

UNIVERSITY PREPARATORY ACADEMY

FINANCIAL STATEMENTS

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

JUNE 30, 2023

UNIVERSITY PREARATORY ACADEMY  
FINANCIAL STATEMENTS  
JUNE 30, 2023

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**GREGORY  
TERRELL  
& COMPANY**

**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS**

To the Board of Directors  
Public School Academies of Detroit

**Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of University Preparatory Academy, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise University Preparatory Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of University Preparatory Academy, as of June 30, 2023, and the respective changes in financial position and, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 University Preparatory Academy, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about University Preparatory Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 University Preparatory Academy'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 University Preparatory Academy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Change in Accounting Principle**

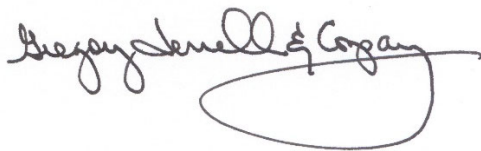
As discussed in Note 3 to the financial statements, in 2023 the Academy adopted new accounting guidance, GASBS No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with Government Auditing Standards, we have also issued our report dated October 24, 2023 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



**GREGORY TERRELL & COMPANY**  
Certified Public Accountants  
Detroit, Michigan  
October 24, 2023

UNIVERSITY PREPARATORY ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2023

This section of University Preparatory Academy's annual financial report presents our discussion and analysis of the Academy's financial performance during the year ended June 30, 2023. Please read it in conjunction with the Academy's financial statements, which immediately follow this section.

**Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand University Preparatory Academy financially as a whole. The Government-wide financial statements provide information about the activities of the whole Academy, presenting both an aggregate view of the Academy's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the Academy's operations in more detail than the Government-wide financial statements by providing information about the Academy's most significant funds - the General Fund, with all other funds presented in one column as non-major funds. The remaining statement, the statement of fiduciary net position, presents financial information about activities for which the Academy acts solely as an agent for the benefit of students and parents.

*Management's Discussion and Analysis (MD&A)*  
*(Required Supplemental Information)*

**Basic Financial Statements**

*Government-wide Financial Statements      Fund Financial Statements*

*Notes to the Basic Financial Statements*

*(Required Supplemental Information)*

*Budgetary Information for Major Funds*

*Other Supplemental Information*

UNIVERSITY PREPARATORY ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2023

***Reporting the Academy as a Whole - Government-wide Financial Statements***

One of the most important questions asked about the Academy is, "As a whole, what is the Academy's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the Academy's financial statements, report information on the Academy as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Academy's net position - the difference between assets and liabilities, as reported in the statement of net position - as one way to measure the Academy's financial health or financial position. Over time, increases or decreases in the Academy's net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Academy's operating results. However, the Academy's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the Academy. The statement of net position and the statement of activities report the governmental activities for the Academy, which encompass all of the Academy's services, including instruction, support services, community services, and food services. Unrestricted State Aid (foundation allowance revenue), and state and federal grants finance most of these activities.

***Reporting the Academy's Most Significant Funds - Fund Financial Statements***

The Academy's fund financial statements provide detailed information about the most significant funds - not the Academy as a whole. Some funds are required to be established by State law and by bond covenants. However, the Academy establishes other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using grants, and other money. The governmental funds of the Academy use the following accounting approach:

Governmental funds - All of the Academy's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Academy and the services it provides. Governmental fund information 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. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in the following reconciliation.

**UNIVERSITY PREPARATORY ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2023**

**The Academy as a Whole**

Recall that the statement of net position provides the perspective of the Academy as a whole. Table 1 provides a summary of the Academy's net position as of June 30, 2023 and 2022:

Table 1

	<b>Governmental Activities June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Current and Other Assets	\$ 7,629,803	\$ 6,030,293
Capital Assets	1,590,763	1,445,776
Total Assets	\$ 9,220,566	\$ 7,476,069
<b>Liabilities</b>		
Current and Other Liabilities	\$ 3,181,558	\$ 2,498,629
	\$ 3,181,558	\$ 2,498,629
<b>Net Position</b>		
Investment in Capital Assets, Net of Related Debt	\$ 545,753	\$ 389,826
Unrestricted	5,493,255	4,587,614
Total Net Position	\$ 6,039,008	\$ 4,977,440

The above analysis focuses on the net position (see Table 1). The change in net position (see Table 2) of the Academy's governmental activities is discussed below. The Academy's unrestricted net position was \$5,493,255 and \$4,587,614 at June 30, 2023 and 2022, respectively. The unrestricted net position balance enables the Academy to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

**UNIVERSITY PREPARATORY ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2023**

The results of this year's operations for the Academy as a whole are reported in the statement of activities (Table 2), which shows the change in net position for the fiscal years ending June 30, 2023 and 2022:

