



DETROIT ENTERPRISE ACADEMY

Financial Statements as of and for the Year Ended
June 30, 2024, Required Supplementary
Information and Additional Information for the Year
Ended June 30, 2024, Federal Awards
Supplementary Information for the Year Ended
June 30, 2024,
and Independent Auditor's Reports

**NATIONAL
HERITAGE
ACADEMIES** 

**DETROIT ENTERPRISE ACADEMY
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DETROIT ENTERPRISE ACADEMY
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THE CLAIRMOUNT GROUP, PLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Detroit Enterprise Academy
Detroit, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund (General Fund), of Detroit Enterprise Academy (the Academy) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the 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, the major fund of the Academy, as of June 30, 2024, and the respective changes in financial position 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 the 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 and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and government auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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.

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, as listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the statement of revenues – general funds are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2024, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of law, regulations, contracts, 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 effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, considering the Academy's internal control over financial reporting and compliance.

The Clairmount Group, PLC

The Clairmount Group, PLC
Detroit Michigan
October 24, 2024

**DETROIT ENTERPRISE ACADEMY
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

This section of the annual financial report for Detroit Enterprise Academy (the “Academy”) provides an overview of the Academy’s financial activities as of and for the fiscal year ended June 30, 2024. It should be read in conjunction with the 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 the Academy financially as a whole. The Academy-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 Academy-wide financial statements by providing information about the Academy’s most significant fund — the General Fund.

Management’s Discussion and Analysis
(Required Supplementary Information)

Basic Financial Statements

Academy-wide Financial Statements Fund Financial Statements

Notes to Basic Financial Statements

(Required Supplementary Information)
Budgetary Information for the Governmental Funds

(Additional Information)
Statement of Revenues — General Fund

Reporting the Academy as a whole — Academy-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 the cash is received or paid.

**DETROIT ENTERPRISE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

The Academy's Statement of Net Position — the difference between assets and liabilities, as reported in the Statement of Net Position — is one way to measure the Academy's financial position. The relationship between revenues and expenses is the Academy's operating results. The Academy's goal is to provide services to our students, not to generate profits as private sector companies do. One must consider nonfinancial factors, such as the quality of the education provided and the safety of the Academy, to assess the overall health of the Academy.

The Statement of Net Position and the Statement of Activities report the activities of the Academy, all of which are classified as governmental. These activities encompass all the Academy's services, including instruction, support services and food services. State aid (based on student count) and state and federal grants finance most of these activities. The Academy has entered into a services agreement (the "agreement") with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Academy operates. Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Academy from all revenue sources.

Reporting the Academy's 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. 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. Only those revenues that are "measurable" and "currently available" are reported. Liabilities are recognized when incurred. The governmental fund statements provide a 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 reconciliations presented as part of the statements.

**DETROIT ENTERPRISE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

The Academy as a Whole

Recall that the Statement of Net Position provides the perspective of the Academy as a whole. The table below provides a summary of the Academy's net position as of June 30:

	2024	2023
Assets - Current	\$ 1,860,939	\$ 1,733,095
Liabilities - current	<u>1,759,977</u>	<u>1,643,002</u>
Net position:		
Unrestricted	<u>100,962</u>	<u>90,093</u>
Total net position	<u>\$ 100,962</u>	<u>\$ 90,093</u>

The unrestricted net position of governmental activities represents the accumulated results of life-to-date operations. These assets can be used to finance day-to-day operations without constraints, such as legislative or legal requirements. The results of the current-year operations for the Academy as a whole are reported in the Statement of Activities, which shows the change in net position.

