	(27,500.47)	0.00	(137,887.56)		0.00 0
4440 Royalties (Revenue)	(1,410.70)	0.00	0.00	(1,410.70)		(466.57) 202
4445 Divvy Rewards	(20,766.99)	0.00	0.00	(20,766.99)		(3,488.00) 495
4460 G/L on Sales of Assets	(500.00)	0.00	0.00	(500.00)		(540.00) (7)
4480 Dividend/Capital Gain Income	(3,318.83)	0.00	0.00	(3,318.83)		0.00 0
4590 Other Misc Income	(111.35)	1,415.08	(14,730.00)	(13,426.27)		(6,442.08) 382
4.1.900 Other Revenue	(26,107.87)	1,415.08	(14,730.00)	(39,422.79)		(4,501.01) 776
4490 Interest Income	(23,442.62)	0.00	0.00	(23,442.62)		0.00 0
8060 Investment Income	(94,506.27)	0.00	69,027.00	(25,479.27)		46,516.42 (155)
4.2.106 Interest and Dividend Income	(117,948.89)	0.00	69,027.00	(48,921.89)		46,516.42 (205)
5810 Exec Compensation	41,276.33	0.00	0.00	41,276.33		44,951.10 (8)
5820 Staff Compensation	4,786,517.60	0.00	0.00	4,786,517.60		2,161,139.74 121
5830 Housing Allowance	291,987.53	0.00	0.00	291,987.53		206,962.64 41
5840 Payroll Bonus	63,855.38	0.00	0.00	63,855.38		43,231.44 48
5900 Other Payroll Costs	49,224.08	0.00	0.00	49,224.08		36,251.67 36
5910 Contract Labor/Stipends	90,866.55	0.00	0.00	90,866.55		116,350.05 (22)
5.2.106.100 Salaries	5,323,727.47	0.00	0.00	5,323,727.47		2,608,886.64 104
5850 Payroll Tax	337,774.31	(6,161.66)	0.00	331,612.65		143,547.95 131
5860 SUTA & WC	66,660.60	0.00	0.00	66,660.60		29,399.54 127
5870 Health Benefits	39,914.54	0.00	0.00	39,914.54		67,879.62 (41)
5880 Retirement Benefits	103,432.09	0.00	0.00	103,432.09		46,398.12 123
5890 Other Benefits	362.48	0.00	0.00	362.48		(3,911.98) (109)
5.2.106.110 Payroll Taxes & Benefits	548,144.02	(6,161.66)	0.00	541,982.36		283,313.25 91
6440 Depreciation Expense	0.00	231,913.81	0.00	231,913.81		42,124.49 451
5.2.106.140 Depreciation	0.00	231,913.81	0.00	231,913.81		42,124.49 451
6410 Building Insurance	15,985.19	0.00	0.00	15,985.19		12,114.25 32
6450 Furniture/Furnishings/Fixtures	75,848.37	0.00	0.00	75,848.37		31,856.28 138
6460 Janitorial Services	6,941.80	0.00	0.00	6,941.80		663.91 946
6490 Mortgage Interest	4,100.46	0.00	0.00	4,100.46		4,701.78 (13)
6500 Mortgage Principal	9,588.00	(9,588.00)	0.00	0.00		0.00 0
6510 Real Estate Taxes	6,499.81	0.00	0.00	6,499.81		6,422.46 1
5.2.106.160 Occupancy	118,963.83	(9,588.00)	0.00	109,375.83		55,758.68 96
5230 Facility Rental	98,578.98	0.00	0.00	98,578.98		47,723.35 107
5.2.106.180 Facilities Rent	98,578.98	0.00	0.00	98,578.98		47,723.35 107
6250 Internet	6,158.48	0.00	0.00	6,158.48		3,634.20 69
6530 Utilities	13,848.70	0.00	0.00	13,848.70		8,749.04 58
5.2.106.190 Utilities	20,007.18	0.00	0.00	20,007.18		12,383.24 62
6320 Professional Fees	228,062.94	0.00	(106,940.48)	121,122.46		149,433.22 (19)
5.2.106.200 Professional Fees	228,062.94	0.00	(106,940.48)	121,122.46		149,433.22 (19)
5010 Airfare	20,988.38	0.00	0.00	20,988.38		4,684.51 348
5020 Gasoline	85,945.21	0.00	0.00	85,945.21		46,711.64 84
5030 Hotel/Lodging	43,414.63	0.00	0.00	43,414.63		21,392.70 103
5040 Other Travel	92,660.43	0.00	0.00	92,660.43		37,103.02 150
5050 Rental Car	11,202.55	0.00	0.00	11,202.55		8,982.43 25
5060 Travel Food	7,908.77	0.00	0.00	7,908.77		5,850.37 35
5070 Travel/RV House Equipment	4,663.91	0.00	0.00	4,663.91		42,911.73 (89)
5.2.106.240 Travel Expenses	266,783.88	0.00	0.00	266,783.88		167,636.40 59