Table 2

	<b>Governmental Activities Year Ending June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenue</b>		
Program Revenue:		
Operating Grants	\$ 8,697,870	\$ 6,868,147
Charges for Services	26,278	4,019
General revenue:		
State Foundation Allowance	16,507,446	15,828,867
Miscellaneous Revenue	28,315	18,540
Total Revenue	\$ 25,259,909	\$ 22,719,573
<b>Functions/Program Expenditures</b>		
Instruction	\$ 12,616,404	\$ 11,913,022
Support Services	9,696,533	9,273,880
Food Services	1,087,116	699,988
Community Services	42,948	30,647
Capital Improvements	209,645	244,669
Interest	31,566	33,732
Unallocated Depreciation/Amortization	514,129	468,867
Total Expenditures	\$ 24,198,341	\$ 22,664,805
<b>Increase (Decrease) in Net Position</b>	<b>\$ 1,061,568</b>	<b>\$ 54,768</b>

As reported in the statement of activities, the cost of all *governmental* activities for the year ended June 30, 2023 and 2022 were \$24,198,341 and \$22,664,805, respectively. Certain activities were partially funded by other governments and organizations that subsidized certain programs with grants and contributions of \$8,697,870 in 2023 and \$6,868,147 in 2022. We paid for the remaining "public benefit" portion of our governmental activities with \$16,507,446 in 2023 and \$15,828,867 in 2022 in State foundation allowance, and with our other revenues, i.e., interest and contributions.



UNIVERSITY PREPARATORY ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2023

**General Fund Budgetary Highlights**

Over the course of the year, the Academy revises its budget as unexpected changes in revenues and expenditures arise. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the Academy's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

**Capital Assets**

As of June 30, 2023, the Academy had invested \$1,590,763 in furniture, leasehold improvements, and computer hardware. This represents a decrease of \$144,987 from last year. The Academy adopted GASB 87 in fiscal 2022, which resulted in the recognition of right-of-use assets and lease liabilities. We present more detailed information regarding our capital assets and related lease liabilities in the notes to the financial statements.

**Economic Factors and Next Year's Budgets and Rates**

Our elected officials and administration consider many factors when setting the Academy's 2023-2024 budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2023-2024 fiscal year is 10 percent and 90 percent of the February 2023 and October 2023 student counts, respectively. The Academy has budgeted its enrollment at 1,880 students for the 2023-2024 school year end, which is a decrease of 22 students from the 2022-2023 school year.

Since the Academy's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, actual revenue received depends on the State's ability to collect revenues to fund its appropriation to its various school districts.

The Academy has prepared its 2023-2024 budget assuming a foundation allowance of \$9,608 per pupil. The Academy will continue to be diligent in its spending and monitors its budget closely.

**Contacting the Academy's Management**

This financial report is intended to provide our taxpayers, parents, and donors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Business Office, University Preparatory Academy, 485 W. Milwaukee St., Detroit, MI, 48202.

UNIVERSITY PREPARATORY ACADEMY  
STATEMENT OF NET POSITION  
JUNE 30, 2023

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 3,380,865
Due from Other Governmental Units	3,982,497
Accounts Receivable	245,483
Prepaid Expenses	20,958
Capital Assets, net	1,590,763
Total Assets	\$ 9,220,566
<b>Liabilities</b>	
Accounts Payable	\$ 504,340
Accrued Expenses	808,348
Lease Liability - Current	148,963
Lease Liability - Long Term	896,047
Unearned Revenue	823,860
Total Liabilities	\$ 3,181,558
<b>Net Position</b>	
Invested in Capital Assets, Net of Related Debt	\$ 545,753
Unrestricted	5,493,255
Total Net Position	\$ 6,039,008

The accompanying notes are an integral part of this financial statement.

UNIVERSITY PREPARATORY ACADEMY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental</u> <u>Activities</u> <u>Net (Expenses)</u> <u>Revenues and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants</u>	
Governmental Activities:				
Instruction	\$ 12,616,404	\$ -	\$ 5,397,206	\$ (7,219,198)
Support Services	9,696,533	26,278	2,444,174	(7,226,081)
Food Services	1,087,116	-	846,092	(241,024)
Community Services	42,948	-	10,398	(32,550)
Capital Improvements	209,645	-	-	(209,645)
Interest	31,566	-	-	(31,566)
Unallocated Depreciation/Amortization	514,129	-	-	(514,129)
Total Governmental Activities:	<u>\$ 24,198,341</u>	<u>\$ 26,278</u>	<u>\$ 8,697,870</u>	<u>\$ (15,474,193)</u>
General Revenues:				
State of Michigan School Aid Unrestricted				\$ 16,507,446
Miscellaneous Revenue				<u>28,315</u>
Total General Revenues				<u>\$ 16,535,761</u>
Change in Net Position				\$ 1,061,568
Net Position, Beginning of Year				<u>4,977,440</u>
Net Position, End of Year				<u>\$ 6,039,008</u>

The accompanying notes are an integral part of this financial statement.