The results of operations for the Academy as a whole are reported in the summarized Statements of Activities (below) which show the changes in net position for the fiscal years ended June 30:

	2024	2023
Revenues:		
State aid	\$ 7,295,347	\$ 6,789,003
Operating grants	<u>3,597,413</u>	<u>2,808,124</u>
Total revenues	10,892,760	9,597,127
Expenses—		
Contracted service fee:		
Contracted service fee	10,881,891	9,571,750
Food services	<u>-</u>	<u>628</u>
Total expenses	<u>10,881,891</u>	<u>9,572,378</u>
SPECIAL ITEM - Transfer of Operations	<u>-</u>	<u>(420,821)</u>
Change in net position	<u>\$ 10,869</u>	<u>\$ (396,072)</u>

As reported in the Statement of Activities, the cost of governmental activities was \$10,881,891. These activities were primarily funded by the Academy's state aid (based on student count) and governments and organizations that subsidized certain programs with grants.

**DETROIT ENTERPRISE ACADEMY
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

The Academy experienced an increase in net position of \$10,869 in 2024. Under the terms of the agreement with NHA, NHA provides a spending account to the board of directors for discretionary expenditures. The primary reason for the change in net position is the timing of these discretionary expenditures.

A reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities appears on page 12.

Fund Financial Statements

As we noted earlier, the Academy uses funds to help it control and manage money for particular purposes or as required by state law. Looking at funds helps the reader to consider whether the Academy is being accountable for the resources that the State and others provide to it and may provide more insight into the Academy’s overall financial health.

The Academy’s instruction and support services activities are reported in the General Fund The Academy’s fund balance was \$100,962 at June 30, 2024.

A reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position appears on page 11.

General Fund Budgetary Highlights

Over the course of the year, the Academy revises its budget to reflect changes in revenues and expenditures. 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 supplementary information of these financial statements.

Budgeted revenues for the General Fund were increased by \$349,566 from the original budget. Revenues were changed to reflect the following:

State Aid	<i>Increase</i>
Other State Sources	<i>Increase</i>
Local Sources	<i>Increase</i>
Federal Sources	<i>Decrease</i>
Private Sources	<i>Decrease</i>

Budgeted expenditures for the General Fund were increased by \$354,800. This change was to reflect the change in anticipated funding. General Economic Factors and Next Year’s Budgets

Our officials and administration consider many factors when setting the Academy’s 2025 fiscal year 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 2025 fiscal year is expected to be 90% and 10% of the October 2024 and February 2024 student counts, respectively. The 2025 budget was adopted in June 2024. Approximately 67% of total General Fund revenue is from the foundation allowance. As a result, Academy funding is heavily dependent on the State’s ability to fund local school operations. Based on early enrollment data at the start of the 2025 school year, we anticipate that the fall student

**DETROIT ENTERPRISE ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

count will be close to the estimates used in creating the 2025 budget. Once the final student count and related per pupil funding are validated, state law requires the Academy to amend the budget if actual Academy resources are not sufficient to fund original appropriations.

Since the Academy's revenue is heavily dependent on state funding and the health of the State's school aid fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to public school academies. The State periodically holds a revenue-estimating conference to estimate revenues. If the State estimates funds are not sufficient to fund the appropriation, the legislature must revise the appropriation or proration of state aid will occur.

Contacting the Academy's Financial Management

The financial report is designed to provide users of the report 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, contact the Chief Financial Officer of National Heritage Academies, Inc., 3850 Broadmoor SE, Suite 201; Grand Rapids, Michigan 49512.

**DETROIT ENTERPRISE ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2024**

	Governmental Activities
ASSETS	
Cash	\$ 115,439
Due from governmental revenue sources	<u>1,745,500</u>
Total current assets	<u>1,860,939</u>
LIABILITIES:	
Unearned revenue	\$ 810,131
Accounts payable	71
Contracted service fee payable	<u>949,775</u>
Total liabilities	<u>1,759,977</u>
NET POSITION:	
Unrestricted	<u>100,962</u>
Total net position	<u>100,962</u>
TOTAL	<u>\$ 1,860,939</u>

See accompanying notes to financial statements.

