

TRILLIUM ACADEMY
REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional information)
YEAR ENDED JUNE 30, 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Trillium Academy

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Trillium Academy (the Academy), as of and for the year ended June 30, 2011, which collectively comprise the Academy's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Trillium Academy's management. Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Trillium Academy as of June 30, 2011 and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Notes 1 and 14 to the financial statements, the Academy implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2011, on our consideration of Trillium Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages v through x and 24, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Trillium Academy's basic financial statements. The additional information on pages 26 through 27 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Manes Costeiran PC

October 24, 2011

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Trillium Academy’s (Academy) annual financial report presents our discussion and analysis of the public school Academy’s financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the Academy’s financial statements, which immediately follow this section.

Financial Highlights

- The Academy’s net assets increased by \$73,661 during the year.
- As compared to the prior year, revenues decreased by 1.24% while expenses increased by 1.58% percent. Blended enrollment used for state aid purposes was 722 in 2011 compared to 714 in 2010.
- The Academy retired \$140,809 in debt during the year.
- The Academy invested \$60,197 in capital assets during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management’s discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Academy:

- The first two statements are academy-wide *financial statements* that provide both short-term and long-term information about the Academy’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Academy, reporting the Academy’s operations in more detail than the academy-wide statements.
- The *governmental funds* statements tell how basic services like regular and special education were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Academy’s budget for the year. Figure A-1 shows how the various parts of the annual report are arranged and related to one another.

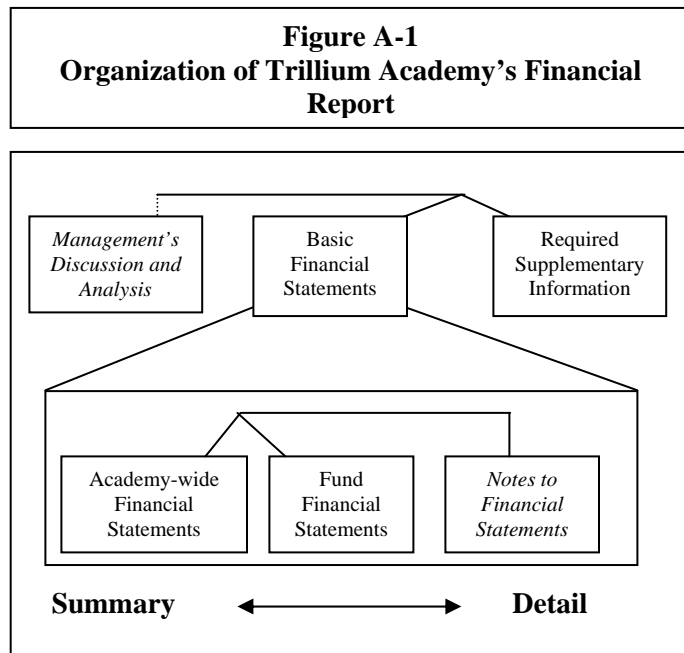


Figure A-2 summarizes the major features of the Academy’s financial statements, including the portion of the Academy’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the Academy-wide and Fund Financial Statements

	Academy-wide statements	Governmental funds
Scope	Entire academy (except fiduciary funds)	All activities of the academy that are not fiduciary
Required financial statements	* Statement of net assets * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

Academy-wide statements

The Academy-wide statements report information about the Academy as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Academy’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Academy-wide statements report the Academy’s net assets and how they have changed. Net assets - the difference between the Academy’s assets and liabilities, are one way to measure the Academy’s financial health or position.

- Over time, increases or decreases in the Academy’s net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the Academy, you need to consider additional non-financial factors such as changes in the Academy’s enrollment, the condition of school buildings and other facilities, and the Academy’s ability to be competitive with other public school academies and area school districts.

Governmental activities - The Academy’s basic services are included here, such as regular and special education and administration. State foundation aid finances most of these activities.

Fund financial statements

The fund financial statements provide more detailed information about the Academy's funds, focusing on its more significant or "major" funds - not the Academy as a whole. Funds are accounting devices the Academy uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.
- The Academy establishes other funds to control and manage money for particular purposes and to show that it is properly using certain revenues (like school lunch).

All of the Academy's basic services are included in governmental funds which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy's programs. Because this information does not encompass the additional long-term focus of the Academy-wide statements, we provide additional information with the governmental funds statement that explains the relationship (or differences) between them.

Financial analysis of the Academy as a whole

Net assets (deficit) - the Academy's combined net assets (deficit) improved by \$73,661 in 2011 decreasing the deficit to (\$793,159). See Figures A - 3 and A - 4.

The total revenues decreased by 1.24% to \$6,195,268. State aid foundation allowance included in revenue from state sources accounts for 85% of the Academy's revenue.

The total cost of instruction increased by 5.02% to \$2,895,416. Total support service expenses decreased 3.54% to \$1,841,421.

Academy governmental activities

Figure A-3 Trillium Academy's Net Assets		
	2011	2010
Current assets	\$ 1,401,128	\$ 1,532,205
Capital assets, net	8,463,802	8,722,810
Other noncurrent assets	2,562,679	2,389,791
Total assets	<u>12,427,609</u>	<u>12,644,806</u>
Current liabilities	1,425,768	1,531,626
Long-term liabilities	11,795,000	11,980,000
Total liabilities	<u>13,220,768</u>	<u>13,511,626</u>
Net assets (deficit):		
Investment in capital assets, net of related debt	(2,770,053)	(2,453,890)
Restricted for debt service	1,546,237	1,386,344
Restricted for food service	5,041	5,041
Restricted for repair and replacement	218,998	156,497
Unrestricted	206,618	39,188
Total net deficit	<u>\$ (793,159)</u>	<u>\$ (866,820)</u>