**UNIVERSITY PREPARATORY ACADEMY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
<b>Assets</b>			
Cash and Cash Equivalents	\$ 3,380,865	\$ -	\$ 3,380,865
Due from Other Governmental Units	3,837,711	144,786	3,982,497
Accounts Receivable	245,483	-	245,483
Prepaid Expenditures	20,958	-	20,958
Due From Other Funds	48,613	-	48,613
<b>Total Assets</b>	<b>\$ 7,533,630</b>	<b>\$ 144,786</b>	<b>\$ 7,678,416</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 439,999	\$ 64,341	\$ 504,340
Accrued Expenses	808,348	-	808,348
Unearned Revenue	792,028	31,832	823,860
Due to Other Funds	-	48,613	48,613
<b>Total Liabilities</b>	<b>\$ 2,040,375</b>	<b>\$ 144,786</b>	<b>\$ 2,185,161</b>
<b>Deferred Inflow of Resources - Unavailable Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balances</b>			
Non-spendable	\$ 20,958	\$ -	\$ 20,958
Committed	260,000	-	260,000
Assigned	466,083	-	466,083
Unassigned	4,746,214	-	4,746,214
<b>Total Fund Balances</b>	<b>\$ 5,493,255</b>	<b>\$ -</b>	<b>\$ 5,493,255</b>
<b>Total Liabilities, and Fund Balances</b>	<b>\$ 7,533,630</b>	<b>\$ 144,786</b>	<b>\$ 7,678,416</b>
<b>Total Governmental Fund Balances</b>			<b>\$ 5,493,255</b>
Amounts reported for Governmental Activities in the Statement of Net Position that are different:			
Capital Assets used in Governmental Activities are not Financial Resources and therefore are not reported in the funds.			
The cost of Capital Assets is		5,063,169	
Accumulated Depreciation is		(3,472,406)	1,590,763
Lease Liability			(1,045,010)
Receivables are not available to pay current period expenditures and are therefore deferred in the Governmental Funds			-
<b>Total Net Position of Governmental Activities</b>			<b>\$ 6,039,008</b>

The accompanying notes are an integral part of this financial statement.

**UNIVERSITY PREPARATORY ACADEMY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>			
Local Sources	\$ 1,077,094	\$ -	\$ 1,077,094
State Sources	18,305,903	7,995	18,313,898
Federal Sources	5,020,820	848,097	5,868,917
Total Revenues	<u>\$ 24,403,817</u>	<u>\$ 856,092</u>	<u>\$ 25,259,909</u>
<b>EXPENDITURES:</b>			
Instruction:			
Basic Programs	\$ 11,356,454	\$ -	\$ 11,356,454
Added Needs	1,783,432	-	1,783,432
Total Instruction	<u>\$ 13,139,886</u>	<u>\$ -</u>	<u>\$ 13,139,886</u>
Support Services:			
Instructional Support	\$ 1,537,859	\$ -	\$ 1,537,859
Pupil Support	1,513,580	-	1,513,580
General Administration	1,394,098	-	1,394,098
School Administration	1,427,817	-	1,427,817
Business Service	397,049	-	397,049
Operations and Maintenance	2,272,216	-	2,272,216
Pupil Transportation	44,557	-	44,557
Central Support Services	975,406	-	975,406
Other Support Services	210,301	-	210,301
Total Support Services	<u>\$ 9,772,883</u>	<u>\$ -</u>	<u>\$ 9,772,883</u>
Debt Service:			
Interest	\$ -	\$ -	\$ -
Community Services	\$ 42,948	\$ -	\$ 42,948
Food Services	\$ -	\$ 1,087,116	\$ 1,087,116
Capital Improvements	\$ 310,334	\$ -	\$ 310,334
Total Expenditures	<u>\$ 23,266,051</u>	<u>\$ 1,087,116</u>	<u>\$ 24,353,167</u>
Excess (Deficiency) of Revenues over Expenditures	\$ 1,137,766	\$ (231,024)	\$ 906,742
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers In		231,024	231,024
Operating Transfers Out	(231,024)	-	(231,024)
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 906,742</u>	<u>\$ -</u>	<u>\$ 906,742</u>
Beginning of Year	4,586,513	-	4,586,513
End of Year	<u>\$ 5,493,255</u>	<u>\$ -</u>	<u>\$ 5,493,255</u>

The accompanying notes are an integral part of this financial statement.