**DETROIT ENTERPRISE ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
FUNCTIONS/PROGRAMS —				
Contracted service fee:	\$ 10,881,891	\$ -	\$ 3,597,413	\$ (7,284,478)
GENERAL PURPOSE REVENUES:				
State aid unrestricted				<u>7,295,347</u>
CHANGE IN NET POSITION				10,869
NET POSITION:				
Beginning of year				<u>90,093</u>
End of year				<u>\$ 100,962</u>

See accompanying notes to financial statements.

**DETROIT ENTERPRISE ACADEMY
BALANCE SHEET – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

	Governmental Funds
ASSETS	
Cash	\$ 115,439
Due from governmental revenue sources	<u>1,745,500</u>
TOTAL	<u>\$ 1,860,939</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES:	
Unearned revenue	\$ 810,131
Accounts payable	71
Contracted service fee payable	<u>801,587</u>
Total liabilities	<u>1,611,789</u>
DEFERRED INFLOWS OF RESOURCES:	
Unavailable revenue	<u>148,188</u>
Total liabilities and deferred inflows of resources	<u>1,759,977</u>
FUND BALANCE:	
Committed	31,967
Unassigned	<u>68,995</u>
Total fund balance	<u>100,962</u>
TOTAL	<u>\$ 1,860,939</u>
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	
Total governmental fund balance	\$ 100,962
Due from governmental revenue sources not available to pay current period expenditures therefore deferred in the funds	148,188
Contracted service fee payable not due and payable in the current period and not reported in the funds	<u>(148,188)</u>
Net position of governmental activities	<u>\$ 100,962</u>

See accompanying notes to financial statements.

**DETROIT ENTERPRISE ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

	Governmental Funds
	<u> </u>
REVENUES:	
State aid	\$ 7,275,370
Other state sources	899,339
Federal sources	2,276,831
Private sources	32,279
Local sources	<u>317,942</u>
Total revenues	<u>10,801,761</u>
EXPENDITURES:	
Contracted service fee	<u>10,790,892</u>
Total expenditures	<u>10,790,892</u>
NET CHANGE IN FUND BALANCE	10,869
FUND BALANCE — Beginning of year	<u>90,093</u>
FUND BALANCE — End of year	<u>\$ 100,962</u>
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	
Net change in fund balance — total governmental funds	\$ 10,869
Revenue reported in the statement of activities that does not provide current financial resources and are not reported as revenue in the governmental funds	148,188
Revenue reported in the governmental funds as available and measurable — reported in the statement of activities in prior years	(57,188)
Contracted service fee recognized consistent with the revenue policy	<u>(91,000)</u>
Change in net position of governmental activities	<u>\$ 10,869</u>

See accompanying notes to financial statements.

DETROIT ENTERPRISE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

1. NATURE OF OPERATIONS

Detroit Enterprise Academy (the “Academy”) is a Michigan Public School Academy that provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The Academy provides education, at no cost to the parent, to students in kindergarten through eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation. The Academy operates under a charter contract approved by Grand Valley State University, which is responsible for oversight of the Academy’s operations. The charter contract expires June 30, 2026 and is subject to renewal. Grand Valley State University Board of Trustees receives three percent of state aid funds as an administrative fee. The total administrative fee for year ended June 30, 2024, paid to the Grand Valley State University Board of Trustees was \$216,370. Amounts paid to Grand Valley State University are included in the contract fee.

The Academy is exempt from taxation as a governmental entity pursuant to Internal Revenue Code Section 115. The Academy qualifies for public charity status by meeting the requirements of Internal Revenue Code Sections 509(1) and 170(b)(1)(A)(ii).

The Academy’s primary source of revenue is provided by the State of Michigan and consists of an amount per student multiplied by weighted average student counts. The state revenue is recognized ratably over the school year and is funded through payments from October 2023 through August 2024.

The Board of Directors of the Academy has entered into a services agreement (the “agreement”) with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Academy operates. The agreement will continue until the termination or expiration of the charter contract, up to a maximum of five years, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the Academy or NHA.

Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Academy from all revenue sources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

When an expense is incurred for purposes for which both restricted and unrestricted net position, or fund balance are available, the Academy's policy is to first apply restricted resources. When an expense is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the Academy's policy to spend funds in this order: committed, assigned and unassigned.

Fund Based Statements — Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected 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. Revenue not meeting this definition is classified as a deferred inflow of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The contracted service fee to NHA is recorded consistent with the recognition of revenue

Fund Classification — The financial activities of the Academy are organized on the basis of funds. The operation of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

General Fund — The General Fund is used to account for the general educational programs of the Academy. Its revenues are derived primarily from the State of Michigan.

Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

Cash — Cash as of June 30, 2024 represents bank deposits which are covered by federal depository insurance. Accordingly, there are no investments which are required to be categorized according to risk.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)**

Unavailable and Unearned Revenue — Unavailable revenue is reported in connection with receivables for revenue that is not considered available and measurable to liquidate liabilities of the current period. Unearned revenue is reported in connection with funds that have been received for services which have not been performed and is therefore not yet earned. As of June 30, 2024, a deferred inflow for unavailable revenue was \$148,188 and a liability for unearned revenue was recognized for \$810,131.

Contracted Service Fee Payable — Contracted service fee payable as of June 30, 2024 represents a timing difference between funds received from governmental sources and amounts payable to NHA in accordance with the agreement.

Fund Balance — Fund balances may be classified as nonspendable, restricted, committed, assigned, or unassigned. The terms nonspendable and restricted are used either to indicate that certain assets do not represent spendable resources available for general educational programs or to earmark a portion of fund balance as legally segregated for a specific future use. The term committed represents amounts that can only be used for the specific purpose determined by a formal resolution of the board. The term assigned is used to classify the fund balance intended to be used by the board, but does not meet the criteria to be restricted or committed. The term unassigned is used for amounts that have not been restricted, committed, or otherwise assigned for future uses. At June 30, 2024, the Academy had \$31,967 in committed fund balance, and \$68,995 in unassigned fund balance. The committed fund balance has been committed by resolutions of the Board of Directors for student, parent and staff appreciation, and board training and development.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)**

Budgetary Information — Annual budgets are adopted on a basis utilizing generally accepted accounting principles and consistent with state law for the general and special revenue funds.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Academy to have its budget in place by July 1. The budgets can be amended by the Board of Directors as considered necessary. The budgets were amended to increase budgeted revenues and expenditures for the General Fund by \$349,566 and \$354,800, respectively.

DETROIT ENTERPRISE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

3. DUE FROM GOVERNMENTAL REVENUE SOURCES

Receivables as of June 30, 2024 for the Academy included \$1,362,793 in state aid receivable, \$242,221 in other state receivable, and \$140,486 in federal grants receivable. The Academy considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

4. RISK MANAGEMENT

The Academy is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2024, and claims did not exceed coverage less retained risk deductible amounts in the past three fiscal years.

5. CONTINGENCIES

The Academy has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

6. LEASE

The Academy has entered into a sublease agreement with NHA for a facility to house the Academy. The lease term is from July 1, 2023 through June 30, 2024. Annual rental payments required by the lease are \$960,480 payable in twelve monthly payments of \$80,040. This lease is automatically renewed on a year-to-year basis unless a notice of non-renewal is provided by either the Academy or NHA. The lease agreement can be cancelled upon termination of the NHA services agreement.

The Academy is not a party to any leasing arrangements that meet the criteria for recognition of lease assets or liabilities under GASB Statement No. 87, *Leases* based on the noncancellable period being 12 months or less and applicability of the short-term lease exception for the facility lease agreement.

7. SUBSEQUENT EVENT

The Academy subsequently renewed the sublease with NHA for the period of July 1, 2024 through June 30, 2025, at the same rental rate.