Year End: June 30, 2023

Trial Balance

Account	Prelim	Adj's	Reclass	Rep	Annotation	Rep 06/22	%Chg
5260 Equipment Repair & Maint	1,057.19	0.00	0.00	1,057.19		1,328.19	(20)
6420 Building Maintenance	204,199.66	0.00	0.00	204,199.66		47,483.59	330
5.2.106.250 Repairs & Maintenance	205,256.85	0.00	0.00	205,256.85		48,811.78	321
5610 Classroom Supplies	329,510.28	0.00	0.00	329,510.28		127,604.13	158
5611 Curriculum	8,000.00	0.00	0.00	8,000.00		0.00	0
5630 Merchandise Expense	61,526.94	0.00	0.00	61,526.94		55,769.80	10
5640 Music Projects	1,000.00	0.00	0.00	1,000.00		9,500.00	(89)
6280 Office Supplies	40,712.32	0.00	0.00	40,712.32		11,334.34	259
6470 Janitorial Supplies/Tools	2,002.37	0.00	0.00	2,002.37		1,637.36	22
6480 Maintenance Tools/Supplies	3,029.86	0.00	0.00	3,029.86		6,533.16	(54)
5.2.106.260 Supplies & Merchandise	445,781.77	0.00	0.00	445,781.77		212,378.79	110
6330 Telephone	2,210.41	0.00	0.00	2,210.41		860.17	157
5.2.106.270 Telephone & Communication	2,210.41	0.00	0.00	2,210.41		860.17	157
6210 Bank Fees Service Chgs	16,795.10	0.00	0.00	16,795.10		2,081.96	707
6220 Donation Processing Fees	48,824.43	0.00	0.00	48,824.43		25,456.07	92
6260 Liability Insurance	6,040.15	0.00	0.00	6,040.15		0.00	0
6270 Office Equipment	102,461.15	0.00	0.00	102,461.15		40,095.24	156
6290 Other Ministry Support / External Grants Issued	8,729.76	0.00	0.00	8,729.76		121,118.31	(93)
6300 PayPal Fee	712.27	0.00	0.00	712.27		42.50	1576
6340 NCF Fees	7,903.76	274,432.02	(18,296.96)	264,038.82		394,620.18	(33)
6345 Schwab Investment Fees	1,564.27	0.00	0.00	1,564.27		0.00	0
5.2.106.280 Finance	193,030.89	274,432.02	(18,296.96)	449,165.95		583,414.26	(23)
5920 Prof Development Team Building	4,051.30	0.00	0.00	4,051.30		3,159.34	28
5.2.106.290 Professional Development	4,051.30	0.00	0.00	4,051.30		3,159.34	28
5410 Dues, Fees & Subscriptions	58,218.42	(5,050.44)	0.00	53,167.98		17,824.65	198
5.2.106.300 Dues & Subscription	58,218.42	(5,050.44)	0.00	53,167.98		17,824.65	198
5460 Printing/Copying	101,906.16	(5,050.44)	0.00	96,855.72		49,360.59	96
5.2.106.310 Printing	101,906.16	(5,050.44)	0.00	96,855.72		49,360.59	96
6310 Postage & Shipping	31,111.78	0.00	0.00	31,111.78		14,917.09	109
5.2.106.320 Postage	31,111.78	0.00	0.00	31,111.78		14,917.09	109
6010 Concert Promo Materials	2,736.95	0.00	0.00	2,736.95		0.00	0
6020 Email Marketing	1,915.91	0.00	0.00	1,915.91		284.24	574
6030 Other Marketing	200,617.81	(5,050.44)	106,940.48	302,507.85		131,086.71	131
6040 PPC	2,092.65	0.00	0.00	2,092.65		5,005.24	(58)
6050 School Mailings	2,356.35	0.00	0.00	2,356.35		2,609.46	(10)
6060 SEO	5,217.08	0.00	0.00	5,217.08		4,797.00	9
6070 Support Marketing Materials	45,296.40	0.00	0.00	45,296.40		13,700.23	231
5.2.106.340 Advertising & Public Relations	260,233.15	(5,050.44)	106,940.48	362,123.19		157,482.88	130
5210 Performance Clothing	537.48	0.00	0.00	537.48		0.00	0
5240 Performance Equipment	58,106.33	0.00	0.00	58,106.33		30,046.14	93
5250 Performance Multimedia	46,366.68	0.00	0.00	46,366.68		17,788.11	161
5.2.106.350 Programming	105,010.49	0.00	0.00	105,010.49		47,834.25	120
5420 Events Food	31,580.79	0.00	0.00	31,580.79		18,675.66	69
5430 Gifts & Appreciation	111,793.07	0.00	0.00	111,793.07		39,122.03	186
5440 Meals & Entertainment	41,601.34	0.00	0.00	41,601.34		35,129.07	18
5450 Other Operations Expense	496.65	11,835.61	0.00	12,332.26		18,448.15	(33)
5480 Special Events Expense	334,185.76	0.00	0.00	334,185.76		122,543.42	173
5.2.106.360 Operations	519,657.61	11,835.61	0.00	531,493.22		233,918.33	127
5660 Sales Tax	1,966.99	0.00	0.00	1,966.99		248.73	691
5.2.106.370 Sales Tax Expense	1,966.99	0.00	0.00	1,966.99		248.73	691