UNIVERSITY PREPARATORY ACADEMY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

**Net Change in Fund Balances - Governmental Funds** \$ 906,742

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report Capital Outlays as expenditures; however, in the Statement of Activities, these costs are allocated over their estimated useful life as depreciation:

Capitalized Capital Outlay	659,116
Depreciation Expense	(514,129)
Principal Payments on Lease Liability	10,940

Revenue is recorded in the statement of activities when earned; it is not reported in the governmental funds until collected or collectible within 60 days of year end.

Current Year	-
Prior Year	(1,101)
<b>Change in Net Position - Governmental Activities</b>	<b>\$ 1,061,568</b>

The accompanying notes are an integral part of this financial statement.

**UNIVERSITY PREPARATORY ACADEMY  
REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>			<b>Variance Under/ (Over) Final Budget</b>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>REVENUES:</b>				
Local Sources	\$ 373,363	\$ 1,077,115	\$ 1,077,094	\$ 21
State Sources	18,375,149	18,493,299	18,305,903	187,396
Federal Sources	6,060,174	5,320,752	5,020,820	299,932
Total Revenues	<u>\$ 24,808,686</u>	<u>\$ 24,891,166</u>	<u>\$ 24,403,817</u>	<u>\$ 487,349</u>
<b>EXPENDITURES:</b>				
Instruction:				
Basic Programs	\$ 10,670,009	\$ 11,417,728	\$ 11,356,454	\$ 61,274
Added Needs	1,992,525	2,046,895	1,783,432	263,463
Total Instruction	<u>\$ 12,662,534</u>	<u>\$ 13,464,623</u>	<u>\$ 13,139,886</u>	<u>\$ 324,737</u>
Support Services:				
Instructional Support	\$ 1,568,926	\$ 1,560,697	\$ 1,537,859	\$ 22,838
Pupil Support	1,647,486	1,544,511	1,513,580	30,931
General Administration	1,376,631	1,394,579	1,394,098	481
School Administration	1,464,675	1,436,676	1,427,817	8,859
Business Service	279,233	398,302	397,049	1,253
Operations and Maintenance	2,271,233	2,388,728	2,272,216	116,512
Pupil Transportation	47,000	47,000	44,557	2,443
Central Support Services	1,015,254	1,035,854	975,406	60,448
Other Support Services	217,489	217,489	210,301	7,188
Total Support Services	<u>\$ 9,887,927</u>	<u>\$ 10,023,836</u>	<u>\$ 9,772,883</u>	<u>\$ 250,953</u>
Debt Service				
Interest	\$ -	\$ -	\$ -	\$ -
Community Services	<u>\$ 55,000</u>	<u>\$ 57,121</u>	<u>\$ 42,948</u>	<u>\$ 14,173</u>
Capital Improvements	<u>\$ 1,700,000</u>	<u>\$ 320,000</u>	<u>\$ 310,334</u>	<u>\$ 9,666</u>
Total Expenditures	<u>\$ 24,305,461</u>	<u>\$ 23,865,580</u>	<u>\$ 23,266,051</u>	<u>\$ 599,529</u>
Excess (Deficiency) of Revenues over Expenditures	\$ 503,225	\$ 1,025,586	\$ 1,137,766	\$ (112,180)
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers Out	(238,455)	(236,220)	(231,024)	(5,196)
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 264,770</u>	<u>\$ 789,366</u>	<u>\$ 906,742</u>	<u>\$ (117,376)</u>
Beginning of Year	4,404,990	4,586,513	4,586,513	-
End of Year	<u>\$ 4,669,760</u>	<u>\$ 5,375,879</u>	<u>\$ 5,493,255</u>	<u>\$ (117,376)</u>

The accompanying notes are an integral part of this financial schedule.

**UNIVERSITY PREPARATORY ACADEMY  
REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
SCHOOL SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Under/(Over) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Local Sources	\$ -	\$ -	\$ -	\$ -
State Sources	25,000	7,840	7,995	(155)
Federal Sources	468,000	767,278	848,097	(80,819)
Total Revenues	<u>\$ 493,000</u>	<u>\$ 775,118</u>	<u>\$ 856,092</u>	<u>\$ (80,974)</u>
<b>EXPENDITURES:</b>				
Food Services	\$ 731,455	\$ 1,011,338	\$ 1,087,116	\$ (75,778)
Total Expenditures	<u>\$ 731,455</u>	<u>\$ 1,011,338</u>	<u>\$ 1,087,116</u>	<u>\$ (75,778)</u>
Deficiency of Revenues over Expenditures	<u>\$ (238,455)</u>	<u>\$ (236,220)</u>	<u>\$ (231,024)</u>	<u>\$ (5,196)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	\$ 238,455	\$ 236,220	\$ 231,024	\$ 5,196
Operating Transfers Out	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Beginning of Year	-	-	-	-
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial schedule.