Figure A-4 Change in Trillium Academy's Net Assets		
	2011	2010
Revenues:		
Program revenues:		
Federal and state categorical grants	\$ 637,080	\$ 835,986
Charges for service	147,619	192,046
General revenues:		
State aid - unrestricted	5,265,793	4,994,842
Federal sources - unrestricted	82,899	188,893
Investment income	1,061	3,812
ISD sources	23,896	23,147
Other	36,920	34,211
Total general revenues	<u>5,410,569</u>	<u>5,244,905</u>
Total revenues	<u>6,195,268</u>	<u>6,272,937</u>
Expenses:		
Instruction	2,895,416	2,756,954
Support services	1,841,421	1,908,921
Food services	268,178	182,080
Athletics	-	47,775
Interest and fees	797,387	803,634
Unallocated depreciation	319,205	326,997
Total expenses	<u>6,121,607</u>	<u>6,026,361</u>
Change in net assets	<u>\$ 73,661</u>	<u>\$ 246,576</u>

Financial analysis of the Academy's funds

The Academy increased its fund balance in the general fund by \$306,861 to \$1,252,440. General fund revenues increased 1% in 2011. State sources increased primarily due to a 1.5% increase in blended enrollment over 2010.

The school lunch fund had a deficiency of revenue over expenditures of \$58,375. The general fund transferred \$58,375 to the school lunch fund.

General fund budgetary highlights

Over the course of the year, the Academy revised the general fund annual operating budget multiple times. Significant changes were made to various revenues and expenditures to adjust for increased pupil counts, grants awarded and the related expenditures.

The Academy's final budget for the general fund anticipated revenues would exceed expenditures and other financing sources or uses by \$58,225. The actual results for the year showed revenues over expenditures of \$306,861.

The actual expenditures were under budget by \$151,801. This is approximately 3.1% of total expenditures. This difference is attributed to spending less than anticipated on virtually all expenditure categories.

Capital asset and debt administration

Capital assets

As of the year ended June 30, 2011, the Academy had invested \$8,463,802 in capital assets net of accumulated depreciation as summarized in Figure A-5. This amount represents a net decrease of \$259,008 from the beginning of the year. Total depreciation expense for the year was \$319,205. More detailed information about capital assets can be found in Note 5 to the financial statements.

The Academy's capital assets are as follows:

Figure A-5				
Trillium Academy's Capital Assets				
	2011			2010
	Cost	Accumulated depreciation	Net book value	Net book value
Building and improvements	\$ 8,493,719	\$ 1,107,581	\$ 7,386,138	\$ 7,607,197
Land	565,000	-	565,000	565,000
Computer equipment	352,662	265,228	87,434	58,536
Furniture and equipment	672,867	272,240	400,627	458,532
Office equipment	85,570	60,967	24,603	33,545
Total	<u>\$ 10,169,818</u>	<u>\$ 1,706,016</u>	<u>\$ 8,463,802</u>	<u>\$ 8,722,810</u>

Long-term debt

The Academy repaid \$140,809 of long-term debt during 2011. Long-term debt at June 30, 2011 consists of \$11,980,000 of certificates of participation. More detailed information about long-term debt can be found in Note 7 to the financial statements.

Factors bearing on the Academy's future

At the time these financial statements were prepared and audited, the Academy was aware of existing circumstances that could significantly affect its financial health in the future.

- The Academy has adopted a general fund budget for 2010/2011 in which revenues exceed expenditures by approximately \$44,500.

Contacting the Academy's financial management

This financial report is designed to provide our students, parents and creditors with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report or need additional information, contact the Academy's office at 15740 Racho Road, Taylor, Michigan, 48180, phone (734) 374-8222.

BASIC FINANCIAL STATEMENTS

**TRILLIUM ACADEMY
STATEMENT OF NET ASSETS
JUNE 30, 2011**

	<u>Governmental activities</u>
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 208,353
Receivables:	
Due from other governmental units	1,189,152
Prepaid expenditures	<u>3,623</u>
TOTAL CURRENT ASSETS	<u>1,401,128</u>
NONCURRENT ASSETS:	
Investments - restricted for debt service	1,597,536
Investments - restricted for capital projects	218,998
Debt issuance costs, net of amortization	746,145
Capital assets	10,169,818
Less accumulated depreciation	<u>(1,706,016)</u>
TOTAL NONCURRENT ASSETS	<u>11,026,481</u>
TOTAL ASSETS	<u><u>\$ 12,427,609</u></u>
LIABILITIES AND NET DEFICIT	
CURRENT LIABILITIES:	
Accounts payable	\$ 173,513
Deferred revenues	241,136
Accrued salaries and related items	364,919
Accrued oversight and management fees	126,334
Accrued interest payable - state aid anticipation note	808
Accrued interest payable - certificates of participation	254,957
State aid anticipation note payable	79,101
Current portion of long-term debt	<u>185,000</u>
TOTAL CURRENT LIABILITIES	1,425,768
NONCURRENT LIABILITIES:	
Noncurrent portion of long-term obligation	<u>11,795,000</u>
TOTAL LIABILITIES	<u>13,220,768</u>
NET ASSETS (DEFICIT):	
Invested in capital assets, net of related debt	(2,770,053)
Restricted for:	
Debt service	1,546,237
Food service	5,041
Repair and replacement	218,998
Unrestricted	<u>206,618</u>
TOTAL NET DEFICIT	<u>(793,159)</u>
TOTAL LIABILITIES AND NET DEFICIT	<u><u>\$ 12,427,609</u></u>

See notes to financial statements.