Year End: June 30, 2023
 Trial Balance

Account	Prelim	Adj's	Reclass	Rep	Annotation	Rep 06/22 %Chg
4050 Fund Transfer Received	(699,881.34)	0.00	0.00	(699,881.34)		(244,931.79) 186
8250 Fund Transfer Issued	900,913.97	0.00	0.00	900,913.97		279,931.79 222
5.2.106.390 Fund Transfer	201,032.63	0.00	0.00	201,032.63		35,000.00 474
8200 NCF Investment Fund Transfer	(87,278.07)	0.00	0.00	(87,278.07)		0.00 0
9999 Coding Questions	(7,061.92)	(5,050.44)	0.00	(12,112.36)		6,894.52 (276)
5.2.106.440 Other Expenses	(94,339.99)	(5,050.44)	0.00	(99,390.43)		6,894.52 (1542)
5080 Vehicle Insurance	48,034.25	0.00	0.00	48,034.25		17,426.28 176
5090 Vehicle Maintenance	134,101.65	(34,252.17)	0.00	99,849.48		124,902.89 (20)
5100 Vehicle Purchase	(181,587.25)	181,587.25	0.00	0.00		(124,287.25) (100)
5110 Vehicle Taxes/Licenses	25,464.73	0.00	0.00	25,464.73		5,855.75 335
5.2.106.470 Vehicles	28,013.38	147,335.08	0.00	173,348.46		23,897.67 625
6080 Website Development	59,011.65	0.00	0.00	59,011.65		819.02 7105
6240 Internal Software/Systems	200,166.06	(5,050.44)	0.00	195,115.62		108,687.03 80
5.2.106.480 Computers and Software	259,177.71	(5,050.44)	0.00	254,127.27		109,506.05 132
8005 Vehicle Financing Charge Rcvd	(4,772.07)	0.00	0.00	(4,772.07)		0.00 0
8010 Internal Admin Fee Rec'd	(254,474.82)	0.00	0.00	(254,474.82)		(197,692.87) 29
8015 Launch Fee Rcv'd	(167,500.00)	0.00	0.00	(167,500.00)		(112,500.00) 49
8016 Per Student Fee Rcv'd	(292,400.00)	0.00	14,730.00	(277,670.00)		(112,560.00) 147
8020 Booking Commission Rcvd	(179,235.00)	0.00	0.00	(179,235.00)		(163,657.00) 10
8030 Contract Processing Rcvd	(29,861.00)	0.00	0.00	(29,861.00)		(44,798.00) (33)
8040 Concert Perf Fees Rcvd	(73,376.17)	0.00	0.00	(73,376.17)		(38,826.18) 89
8050 New Group/Employee Development Rcvd	(47,500.00)	0.00	0.00	(47,500.00)		(16,900.00) 181
8061 NCF Investments Rcvd - National Fund	(77,824.76)	0.00	(50,730.04)	(128,554.80)		(54,905.95) 134
8105 Vehicle Financing Charge Paid	4,772.07	0.00	0.00	4,772.07		0.00 0
8110 Internal Admin Fee Paid	254,474.82	0.00	0.00	254,474.82		197,692.85 29
8115 Launch Fee Paid	167,500.00	0.00	0.00	167,500.00		112,500.00 49
8116 Per Student Fee Paid	277,420.00	0.00	0.00	277,420.00		112,560.00 146
8120 Booking Commission Paid	179,485.00	0.00	0.00	179,485.00		163,657.00 10
8130 Contract Processing Paid	29,861.00	0.00	0.00	29,861.00		44,798.00 (33)