UNIVERSITY PREPARATORY ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

(1) **ORGANIZATION**

University Preparatory Academy (“the Academy”) is an urban public school academy under The Public School Academies of Detroit (“PSAD”) pursuant to Part 6C of the Michigan Revised School Code of 1976, as amended. The Michigan Department of Education has issued a school district number to the Academy. PSAD filed articles of incorporation as a nonprofit corporation pursuant to the provisions of the Michigan Nonprofit Corporation act of 1982, as amended, in May 2007. The Academy began operations in July 2000.

On December 14, 2007, PSAD entered into a ten-year contract with Grand Valley State University. On February 2, 2019, PSAD signed another ten-year-contract with GVSU that expires on June 30, 2028. The contract requires PSAD to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the state constitution. Grand Valley State University is the fiscal agent for PSAD and is responsible for overseeing PSAD’s compliance with the contract and all applicable laws. PSAD on behalf of the Academy pays Grand Valley State University three percent (3%) of its state aid as administrative fees. The total administrative fees paid for the year ended June 30, 2023 were \$491,520.

(2) **ACADEMY-WIDE AND FUND FINANCIAL STATEMENTS**

The academy-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Academy. For the most part, the effect of inter-fund activity has been removed from these statements. All of the Academy’s activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. *Direct* expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers 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 and other unrestricted items are not included as program revenues but instead as *general revenues*.

**Measurement focus, basis of accounting, and financial statement presentation**

The academy-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. 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.

As a general rule, the effect of interfund activity has been eliminated from the Academy-wide financial statements.

UNIVERSITY PREPARATORY ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023  
(Continued)

(2) **ACADEMY-WIDE AND FUND FINANCIAL STATEMENTS (cont'd)**

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all unrestricted state aid.

Governmental fund financial statements are reported using the current *financial resources, measurement focus* and the *modified accrual basis of accounting*. 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 and 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.

The Academy reports the following major governmental fund:

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 Academy reports the following non-major governmental funds:

The *school service fund* is the Academy's primary non-major fund. It is used to account for food services operations. It is a subsidiary operation and obligation of the general fund.

(3) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the accounting principles outlined in the Michigan School Accounting Manual. The significant accounting policies followed by University Preparatory Academy are described as follows:

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments that are readily convertible to cash.

UNIVERSITY PREPARATORY ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023  
(Continued)

(3) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

Revenue Recognition

All grant and contract revenues are recognized only to the extent earned.

Deferred Outflow and Inflow of Resources

Deferred Outflow of Resources is defined as the consumption or usage of net position applicable to a future reporting period. These types of resources are similar to assets and have a positive effect on the Statement of Net Position. Deferred Inflow of Resources is defined as the acquisition of net position applicable to a future reporting period. These types of resources are similar to liabilities and have a negative effect on the Statement of Net Position.

Use of Estimates

The preparation of general purpose financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Budgets and Budgetary Accounts

The General Fund budget was adopted on a basis consistent with accounting principles generally accepted in the United States of America and in compliance with the Uniform Budgeting and Accounting (P.A. 621 of 1978). A separate School Service Fund budget was adopted.

For the year end June 30, 2023, expenditures exceeded appropriation as follows:

<u>School Service Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Food Services	<u>\$ 1,011,338</u>	<u>\$ 1,087,116</u>	<u>\$ (75,778)</u>

Capital Assets

Capital assets purchased or acquired are stated at historical cost. The Academy's capitalization policy is to capitalize purchases that exceed \$5,000 and have estimated useful lives in excess of one year.

UNIVERSITY PREPARATORY ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023  
(Continued)

(3) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

Capital Assets (Continued)

The cost of normal maintenance and repairs that do not add to the value of the capital assets or materially extend their lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Capital assets are depreciated using the straight-line method over the following useful lives:

Furniture and other equipment	3 – 10 years
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New Accounting Pronouncement

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. GASB 96 is effective for the fiscal year ended June 30, 2023, and requires a SBITA subscriber to recognize a subscription liability and an intangible right-to-use subscription asset. This improves the relevancy and consistency of information. The Academy adopted GASB 96 for the year ended June 30, 2023, which did not require any adjustments to the June 30, 2023 financial statements as the Academy did not have any SBITA, as defined under GASB 96.

(3) **CASH AND CASH EQUIVALENTS**

The Academy's deposits are included on the balance sheet under the following classifications:

Cash and Cash Equivalents	<u>\$ 3,380,865</u>
---------------------------	---------------------

State law authorizes the Academy to make deposits in the accounts of federally insured financial institutions. Cash held by fiscal agents or trustees is secured in accordance with the requirements of the agency or trust agreement.