**TRILLIUM ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011**

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program revenues</u>		<u>Governmental activities</u>
		<u>Charges for services</u>	<u>Operating grants</u>	<u>Net (expense) revenue and changes in net assets</u>
Governmental activities:				
Instruction	\$ 2,895,416	\$ 117,439	\$ 451,077	\$ (2,326,900)
Support services	1,841,421	-	6,380	(1,835,041)
Food services	268,178	30,180	179,623	(58,375)
Interest and fees	797,387	-	-	(797,387)
Unallocated depreciation	319,205	-	-	(319,205)
Total governmental activities	<u>\$ 6,121,607</u>	<u>\$ 147,619</u>	<u>\$ 637,080</u>	<u>(5,336,908)</u>
General revenues:				
Investment earnings				1,061
State sources - unrestricted				5,265,793
Federal sources - unrestricted				82,899
ISD sources				23,896
Other				36,920
Total general revenues				<u>5,410,569</u>
CHANGE IN NET ASSETS				73,661
NET DEFICIT , beginning of year				<u>(866,820)</u>
NET DEFICIT , end of year				<u>\$ (793,159)</u>

See notes to financial statements.

**TRILLIUM ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General fund</u>	<u>Debt service fund</u>	<u>Non-major governmental (special revenue) fund</u>	<u>Total governmental funds</u>
ASSETS				
ASSETS:				
Cash	\$ 208,086	\$ -	\$ 267	\$ 208,353
Receivables:				
Due from other governmental units	1,176,320	-	12,832	1,189,152
Due from other funds	7,212	5,000	-	12,212
Prepaid expenditures	3,623	-	-	3,623
Investments - restricted	847,164	969,370	-	1,816,534
TOTAL ASSETS	<u>\$ 2,242,405</u>	<u>\$ 974,370</u>	<u>\$ 13,099</u>	<u>\$ 3,229,874</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 172,667	\$ -	\$ 846	\$ 173,513
Accrued salaries and related items	364,919	-	-	364,919
Deferred revenue	241,136	-	-	241,136
Accrued interest payable - state aid anticipation note	808	-	-	808
Accrued oversight and management fees	126,334	-	-	126,334
State aid anticipation note payable	79,101	-	-	79,101
Due to other funds	5,000	-	7,212	12,212
TOTAL LIABILITIES	<u>989,965</u>	<u>-</u>	<u>8,058</u>	<u>998,023</u>

See notes to financial statements.

	General fund	Debt service fund	Non-major governmental (special revenue) fund	Total governmental funds
	<u>General fund</u>	<u>Debt service fund</u>	<u>Non-major governmental (special revenue) fund</u>	<u>Total governmental funds</u>
FUND BALANCES:				
Nonspendable:				
Prepaid expenditures	\$ 3,623	\$ -	\$ -	\$ 3,623
Restricted:				
Debt service	826,824	974,370	-	1,801,194
Food service	-	-	5,041	5,041
Repair and replacement	218,998	-	-	218,998
Unassigned	202,995	-	-	202,995
TOTAL FUND BALANCES	<u>1,252,440</u>	<u>974,370</u>	<u>5,041</u>	<u>2,231,851</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,242,405</u>	<u>\$ 974,370</u>	<u>\$ 13,099</u>	<u>\$ 3,229,874</u>
Total governmental fund balance				\$ 2,231,851
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and are not reported in the funds:				
The cost of the capital assets is			\$ 10,169,818	
Accumulated depreciation is			<u>(1,706,016)</u>	8,463,802
Debt issuance costs are considered expenditures in the funds but are capitalized and amortized for governmental activities:				
Debt issuance costs			901,525	
Accumulated amortization			<u>(155,380)</u>	746,145
Long-term liabilities are not due and payable in the current period and are not reported in the funds:				
Certificates of participation				(11,980,000)
Accrued interest is not included as a liability in government funds, it is recorded when paid				<u>(254,957)</u>
Net deficit of governmental activities				<u><u>\$ (793,159)</u></u>

See notes to financial statements.

TRILLIUM ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	General fund	Debt service fund	Non-major governmental (special revenue) fund	Total governmental funds
REVENUES:				
Local sources	\$ 155,410	\$ 10	\$ 30,180	\$ 185,600
State sources	5,343,468	-	3,150	5,346,618
Federal sources	548,315	-	176,473	724,788
Intermediate sources	23,896	-	-	23,896
Total revenues	6,071,089	10	209,803	6,280,902
EXPENDITURES:				
Current:				
Instruction:				
Basic programs	2,291,445	-	-	2,291,445
Added needs	607,367	-	-	607,367
Total instruction	2,898,812	-	-	2,898,812
Support services:				
Pupil	111,264	-	-	111,264
Instructional staff	3,399	-	-	3,399
General administration	720,876	-	-	720,876
School administration	471,000	-	-	471,000
Business	62,346	-	-	62,346
Operation and maintenance	458,831	-	-	458,831

See notes to financial statements.

	<u>General fund</u>	<u>Debt service fund</u>	<u>Non-major governmental (special revenue) fund</u>	<u>Total governmental funds</u>
EXPENDITURES (Concluded):				
Support services (Concluded):				
Central Services	\$ 45,515	\$ -	\$ -	\$ 45,515
Athletics	24,991	-	-	24,991
Total support services	<u>1,898,222</u>	<u>-</u>	<u>-</u>	<u>1,898,222</u>
Food service	-	-	268,178	268,178
Debt service:				
Principal retirement	40,809	100,000	-	140,809
Interest expense	-	768,020	-	768,020
Total expenditures	<u>4,837,843</u>	<u>868,020</u>	<u>268,178</u>	<u>5,974,041</u>
EXCESS (DEFICIENCY) OF EXPENDITURES OVER (UNDER) REVENUES	<u>1,233,246</u>	<u>(868,010)</u>	<u>(58,375)</u>	<u>306,861</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	868,010	58,375	926,385
Transfers out	(926,385)	-	-	(926,385)
Total other financing sources	<u>(926,385)</u>	<u>868,010</u>	<u>58,375</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	306,861	-	-	306,861
FUND BALANCES:				
Beginning of year	945,579	974,370	5,041	1,924,990
End of year	<u>\$ 1,252,440</u>	<u>\$ 974,370</u>	<u>\$ 5,041</u>	<u>\$ 2,231,851</u>

See notes to financial statements.