8140 Concert Performance Fees Paid	73,376.17	0.00	0.00	73,376.17		33,826.20 117
8150 New Group/Employee Development Pd	47,500.00	0.00	0.00	47,500.00		16,900.00 181
8161 NCF Investments Paid - National Fund	128,554.80	0.00	0.00	128,554.80		54,905.97 134
6.1.200 Fund Transfer Accounts	36,000.04	0.00	(36,000.04)	0.00		(4,999.98) (100)
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>		<u>0.00</u> <u>0</u>
Net Income (Loss)	5,308,444.24			4,378,558.72		1,615,066.10 171

Year End: June 30, 2023
 Journal Entries: Adjusting
 Date: 6/30/2022 To 6/30/2023

Number	Date	Name	Account No	Reference	Debit	Credit	Net Income (Loss)	Amount Chg	Recurrence	Misstatement
Net Income (Loss) Before Adjustments										
							5,517,938.72			
AJE-01	6/30/2022	NCF Investments - Program Fund	1601			391,081.73				
AJE-01	6/30/2022	Vehicles	1840		181,587.25					
AJE-01	6/30/2022	Retained Earnings	3999							
AJE-01	6/30/2022	Other Misc Income	4590							
AJE-01	6/30/2022	Vehicle Purchase	5100			181,587.25				
AJE-01	6/30/2022	NCF Fees	6340		391,081.73					
Entry to roll prior year retained earnings.										
AJE-02	6/30/2023	Due From/To Employees	1700		572,668.98	572,668.98	5,308,444.24	(209,494.48)		
AJE-02	6/30/2023	Due From/To SII	1710			10,728.16				
AJE-02	6/30/2023	Other Operations Expense	5450		11,835.61					
Entry to remove due to/from related party accounts due to uncollectability.										
					11,835.61	11,835.61	5,296,608.63	(1,835.61)		
AJE-03	6/30/2023	Real Property: Real Property A/D	1819			6,336.03				
AJE-03	6/30/2023	Modular Buildings: Modular Buildings	1829			11,236.72				
AJE-03	6/30/2023	Equipment: Equipment A/D	1839			19.60				
AJE-03	6/30/2023	Vehicles: Vehicles A/D	1849			214,321.46				
AJE-03	6/30/2023	Depreciation Expense	6440		231,913.81					
Entry to record depreciation expense.										
					231,913.81	231,913.81	5,064,694.82	(231,913.81)		
AJE-04	6/30/2023	SC Office Mortgage	2500			9,588.00				
AJE-04	6/30/2023	Mortgage Principal	6500		9,588.00					
To move mortgage principal payments from expense to liability										
					9,588.00	9,588.00	5,074,282.82	9,588.00		
AJE-05	6/30/2023	Vehicles	1840			5502				
AJE-05	6/30/2023	Vehicle Maintenance	5090		9,000.00					
Entry to remove vehicle purchases and costs from an expense account to the										
					9,000.00	9,000.00				