**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Academy's deposits may not be returned by the bank. The Academy believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Academy evaluates each financial institution it deposits Academy funds with and assesses the level of risk of each financial institution; only those institutions with an acceptable estimated risk level are used as depositories. The above deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$3,388,427. Of this amount \$250,000 was covered by federal depository insurance and \$3,138,427 was uninsured and uncollateralized.

**UNIVERSITY PREPARATORY ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**  
(Continued)

(5) **CAPITAL ASSETS**

A summary of capital assets is presented below:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2023</u>
Furniture and Other Equipment	\$ 3,314,083	\$ 659,116	\$ -	\$ 3,973,199
Right to Use Assets	1,089,970	-	-	1,089,970
	<u>4,404,053</u>	<u>659,116</u>	-	<u>5,063,169</u>
Less: Accumulated Depreciation/Amortization	<u>(2,958,277)</u>	<u>(514,129)</u>	-	<u>(3,472,406)</u>
Net Capital Assets	<u>\$ 1,445,776</u>	<u>\$ 144,987</u>	<u>\$ -</u>	<u>\$ 1,590,763</u>

(6) **DUE FROM OTHER GOVERNMENTAL UNITS**

Due from other governmental units as of June 30, 2023 for the Academy's general fund and school service fund were as follows:

State of Michigan - State Aid	\$ 3,465,154
State of Michigan - Federal	451,262
Wayne RESA	<u>66,081</u>
<b>Total</b>	<u>\$ 3,982,497</u>

(7) **MANAGEMENT AGREEMENT**

For the year ended June 30, 2023, the Academy utilized a management company, Detroit 90/90, a not-for-profit corporation to provide personnel, management services, back-office operations, and curriculum services. Detroit 90/90 is reimbursed for its direct costs as approved in the Academy's budget. The management fee for the year ended June 30, 2023 was \$517,804.

UNIVERSITY PREPARATORY ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023  
(Continued)

(8) **COMMITMENTS AND COMMITTED FUND BALANCE**

The Academy subleases its buildings from PSAD, which is obligated under four operating leases for the two elementary, middle and high school facilities. Three leases require annual base rents of \$1 each, and expire on June 30, 2023, 2025 and 2028, respectively. The two elementary school leases expire June 30, 2023 and 2025. The high school lease expires on June 30, 2028. The middle school lease expires June 30, 2027. The minimum future lease requirements are as follows. The adopted discount rate is 3%.

<b>Year Ended</b>			<b>Total</b>
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Payments</b>
2024	\$ 148,963	\$ 29,499	\$ 178,462
2025	289,790	23,280	313,070
2026	298,593	14,477	313,070
2027	307,664	5,406	313,070
<b>Total</b>	<b>\$ 1,045,010</b>	<b>\$ 72,662</b>	<b>\$ 1,117,672</b>

Under the terms of the various lease agreements, the Academy is responsible for all required maintenance of the facility. At the start of each successive fiscal year for the five-year lease period, the escrow account must be increased by \$40,000. The escrow funds shall be available for major capital repairs at any of the Academy's buildings. In addition, the lease requires the Academy to meet certain performance standards including graduation rates, re-enrollment rates, average daily attendance rates, college enrollment rates and minimum test scores. The Academy has met its escrow requirement of \$260,000.

UNIVERSITY PREPARATORY ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023  
(Continued)

(9) **DEFERRED INFLOW - UNAVAILABLE/UNEARNED REVENUE**

At June 30, 2023, the Academy received governmental funds prior to meeting all eligibility requirements. Governmental funds are reported as unavailable revenue when receivables are considered to be unavailable to liquidate liabilities of the current period. Governmental funds are unearned when resources have been received but not yet earned. The components are as follows:

	<b>Deferred Inflow - Unavailable</b>	<b>Unearned</b>
Grants and Categorical Aid Payments received prior to meeting all eligibility requirements	<u>\$ -</u>	<u>\$ 823,860</u>

(10) **SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 24, 2023, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

UNIVERSITY PREPARATORY ACADEMY

SINGLE AUDIT

JUNE 30, 2023



UNIVERSITY PREPARATORY ACADEMY  
SINGLE AUDIT REPORT  
JUNE 30, 2023

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**GREGORY  
TERRELL  
& COMPANY**

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

To the Board of Directors  
Public School Academies of Detroit

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of University Preparatory Academy' (the "Academy") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated October 24, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Gregory Terrell & Company". The signature is written in dark ink and includes a large, sweeping underline that loops back under the company name.

## **GREGORY TERRELL & COMPANY**

Certified Public Accountants

Detroit, Michigan

October 24, 2023



**GREGORY  
TERRELL  
& COMPANY**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

To the Board of Directors  
Public School Academies of Detroit

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited University Preparatory Academy's (the "Academy") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2023. The Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Academy complied in all material respects, with the types of 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, 2023.