Subsequent events have been evaluated through October 24, 2024, which is the date the financial statements were available to be issued. Events occurring after the date have not been evaluated.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

**DETROIT ENTERPRISE ACADEMY
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE GENERAL FUND
YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
REVENUES:				
State aid	\$ 6,927,822	\$ 7,212,341	\$ 7,275,370	\$ 63,029
Other state sources	805,188	908,202	899,339	(8,863)
Local sources	223,146	282,712	317,942	35,230
Federal sources	2,532,972	2,461,302	2,276,831	(184,471)
Private sources	<u>36,600</u>	<u>10,737</u>	<u>32,279</u>	<u>21,542</u>
Total revenues	10,525,728	10,875,294	10,801,761	(73,533)
EXPENDITURES - Contracted service fee:				
Instruction:				
Basic instruction	3,551,299	3,624,064	3,534,074	(89,990)
Added needs	1,633,040	1,653,186	1,698,550	45,364
Support services:				
Pupil services	526,447	500,049	531,078	31,029
Instructional staff services	1,168,550	1,156,106	1,105,780	(50,326)
General Administration	384,359	432,952	436,430	3,478
School Administration	693,973	757,840	746,499	(11,341)
Business & Internal Services	161,338	208,392	215,521	7,129
Central services	534,002	628,519	602,811	(25,708)
Pupil transportation services	18,125	7,939	5,202	(2,737)
Pupil Activities	-	1,457	1,007	(450)
Operations and maintenance	1,571,242	1,627,640	1,671,354	43,714
Community Activities	255,475	280,255	241,607	(38,648)
Welfare Activities	<u>27,878</u>	<u>2,129</u>	<u>979</u>	<u>(1,150)</u>
Total expenditures	10,525,728	10,880,528	10,790,892	(89,636)
NET CHANGE IN FUND BALANCE	-	(5,234)	10,869	16,103
FUND BALANCE - Beginning of year	<u>65,215</u>	<u>87,412</u>	<u>90,093</u>	<u>2,681</u>
FUND BALANCE - End of year	<u>\$ 65,215</u>	<u>\$ 82,178</u>	<u>\$ 100,962</u>	<u>\$ 18,784</u>

ADDITIONAL INFORMATION

**DETROIT ENTERPRISE ACADEMY
ADDITIONAL INFORMATION
STATEMENT OF REVENUES- GENERAL FUND
YEAR ENDED JUNE 30, 2024**

State aid	\$	7,275,370
Other state sources:		
Special education		87,482
At-risk		767,389
Grants		<u>44,468</u>
Total		899,339
Federal sources — grants		2,276,831
Private sources — other		32,280
Local sources		<u>317,941</u>
TOTAL	\$	<u><u>10,801,761</u></u>

SINGLE AUDIT



THE CLAIRMOUNT GROUP, PLC
Certified Public Accountants

**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 of
Detroit Enterprise Academy

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, major fund information of Detroit Enterprise Academy (the "Academy"), for the year ended June 30, 2024, 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, 2024.

Report on 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified

Report on 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.

The Clairmount Group, PLC

The Clairmount Group, PLC
Detroit Michigan

October 24, 2024



THE CLAIRMOUNT GROUP, PLC
Certified Public Accountants

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

To the Board of Directors of
Detroit Enterprise Academy

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited Detroit Enterprise Academy (the "Academy") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on of The Academy's major federal program for the year ended June 30, 2024 The Academy's major federal program is 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 its major federal programs for the year ended June 30, 2024.

Basis for Opinion on 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 the 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 judgment made by a reasonable user of the report on compliance about The Academy's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment 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 that we 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 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. 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not 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.