**TRILLIUM ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011**

Net change in fund balances total governmental funds	\$ 306,861
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation.</p>	
Depreciation expense	(319,205)
Capital outlay	60,197
<p>Accrued interest on certificates of participation is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:</p>	
Accrued interest payable, beginning of the year	257,057
Accrued interest payable, end of the year	(254,957)
<p>Proceeds and repayments of principal on long-term debt are other financing sources and expenditures in the governmental funds, but not in the statement of activities (where they are additions and reductions of liabilities):</p>	
Amortization of debt issuance costs	(31,467)
Principal repayment on long-term obligations	140,809
<p>Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not available:</p>	
Revenue receivable at 6/30/2010 received after August 31, 2010 - Federal sources	(85,634)
Change in net assets of governmental activities	\$ 73,661

**TRILLIUM ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Trillium Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Academy's accounting policies are described below.

A. Reporting Entity

Trillium Academy (the "Academy") is a public school academy as part of the Michigan Public School System under Public Act No. 362 of 1993. Central Michigan University is the authorizing body for the Academy and has contracted with the Academy to charter the public school academy for a period of five years expiring June 30, 2012. The Academy's board of directors is approved by the authorizing body and is authorized to manage the Academy and its property and affairs. The Academy receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the Academy is not included in any other governmental reporting entity as defined by accounting principles generally accepted in the United States of America. In addition, the Academy's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statements Nos. 14 and 39.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Academy. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the Academy's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Academy's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

TRILLIUM ACADEMY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The Academy first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the Academy's functions. The functions are also supported by general government revenues (state foundation revenue, certain intergovernmental revenues, investment income and other revenue). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (state sources, intergovernmental sources, interest income and other revenues).

The Academy does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Academy as an entity and the change in the Academy's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Funds - Governmental funds are those funds through which most Academy functions typically are financed. The acquisition, use and balances of the Academy's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The Academy reports the following major governmental funds:

The *general fund* is the Academy's primary operating fund. It accounts for all financial resources of the Academy, except those required to be accounted for in another fund.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on certificates of participation.

Other Non-major Funds

The *special revenue fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes. The Academy accounts for its food service activities in the special revenue fund.

**TRILLIUM ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Accrual Method

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board.

Modified Accrual Method

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

State and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Academy.

State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to the Academy based on information supplied by the Academy. For the year ended June 30, 2011, the foundation allowance was based on pupil membership counts taken in February and September of 2010.

**TRILLIUM ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Concluded)

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The state revenue is recognized during the foundation period and is funded through payments from October 2010 to August 2011. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The Academy also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Categorical funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue.

D. Other Accounting Policies

1. Cash and equivalents include amounts in demand deposits accounts.

The Academy reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40, *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Academy intends to hold the investment until maturity.

State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Academy is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**TRILLIUM ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Other Accounting Policies (Continued)

2. Prepaid expenditures

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

3. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds”, (i.e., the current portion of interfund loans) or “advances to/from other funds”, (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

All receivables are shown net of an allowance for uncollectible amounts, if any.

4. Capital assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Building and improvements	20-50 years
Computers and peripherals	5 years
Furniture and other equipment	7-20 years

The Academy’s capitalization policy is to capitalize individual amounts exceeding \$1,000.

TRILLIUM ACADEMY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Other Accounting Policies (Continued)

5. Long-term obligations

In the government-wide financial statements, long-term debt obligations are reported as liabilities on the statement of net assets. Debt premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the debt using the straight-line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**TRILLIUM ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

D. Other Accounting Policies (Concluded)

7. Fund balance

Beginning with fiscal year 2011, the Academy implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance - amounts that are in nonspendable form (such as inventory or prepaid expenditures) or are either legally or contractually required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as taxpayers, grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. Amounts restricted for debt service in the general fund consist of amounts received and a portion of the amount due from other governmental units which are legally restricted for debt service. The amount restricted for debt service in the general fund represents state aid payments received or accrued that are restricted for certificate of participation debt service. The amount restricted for repair and replacement represent repair and replacement reserves as required by the debt agreements. Transfers from the general fund to the debt service fund are recorded in the period in which the related principal and interest payments are made by the debt service fund.

Committed fund balance - amounts constrained to specific purposes by the Academy itself, using its highest level of decision-making authority (Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the Academy takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the Academy intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Academy would typically use restricted fund balance first, followed by committed resources, and then assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these classified funds.

**TRILLIUM ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue fund.

The Academy follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Chief Administrative Officer submits to the Board of Directors a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Prior to July 1, the budget is legally adopted by Board of Directors resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
3. The Chief Administrative Officer is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
4. Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds.
5. The general fund budget was amended during the year with supplemental appropriations, the last one approved prior to June 30, 2011. The Academy does not consider these amendments to be significant.

**TRILLIUM ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - DEPOSITS AND RESTRICTED INVESTMENTS

As of June 30, 2011, the Academy had the following investments.

Investment Type	Fair value	Weighted average maturity (years)	Standard & Poor's Rating	%
First America Treasury Obligations Fund - Class D	<u>\$ 1,816,534</u>	0.0027	AAAm	<u>100.00%</u>
Portfolio weighted average maturity		<u>0.0027</u>		

One day maturity equals 0.0027, one year equals 1.00

The Academy invests certain excess funds in external pooled investment funds which included treasury obligations. The treasury obligation reports as of June 30, 2011, the fair value of the Academy's investments is the same as the value of the pooled shares.