***Basis for Opinion on Each Major Federal Program***

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Academy and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Academy's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Academy's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Academy's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Academy's compliance with the requirements of each major federal program as a whole. In performing and audit in accordance with generally accepted auditing standards, Government Auditing Standards and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Academy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Academy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance identified during the audit.

## **Report on 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 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of University Preparatory Academy as of and for the year ended June 30, 2023, and have issued our report thereon dated October 24, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Gregory Terrell & Company". The signature is written in a cursive style and is positioned above a large, empty oval shape.

**GREGORY TERRELL & COMPANY**  
Certified Public Accountants  
Detroit, Michigan

October 24, 2023

**UNIVERSITY PREPARATORY ACADEMY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued or (Deferred) Revenue at July 1, 2022	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued or (Deferred) Revenue at June 30, 2023	Amounts Awarded to Subrecipients
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
Passed through the Michigan Dept of Education							
Seamless Summer Option (SSO) - Breakfast - #211971	10.553	\$ 82,685	\$ 17,432	\$ 17,432	\$ -	\$ -	\$ -
School Breakfast Program - #221970		13,873	-	13,873	13,873	-	-
School Breakfast Program - #231970		85,133	-	66,683	85,133	18,450	-
Total		<u>181,691</u>	<u>17,432</u>	<u>97,988</u>	<u>99,006</u>	<u>18,450</u>	<u>-</u>
Supply Chain Assistance - #220910 2022	10.555	36,532	(36,532)	-	36,532	-	-
Supply Chain Assistance - #220910 2023		37,135	-	37,135	25,996	(11,139)	-
Supply Chain Assistance - #230910 2023		20,693	-	20,693	-	(20,693)	-
Seamless Summer Option (SSO) - Lunch #221961		101,215	101,215	101,215	-	-	-
Lunch Program - #221960		67,894	-	67,894	67,894	-	-
Lunch Program - #231960		631,711	-	421,045	530,497	109,452	-
National School Lunch Bonus Commodities 2022-2023		7,857	-	7,857	7,857	-	-
National School Lunch Entitlement Commodities 2022-2023		40,840	-	40,840	40,840	-	-
Total		<u>943,876</u>	<u>64,682</u>	<u>696,678</u>	<u>709,616</u>	<u>77,620</u>	<u>-</u>
Summer Food Service Program for Children	10.559	9,678	-	9,678	9,678	-	-
Total Child Nutrition Cluster		<u>1,135,245</u>	<u>82,114</u>	<u>804,344</u>	<u>818,300</u>	<u>96,070</u>	<u>-</u>
CACFP Meals - #221920	10.558	2,310	1,347	2,310	963	-	-
CACFP Meals - #222010		167	96	167	72	-	-
CACFP Meals - #231920		14,048	-	10,067	14,048	3,981	-
CACFP Meals - #232010		1,579	-	749	1,579	830	-
Total		<u>18,104</u>	<u>1,443</u>	<u>13,294</u>	<u>16,662</u>	<u>4,811</u>	<u>-</u>
School Breakfast Expansion	10.579	10,000	-	-	10,000	10,000	-
P-EBT Local Level Administrative Cost	10.542	3,135	-	3,135	3,135	-	-
Total U.S. Department of Agriculture		<u>1,166,484</u>	<u>83,557</u>	<u>820,772</u>	<u>848,097</u>	<u>110,881</u>	<u>-</u>

**UNIVERSITY PREPARATORY ACADEMY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**(Continued)**

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued or (Deferred) Revenue at July 1, 2022	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued or (Deferred) Revenue at June 30, 2023	Amounts Awarded to Subrecipients
Passed through the Michigan Department of Education							
Title I, Part A - Improving Basic Programs							
Project #221530 2122	84.010	1,047,296	112,993	148,833	35,840	-	-
Project #231530 2223	84.010	995,632	-	636,847	728,640	91,793	-
Total		2,042,928	112,993	785,680	764,480	91,793	-
Title II, Part A - Teacher/Principal Training							
Project #220520 2122	84.367	123,905	14,019	14,019	-	-	-
Project #230520-2223	84.367	111,425	-	86,914	86,914	-	-
Total		235,330	14,019	100,933	86,914	-	-
Title IV, Part A - Teacher/Principal Training							
Project #220750 2122	84.424	113,552	16,994	16,994	-	-	-
Project #230750-2223	84.424	126,962	-	56,129	56,129	-	-
Total		240,514	16,994	73,123	56,129	-	-
ESSER Formula Funds II #213712-2021	84.425D	2,831,638	367,200	691,979	324,778	-	-
ESSER Formula Funds III #213713-2122	84.425U	6,363,979	-	2,868,887	3,085,643	216,756	-
Total Passed Through the Michigan Department of Education		11,714,389	511,206	4,520,601	4,317,945	308,550	-
Passed through the Wayne County Regional Educational Service Agency:							
IDEA Flowthrough 22-23	84.027A	528,637	-	528,637	528,637	-	-
Total U.S. Department of Education		12,243,026	511,206	5,049,238	4,846,582	308,550	-
<b>TOTAL FEDERAL AWARDS</b>		<b>\$ 13,409,510</b>	<b>\$ 594,764</b>	<b>\$ 5,870,011</b>	<b>\$ 5,694,678</b>	<b>\$ 419,431</b>	<b>\$ -</b>