Number	Date	Name	Account No	Reference	Debit	Credit	Net Income (Loss)	Amount Chg	Recurrence	Misstatement
		fixed asset vehicle account.			9,000.00	9,000.00	5,083,282.82	9,000.00		
PBCAJE-01	6/30/2023	Accounts Payable (A/P)	2100		278.00					
PBCAJE-01	6/30/2023	Payroll Tax Payable	2210		6,521.39					
PBCAJE-01	6/30/2023	Health Benefits Payable-FSA Payabl	2211		12,183.00					
PBCAJE-01	6/30/2023	Health Benefits Payable	2220			17,335.68				
PBCAJE-01	6/30/2023	Retirement Benefits Payable	2230		3,965.95					
PBCAJE-01	6/30/2023	SUTA/MWC Payable	2240		827.00					
PBCAJE-01	6/30/2023	Retained Earnings	3999			278.00				
PBCAJE-01	6/30/2023	Payroll Tax	5850			6,161.66				
		Entry to remove the accounts payable balance to present the financial statements on a modified cash basis.			23,775.34	23,775.34	5,089,444.48	6,161.66		Factual
PBCAJE-02	6/30/2023	Divvy/ GL Account	2110		50,504.37					
PBCAJE-02	6/30/2023	Vehicle Maintenance	5090			25,252.17				
PBCAJE-02	6/30/2023	Dues, Fees & Subscriptions	5410			5,050.44				
PBCAJE-02	6/30/2023	Printing/Copying	5460			5,050.44				
PBCAJE-02	6/30/2023	Other Marketing	6030			5,050.44				
PBCAJE-02	6/30/2023	Internal Software/Systems	6240			5,050.44				
PBCAJE-02	6/30/2023	Coding Questions	9999			5,050.44				
		Entry to remove Divvy liability account to present the financial statements on the modified cash basis.			50,504.37	50,504.37	5,139,948.85	50,504.37		Factual
PBCAJE-03	6/30/2023	NCF Investments - Program Fund	1601			996,970.00				
PBCAJE-03	6/30/2023	Retained Earnings	3999		391,081.73					
PBCAJE-03	6/30/2023	NCF Direct Donations	4060		331,456.25					
PBCAJE-03	6/30/2023	NCF Fees	6340		274,432.02					
		Entry to remove the balance in the NCF investment account for 2022 and 2023.			996,970.00	996,970.00	4,534,060.58	(605,888.27)		Factual
PBCAJE-04	6/30/2023	Retained Earnings	3999	5501		181,587.25				
PBCAJE-04	6/30/2023	Vehicle Purchase	5100	5501	181,587.25					
		Entry to clean up the vehicles account for adjusting entries made during				181,587.25				Factual

Year End: June 30, 2023
 Journal Entries: Adjusting
 Date: 6/30/2022 To 6/30/2023

Number	Date	Name	Account No	Reference	Debit	Credit	Net Income (Loss)	Amount Chg	Recurrence	Misstatement
		the year to correct the vehicles balance.								
PBCAJE-05	6/30/2023	Grants Amortizable	2300		181,587.25	181,587.25	4,352,473.33	(181,587.25)		
PBCAJE-05	6/30/2023	Other Misc Income	4590		1,415.08	1,415.08				Factual
		Entry to net grants amortizable and unclassified income accounts.								
					1,415.08	1,415.08	4,351,058.25	(1,415.08)		
PBCAJE-06	6/30/2023	Vehicles	1840		27,500.47					
PBCAJE-06	6/30/2023	In-Kind Contributions	4080	5502		27,500.47				
		Entry to record donated vehicles as donations.								
					27,500.47	27,500.47	4,378,558.72	27,500.47		Factual
					2,116,758.91	2,116,758.91	4,378,558.72	(1,139,380.00)		