These investments are restricted under the terms of the certificates of participation debt agreements primarily for debt service and repair and replacement of the related facilities.

Interest rate risk. The Academy will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Academy's cash requirements.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2011, the Academy did not have investments in commercial paper and corporate bonds.

Concentration of credit risk. The Academy will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2011, none of the Academy's bank balance of \$278,617 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value of these deposits was \$208,353. The above amounts include interest bearing deposits.

TRILLIUM ACADEMY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DEPOSITS AND RESTRICTED INVESTMENTS (Concluded)

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Academy will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Academy will do business.

Foreign currency risk. The Academy is not authorized to invest in investments which have this type of risk. The Academy does not currently have an investment policy that addresses the above investment and deposit risks.

NOTE 4 - LEASED EMPLOYEES

The Academy leases all of its workers from its management company, The Romine Group (TRG). TRG is responsible for retirement and post-employment benefit obligations. The amount payable to TRG at June 30, 2011 was approximately \$196,000 of which \$97,650 represents the accrued management fee. The Academy contributes 4% of the annual compensation each pay period to the TRG retirement plan. An additional 4% maximum match is contributed for any employee electing to personally contribute to the plan. Retirement expense was approximately \$150,000 in 2011.

**TRILLIUM ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - CAPITAL ASSETS

A summary of changes in the Academy's capital assets follows.

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated - land	\$ 565,000	\$ -	\$ -	\$ 565,000
Capital assets, being depreciated:				
Building and improvements	8,493,719	-	-	8,493,719
Computers	296,332	56,330	-	352,662
Furniture and equipment	669,000	3,867	-	672,867
Office equipment	85,570	-	-	85,570
Depreciable capital assets	<u>9,544,621</u>	<u>60,197</u>	<u>-</u>	<u>9,604,818</u>
Accumulated depreciation:				
Building and improvements	886,522	221,059	-	1,107,581
Computers	237,796	27,432	-	265,228
Furniture and equipment	210,468	61,772	-	272,240
Office equipment	52,025	8,942	-	60,967
Total accumulated depreciation	<u>1,386,811</u>	<u>319,205</u>	<u>-</u>	<u>1,706,016</u>
Net capital assets being depreciated	<u>8,157,810</u>	<u>(259,008)</u>	<u>-</u>	<u>7,898,802</u>
Net capital assets	<u>\$ 8,722,810</u>	<u>\$ (259,008)</u>	<u>\$ -</u>	<u>\$ 8,463,802</u>

Depreciation for the fiscal year ended June 30, 2011 amounted to \$319,205. The Academy determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 6 - NOTE PAYABLE

At June 30, 2011, the Academy has \$79,101 outstanding from a state aid anticipation note dated July 20, 2010. The note, which has an interest rate of 3.04%, matures July 20, 2011. The note is secured by future state school aid payments. The Academy incurred interest expense on these state aid anticipation notes of \$13,561 in 2011 which is included in support services.

Balance June 30, 2010	Additions	Payments	Balance June 30, 2011
<u>\$ 155,798</u>	<u>\$ 800,000</u>	<u>\$ 876,697</u>	<u>\$ 79,101</u>

**TRILLIUM ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - LONG-TERM OBLIGATIONS

The following is a summary of governmental long-term obligations for the Academy for the year ended June 30, 2011.

	<u>Certificates of participation</u>	<u>Capital leases</u>	<u>Total</u>
Balance, July 1, 2010	\$ 12,080,000	\$ 40,809	\$ 12,120,809
Repayments	<u>100,000</u>	<u>40,809</u>	<u>140,809</u>
Balance, June 30, 2011	11,980,000	-	11,980,000
Less current portion	<u>185,000</u>	<u>-</u>	<u>185,000</u>
	<u>\$ 11,795,000</u>	<u>\$ -</u>	<u>\$ 11,795,000</u>

Long-term obligations at June 30, 2011 consist of the following.

2005 Series full term certificates of participation due in annual installments of \$110,000 to \$1,055,000 through September 1, 2035 with interest of 6.3%, secured by related mortgage.	\$ 6,915,000
2007 Series full term certificates of participation due in annual installments of \$75,000 to \$785,000 through September 1, 2035 with interest of 6.5%, secured by related mortgage.	<u>5,065,000</u>
Total general long-term debt	<u>\$ 11,980,000</u>

**TRILLIUM ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

The annual requirements to amortize the certificates of participation outstanding as of June 30, 2011, including interest of \$12,552,712 are as follows.

Year ended June 30,	Principal	Interest	Amounts payable
2012	\$ 185,000	\$ 759,027	\$ 944,027
2013	195,000	746,843	941,843
2014	205,000	734,078	939,078
2015	225,000	720,353	945,353
2016	240,000	705,510	945,510
2017 - 2021	1,455,000	3,269,176	4,724,176
2022 - 2026	1,985,000	2,724,938	4,709,938
2027 - 2031	2,735,000	1,976,988	4,711,988
2032 - 2036	4,755,000	915,799	5,670,799
	<u>\$ 11,980,000</u>	<u>\$ 12,552,712</u>	<u>\$ 24,532,712</u>

Interest expense on the certificates of participation for the fiscal year ended June 30, 2011 was \$797,387.

NOTE 8 - MANAGEMENT AGREEMENT

The Academy has entered into a three year (through June 2012) management agreement with The Romine Group (TRG) for operations of the Academy. Under the terms of the management agreement, TRG's compensation for operating the Academy is 10% of the unrestricted state revenue. The management fee was \$537,289 for 2011. See Note 4 for other transactions with TRG.