The accompanying notes are an integral part of this schedule.



UNIVERSITY PREPARATORY ACADEMY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2023

(1) **SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal financial awards programs of the Academy and is presented on the same basis of accounting as the basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other agencies are included in the schedule. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

(2) **BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

(3) **GRANT SECTION AUDITOR'S REPORT**

The Academy utilized the CMS Grant Auditor Report (GAR) in preparing the Schedule of Expenditures of Federal Awards.

(4) **MAJOR PROGRAMS**

Major programs were determined in accordance with the Uniform Guidance.

(5) **RECONCILIATION OF FEDERAL REVENUE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Federal Revenue - Financial Statements:	
General Fund	\$ 5,020,820
Non-Major Governmental Funds	848,097
Total Federal Revenue	<u>\$ 5,868,917</u>
Federal Expenditures - SEFA	\$ 5,694,678
E-Rate Revenue	174,239
Total Federal Revenue Reported	<u>\$ 5,868,917</u>

(6) **INDIRECT COST**

The 10% de minimis indirect cost rate was not elected.

UNIVERSITY PREPARATORY ACADEMY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023

**SECTION I: SUMMARY OF AUDITOR'S RESULTS**

- (1) The auditors' report expresses an unmodified opinion on the financial statements of the Academy.
- (2) There were no significant deficiencies or material weaknesses disclosed during the audit of the financial statements.
- (3) No instances of noncompliance material to the financial statements of the Academy, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- (4) There were no significant deficiencies or material weaknesses in internal control over major federal award programs disclosed during the audit.
- (5) The auditors' report on compliance for the major federal award programs for the Academy expresses an unqualified opinion on all major federal programs.
- (6) There are no audit findings that are required to be reported in accordance with Uniform Guidance.
- (7) The programs tested as major programs were:

Child Nutrition Cluster	CFDA 10.553; 10.555; 10.559
Title I, Part A	CFDA 84.010
ESSER II	CFDA 84.425D
ESSER III	CFDA 84.425U
- (8) The threshold used for distinguishing between Type A and B programs was \$750,000.
- (9) The Academy did qualify as a low-risk auditee.

**SECTION II: FINANCIAL STATEMENT FINDINGS**

There are no financial statement findings for the year ended June 30, 2023.

**SECTION III: FEDERAL AWARDS FINDINGS**

There are no Federal Awards findings for the year ended June 30, 2023.

UNIVERSITY PREPARATORY ACADEMY  
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2023

**I. SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

There were no prior year findings and questioned costs for the year ended June 30, 2022.



**GREGORY  
TERRELL  
& COMPANY**

October 24, 2023

To the Board of Directors  
of the Public School Academies of Detroit

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of University Preparatory Academy (the "Academy") for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Governmental Auditing Standards and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 8, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Academy are described in Note 3 to the financial statements. The Academy adopted the new GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, during fiscal year 2023. We noted no transactions entered into by the Academy during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 noted no significant estimates.

*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 each opinion unit's 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 auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 24, 2023.

*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 auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

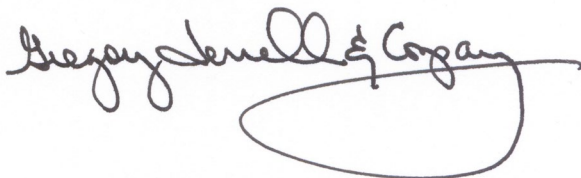
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Academy's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were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

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,

A handwritten signature in black ink that reads "Gregory Terrell & Company". The signature is written in a cursive style and is positioned above a large, hand-drawn oval shape.

**GREGORY TERRELL & COMPANY**

Certified Public Accountants

Detroit, Michigan

October 24, 2023



**GREGORY  
TERRELL  
& COMPANY**

October 24, 2023

To the Board of Directors of the Public School  
Academies of Detroit

In planning and performing our audit of the financial statements of University Preparatory Academy (the "Academy") for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Academy's internal control over financial reporting (internal control) as a basis for designing our 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 Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

**GREGORY TERRELL & COMPANY**  
Certified Public Accountants

Detroit, Michigan