The Clairmount Group, PLC

The Clairmount Group, PLC
Detroit Michigan
October 24, 2024

**DETROIT ENTERPRISE ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

Program Title/Project Number/Subrecipient Name	Grant/Project Number	Assistance Listing Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2023	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2024
Clusters:								
Special Education Cluster - U.S. Department of Education - Passed through the Wayne RESA:								
IDEA Flowthrough:								
IDEA Flowthrough 21-22	220450	84.027	\$ 199,346	\$ 3,412	\$ 4,391	\$ 4,391	\$ -	\$ -
IDEA Flowthrough 23-24	240450	84.027	161,054	-	-	146,504	161,054	14,550
Total IDEA Flowthrough		84.027	360,400	3,412	4,391	150,895	161,054	14,550
Other federal awards:								
Passed through the Michigan Department of Education:								
Title I Part A:								
Title I Part A 22-23	231530	84.010	440,475	290,564	37,969	42,123	4,419	265
Title I Part A 23-24	241530	84.010	485,020	-	-	361,238	406,507	45,269
Total Title I Part A		84.010	925,495	290,564	37,969	403,361	410,926	45,534
Title II Part A - Improving Teacher Quality:								
Title II Part A 22-23	230520	84.367	61,093	37,790	3,523	9,350	5,827	-
Title II Part A 23-24	240520	84.367	63,061	-	-	36,534	38,247	1,713
Total Title II Part A		84.367	124,154	37,790	3,523	45,884	44,074	1,713
Title IV Part A - Improving Teacher Quality:								
Title IV Part A 22-23	230750	84.424	31,873	20,255	6,131	5,570	(561)	-
Title IV Part A 23-24	240750	84.424	44,673	-	-	27,849	26,378	(1,471)
Total Title IV Part A		84.424	76,546	20,255	6,131	33,419	25,817	(1,471)
Education Stabilization Fund Program - U.S. Department of Education Passed through Michigan Department of Education								
COVID-19 ESSER Formula Fund II	213712	84.425D	1,332,293	733,935	174,365	380,718	206,353	-
COVID-19 ESSER Formula Fund III	213713	84.425U	2,994,269	549,439	(98,265)	1,288,624	1,481,055	94,166
COVID-19 Governor's Emergency Education Relief Fund (GEER)	201200	84.425C	68,947	(150)	(150)	-	150	-
Total Education Stabilization Fund Program		84.425	4,395,509	1,283,224	75,950	1,669,342	1,687,558	94,166
Total noncluster programs passed through the Michigan Department of Education								
			5,521,704	1,631,833	123,573	2,152,006	2,168,375	139,942
Total federal awards								
			\$ 5,882,104	\$ 1,635,245	\$ 127,964	\$ 2,302,901	\$ 2,329,429	\$ 154,492

**DETROIT ENTERPRISE ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Note 1 – Basis of Presentation and Significant Accounting Policies

The accompanying schedule of federal awards (the “Schedule”) includes the federal grant activity of Detroit Enterprise Academy under programs of the federal government for the year ended June 30, 2024. Expenditures reported on the Schedule are reported on the same basis of accounting as the general purpose financial statements. The information in the schedule is presented in accordance with the 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). Therefore, some amounts presented in the schedule may differ from amounts presented in or used in preparation of the general purpose financial statements.

Because the Schedule presents only a selected portion of Detroit Enterprise Academy's operations, it is not intended to and does not present the financial position, changes in net assets, or cash flows, if applicable, of Detroit Enterprise Academy. Pass-through entity identifying numbers are presented where available.

2. GRANT AUDITOR'S REPORT

Management has utilized the Cash Management System (CMS) Grant Auditor's Report in preparing the schedule of expenditure of federal awards. There were no exceptions due to the timing of cash receipts.

3. INDIRECT COST RATE

Management has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

**DETROIT ENTERPRISE ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

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 Noted

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 weaknesses? _____ Yes X None Noted

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster:
84.425	Education Stabilization Fund
84.425C	Governor's Emergency Feducation Relief (GEER) Fund
84.425D	Elementary and Secondary School Emergency Relief (ESSERS II)
84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ X Yes _____ No

**DETROIT ENTERPRISE ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

Section II – Financial Statement Findings

There were none.

Section III – Federal Award Findings and Questioned Costs

There were none.

Section IV – Summary Schedule of Prior Audit Findings

There were none.