NOTE 9 - RELATED PARTY TRANSACTIONS

The Academy purchased approximately \$38,000 of grounds maintenance services from an entity owned by direct relatives of key management of TRG.

NOTE 10 - RISK MANAGEMENT

The Academy is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. To minimize the risk, the Academy carries commercial insurance.

**TRILLIUM ACADEMY
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2011 are as follows.

Receivable fund		Payable fund	
General	\$ 7,212	General	\$ 5,000
Debt service	5,000	School lunch	7,212
	\$ 12,212		\$ 12,212

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

NOTE 12 - TRANSFERS

Transfers between the governmental funds were as follows.

Transfers out		Transfers in	
General fund	\$ 926,385	Food service fund	\$ 58,375
	926,385	Debt service	868,010
	\$ 926,385		\$ 926,385

The transfers to the debt service fund from the general fund were to transfer state aid revenues which are restricted for debt service. These transfers are made in the year which the debt service fund makes the related principal and interest payments. The transfers from the general fund to the food service fund were made to cover operating expenses.

NOTE 13 - SUBSEQUENT EVENT

The Academy borrowed \$600,000 under a state aid anticipation note in August 2011 at 2.9% to be repaid monthly from October 2011 through July 2012.

NOTE 14 - FUND BALANCE RECLASSIFICATION

Beginning July 1, 2010, the Academy adopted GASB Statement No. 54 (*Fund Balance Reporting and Governmental Fund Type Definitions*), which redefined the definition of a special revenue fund. As a result, the athletic activities are now included in the general fund rather than a separate fund. The athletics fund had \$0 fund balance at July 1, 2010.

REQUIRED SUPPLEMENTARY INFORMATION

**TRILLIUM ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2011**

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
REVENUES:				
Local	\$ 117,500	\$ 124,200	\$ 155,410	\$ 31,210
State sources	5,262,720	5,485,494	5,343,468	(142,026)
Federal sources	359,962	455,295	548,315	93,020
Intermediate sources	-	-	23,896	23,896
Total revenues	<u>5,740,182</u>	<u>6,064,989</u>	<u>6,071,089</u>	<u>6,100</u>
EXPENDITURES:				
Current:				
Instruction:				
Basic programs	2,167,733	2,273,340	2,291,445	(18,105)
Added needs	614,283	636,183	607,367	28,816
Total instruction	<u>2,782,016</u>	<u>2,909,523</u>	<u>2,898,812</u>	<u>10,711</u>
Support services:				
Pupil	57,500	115,300	111,264	4,036
Instructional staff	2,700	2,700	3,399	(699)
General administration	659,540	729,940	720,876	9,064
School administration	505,306	505,306	471,000	34,306
Business	109,000	109,300	62,346	46,954
Operation and maintenance	508,675	508,675	458,831	49,844
Central services	36,500	37,300	45,515	(8,215)
Athletics	10,000	23,000	24,991	(1,991)
Total support services	<u>1,889,221</u>	<u>2,031,521</u>	<u>1,898,222</u>	<u>133,299</u>
Debt service:				
Principal retirement	48,600	48,600	40,809	7,791
Total expenditures	<u>4,719,837</u>	<u>4,989,644</u>	<u>4,837,843</u>	<u>151,801</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,020,345</u>	<u>1,075,345</u>	<u>1,233,246</u>	<u>157,901</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers out	(962,120)	(1,017,120)	(926,385)	90,735
NET CHANGE IN FUND BALANCE	<u>\$ 58,225</u>	<u>\$ 58,225</u>	<u>306,861</u>	<u>\$ 248,636</u>
FUND BALANCE:				
Beginning of year			<u>945,579</u>	
End of year			<u>\$ 1,252,440</u>	

ADDITIONAL INFORMATION

TRILLIUM ACADEMY
FULL TERM CERTIFICATES OF PARTICIPATION - SERIES 2005
YEAR ENDED JUNE 30, 2011

\$7,200,000 certificates issued September 1, 2005

Principal due	Interest due		Debt service requirement for fiscal year	
	September 1	March 1	June 30	Amount
\$ 110,000	\$ 217,883	\$ 214,357	2012	\$ 542,240
115,000	214,358	210,735	2013	540,093
120,000	210,735	206,955	2014	537,690
130,000	206,955	202,860	2015	539,815
140,000	202,860	198,450	2016	541,310
150,000	198,450	193,725	2017	542,175
155,000	193,725	188,842	2018	537,567
170,000	188,843	183,487	2019	542,330
180,000	183,488	177,817	2020	541,305
190,000	177,818	171,832	2021	539,650
200,000	171,833	165,532	2022	537,365
215,000	165,533	158,760	2023	539,293
230,000	158,760	151,515	2024	540,275
245,000	151,515	143,797	2025	540,312
260,000	143,798	135,607	2026	539,405
275,000	135,608	126,945	2027	537,553
295,000	126,945	117,652	2028	539,597
315,000	117,653	107,730	2029	540,383
335,000	107,730	97,177	2030	539,907
355,000	97,178	85,995	2031	538,173
380,000	85,995	74,025	2032	540,020
405,000	74,025	61,267	2033	540,292
430,000	61,268	47,722	2034	538,990
460,000	47,723	33,232	2035	540,955
1,055,000	33,233	-	2036	1,088,233
<u>\$ 6,915,000</u>	<u>\$ 3,673,912</u>	<u>\$ 3,456,016</u>		<u>\$ 14,044,928</u>

The above certificates bear interest rates at 6.3%. The certificate proceeds were used for the acquisition of a building and improvements thereto and to payoff certain existing long-term debt.

TRILLIUM ACADEMY
FULL TERM CERTIFICATES OF PARTICIPATION - SERIES 2007
YEAR ENDED JUNE 30, 2011

\$5,065,000 certificates issued November 1, 2007

Principal due September 1	Interest due		Debt service requirement for fiscal year	
	September 1	March 1	June 30	Amount
\$ 75,000	\$ 164,612	\$ 162,175	2012	\$ 401,787
80,000	162,175	159,575	2013	401,750
85,000	159,575	156,813	2014	401,388
95,000	156,813	153,725	2015	405,538
100,000	153,725	150,475	2016	404,200
105,000	150,475	147,062	2017	402,537
115,000	147,062	143,325	2018	405,387
120,000	143,325	139,425	2019	402,750
130,000	139,425	135,200	2020	404,625
140,000	135,200	130,650	2021	405,850
145,000	130,650	125,938	2022	401,588
155,000	125,938	120,900	2023	401,838
165,000	120,900	115,537	2024	401,437
180,000	115,537	109,688	2025	405,225
190,000	109,688	103,512	2026	403,200
205,000	103,512	96,850	2027	405,362
215,000	96,850	89,863	2028	401,713
230,000	89,863	82,387	2029	402,250
245,000	82,387	74,425	2030	401,812
265,000	74,425	65,813	2031	405,238
280,000	65,813	56,712	2032	402,525
300,000	56,712	46,963	2033	403,675
320,000	46,963	36,562	2034	403,525
340,000	36,562	25,511	2035	402,073
785,000	25,511	-	2036	810,511
<u>\$ 5,065,000</u>	<u>\$ 2,793,698</u>	<u>\$ 2,629,086</u>		<u>\$ 10,487,784</u>

The above certificates bear interest rates at 6.5%. The certificate proceeds were used for a building, improvements thereto, and certain equipment and furniture.

RECEIVED

By Gloria Suggitt at 1:25 pm, Nov 07, 2011

TRILLIUM ACADEMY

**ADDITIONAL REPORTS REQUIRED BY
OMB CIRCULAR A-133**

YEAR ENDED JUNE 30, 2011

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

To the Board of Directors
Trillium Academy

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Trillium Academy as of and for the year ended June 30, 2011, which collectively comprise Trillium Academy's basic financial statements and have issued our report thereon dated October 24, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Trillium Academy's internal control over financial reporting as a basis for designing our auditing procedures 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 Trillium Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Trillium Academy's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Trillium Academy's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of Trillium Academy in a separate letter dated October 24, 2011.

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

Maney Costeiran PC

October 24, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Trillium Academy

Compliance

We have audited Trillium Academy's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Trillium Academy's major federal programs for the year ended June 30, 2011. Trillium Academy's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Trillium Academy's management. Our responsibility is to express an opinion on Trillium Academy's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Trillium Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Trillium Academy's compliance with those requirements.

In our opinion, Trillium Academy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of Trillium Academy is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Trillium Academy's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Trillium Academy's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Trillium Academy as of and for the year ended June 30, 2011, and have issued our report thereon dated October 24, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Trillium Academy's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Directors, others within the Academy, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Maney Costeiran PC

October 24, 2011

TRILLIUM ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass- through grantor's number	Award amount	Accrued (deferred) revenue 6/30/2010	Prior year expenditures (memorandum only)	Current year receipts (cash basis)	Current year expenditures	Accrued (deferred) revenue 6/30/2011
<u>U.S. Department of Agriculture:</u>								
Passed through Michigan Department of Education:								
Child nutrition cluster:								
Cash assistance:								
National School Lunch Program - Section 4	10.555	101950	\$ 12,272	\$ 620	\$ 10,680	\$ 2,212	\$ 1,592	\$ -
National School Lunch Program - Section 4		111950	13,042	-	-	12,030	13,042	1,012
National School Lunch Program - Section 11		101960	90,342	4,421	79,661	15,102	10,681	-
National School Lunch Program - Section 11		111960	90,194	-	-	82,984	90,194	7,210
			<u>205,850</u>	<u>5,041</u>	<u>90,341</u>	<u>112,328</u>	<u>115,509</u>	<u>8,222</u>
National School Breakfast Program	10.553	101970	5,330	-	-	5,330	5,330	-
National School Breakfast Program		111970	55,634	-	-	51,024	55,634	4,610
			<u>60,964</u>	<u>-</u>	<u>-</u>	<u>56,354</u>	<u>60,964</u>	<u>4,610</u>
Total U.S. Department of Agriculture and and child nutrition cluster			<u>266,814</u>	<u>5,041</u>	<u>90,341</u>	<u>168,682</u>	<u>176,473</u>	<u>12,832</u>
<u>U.S. Department of Education:</u>								
Passed through Michigan Department of Education:								
Title I cluster:								
Title I, Part A	84.010	1015300910	202,134	77,822	111,069	102,101	24,279	-
		1115301011	226,182	-	-	184,457	226,182	41,725
			<u>428,316</u>	<u>77,822</u>	<u>111,069</u>	<u>286,558</u>	<u>250,461</u>	<u>41,725</u>
ARRA Title I, Part A	84.389	1015350910	94,068	6,548	69,788	6,548	-	-
Total Title I cluster			<u>522,384</u>	<u>84,370</u>	<u>180,857</u>	<u>293,106</u>	<u>250,461</u>	<u>41,725</u>

The accompanying notes are an integral part of this schedule.

TRILLIUM ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass- through grantor's number	Award amount	Accrued (deferred) revenue 6/30/2010	Prior year expenditures (memorandum only)	Current year receipts (cash basis)	Current year expenditures	Accrued (deferred) revenue 6/30/2011
<u>U.S. Department of Education (Concluded):</u>								
Passed through Michigan Department of Education (Concluded):								
ARRA Title II, Part D -								
Enhancing Education Through Technology	84.386	1042950910	\$ 2,981	\$ -	\$ -	\$ 2,981	\$ 2,981	\$ -
		1142951011	590	-	-	540	540	-
			<u>3,571</u>	<u>-</u>	<u>-</u>	<u>3,521</u>	<u>3,521</u>	<u>-</u>
Title II, Part A -								
Improving teacher quality	84.367	1005200910	17,347	1,264	17,347	1,264	-	-
		1105201011	18,747	-	-	7,108	17,555	10,447
			<u>36,094</u>	<u>1,264</u>	<u>17,347</u>	<u>8,372</u>	<u>17,555</u>	<u>10,447</u>
ARRA State Education Stabilization Fund								
	84.394	1025250910	188,893	51,530	188,893	51,530	-	-
		1125251011	82,899	-	-	60,284	82,899	22,615
			<u>271,792</u>	<u>51,530</u>	<u>188,893</u>	<u>111,814</u>	<u>82,899</u>	<u>22,615</u>
Total passed through Michigan Department of Education			<u>833,841</u>	<u>137,164</u>	<u>387,097</u>	<u>416,813</u>	<u>354,436</u>	<u>74,787</u>
Passed through Wayne County RESA:								
Special Education cluster (IDEA):								
IDEA, Part B	84.027	10/11	140,486	-	-	-	108,245	108,245
ARRA IDEA, Part B	84.391	09/10	128,283	71,499	128,283	71,499	-	-
Total Special Education cluster			<u>268,769</u>	<u>71,499</u>	<u>128,283</u>	<u>71,499</u>	<u>108,245</u>	<u>108,245</u>
Total U.S. Department of Education			<u>1,102,610</u>	<u>208,663</u>	<u>515,380</u>	<u>488,312</u>	<u>462,681</u>	<u>183,032</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,369,424</u></u>	<u><u>\$ 213,704</u></u>	<u><u>\$ 605,721</u></u>	<u><u>\$ 656,994</u></u>	<u><u>\$ 639,154</u></u>	<u><u>\$ 195,864</u></u>

The accompanying notes are an integral part of this schedule.

**TRILLIUM ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

1. Basis of presentation - The accompanying schedule of expenditures of federal awards includes the grant activity of Trillium Academy and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133 and reconciles with the amounts presented in the preparation of the financial statements.
2. The Title I cluster (CFDA #84.010 and #84.389) was audited as a major program, representing 39% of expenditures. The Academy qualifies for low risk auditee status.
3. The threshold for distinguishing Type A and Type B programs was \$300,000.
4. Management has utilized the Grant Audit Report in preparing the Schedule of Expenditures of Federal Awards.
5. Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	\$ 548,315
Special revenue fund	<u>176,473</u>
Total federal revenue at the fund level	724,788
Revenue recognized in the fund financial statements that was recorded as deferred at 6/30/10 as it was received after August 31, 2010	 <u>(85,634)</u>
Total federal expenditures per schedule of expenditures of federal awards	 <u><u>\$ 639,154</u></u>

**TRILLIUM ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COST
YEAR ENDED JUNE 30, 2011**

Financial Statements

Type of auditors' report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes X None reported

Type of auditors' report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010 and 84.389	Title I Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

**TRILLIUM ACADEMY
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011**

There were no prior year audit findings.

October 24, 2011

To the Board of Directors
Trillium Academy

In planning and performing our audit of the financial statements of Trillium Academy as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered Trillium Academy's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 24, 2011 on the financial statements of Trillium Academy. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows.

Cash Disbursements

In prior years audits we noted that the principal had online read-only access to the bank account. This access permitted the principal to review cleared disbursements and related disbursement images (cancelled checks). We noted during our current audit that in the midst of the transition to a new bank this access was not continued. We recommend that online read-only access be re-established for the principal as this function provides a valued internal control for the Academy.

Cash Receipts

While in the course of applying audit procedures to cash receipts we noted areas for improvement. First, while envelopes for student activities are submitted to the business office that bear the signature or initials of individuals who dual counted the receipts, we noted that these envelopes were not necessarily organized in a manner that quickly and easily support the amounts included in the business manager's receipt log. We recommend that each entry in the log be supported by the envelopes through an easy to use filing system. Second, we noted that lunch and uniform receipts are not being documented as counted by at least two individuals at the time they are collected. We recommend a process in which an envelope or other physical documentation be completed and signed or initialed by two individuals who initially receive these funds. This will bring the lunch and uniform receipt collection process into sync with the student activities collection process. And finally, we noted that the receipt log maintained by the business manger is not currently being compared to the actual bank deposit slips generated by the bank at the time the business manager makes the deposit. We recommend that a new column be added to the business manager's receipt log that allows for independent verification that the initial receipts collected and recorded agrees to the amount actually deposited into the Academy's bank account.

Grant Budgeting

During the course of our audit we noted that budget categories (i.e. instruction, pupil support and instructional staff services) for the Title I grant did not match actual expenditures categories coded in the accounting system. We also noted certain variances between budgeted and actual grant revenues and expenditures during our audit. Grant level budget to actual results should be reviewed on a regular basis to verify the grant is being expended as outlined in the approved budget and to identify budget modifications needed.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Academy personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of Trillium Academy, management, and others within the Academy, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Maney Costeiran PC

October 24, 2011

To the Board of Directors
Trillium Academy

We have audited the financial statements of Trillium Academy for the year ended June 30, 2011, and have issued our report thereon dated October 24, 2011. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Trillium Academy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirement that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Trillium Academy's financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Trillium Academy's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Trillium Academy's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Trillium Academy's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to the Treasurer of the Board of Directors in our discussion about planning matters on August 10, 2011.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Trillium Academy are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011, except for the adoption of GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We noted no transactions entered into by the Academy during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not identify and sensitive estimates.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 24, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Academy's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Academy's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Very truly yours,

Maney Costeiran PC