

JALEN ROSE LEADERSHIP ACADEMY

**FINANCIAL REPORT
WITH
SUPPLEMENTAL INFORMATION**

JUNE 30, 2023

JALEN ROSE LEADERSHIP ACADEMY

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Alan C. Young & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740
Detroit, MI 48202

(313) 873-7500 (Tel.)
(313) 873-7502 (Fax)
www.alancyoung.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jalen Rose Leadership Academy
Detroit, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the remaining fund information of Jalen Rose Leadership 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 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, and the remaining fund information of the Academy, as of June 30, 2023, 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.

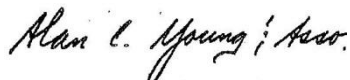
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2023 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 in considering the Academy's internal control over financial reporting and compliance.



Detroit, Michigan
October 25, 2023

JALEN ROSE LEADERSHIP ACADEMY

Management's Discussion and Analysis (MD&A)

June 30, 2023

Jalen Rose Leadership Academy (the Academy) is a Public School Academy located in Detroit, Michigan. The Academy began its first academic year in September 2011 with an inaugural class (9th grade) of 120 students. An additional freshman class was added each subsequent year. As management of the Academy, we offer the readers of the Academy's financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The school's enrollment goal is 420 students; the enrollment on the Fall Count Day in the 2022-2023 school year was 411 students.
- The General Fund had \$8,054,747 in revenue, which primarily consisted of State funding (54%), followed by Local Sources (22%), and Federal Sources (24%).

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Academy's basic financial statements. The Academy's basic financial statements comprise three components: 1) academy-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Academy-wide Financial Statements - The academy-wide financial statements are designed to provide readers with a broad overview of the Academy's finances.

The statement of net position presents information, using the accrual basis of accounting, on all of the Academy's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The statement of activities presents information showing how the Academy's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The academy-wide financial statements outline functions of the Academy that are principally supported by State Aid and intergovernmental revenues (Federal grants) and operations and management.

The academy-wide financial statements can be found on pages 1 and 2 of this report.

JALEN ROSE LEADERSHIP ACADEMY

Management's Discussion and Analysis (MD&A) (Continued)
June 30, 2023

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Michigan public school districts utilizing Bulletin 1022. The Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Academy can be divided into three categories: governmental, proprietary and fiduciary funds. All activities of the Academy are included in the governmental funds. The Academy does not maintain any proprietary or fiduciary funds.

The basic governmental fund financial statements can be found on page 3 and 5 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7 to 15 of this report.

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Academy, assets exceeded liabilities by \$8,631,377 as of June 30, 2023.

The Academy's financial position is the product of financial transactions for the year, including the net results of activities, the acquisition of capital assets, and the depreciation of capital assets.

Net Position as of June 30, 2023 and 2022

The following shows a summary of the Academy's Statement of Net Position as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets	\$ 8,650,572	\$ 6,653,034
Noncurrent Assets	2,284,729	1,602,448
Total Assets	<u>10,935,301</u>	<u>8,255,482</u>
Liabilities		
Current Liabilities	1,364,222	463,547
Noncurrent Liabilities	939,702	1,024,189
Total Liabilities	<u>2,303,924</u>	<u>1,487,736</u>
Net Position		
Net Investment in Capital Assets	1,345,027	578,259
Restricted	336,194	624,305
Unrestricted	6,950,156	5,565,182
Total Net Position	<u>\$ 8,631,377</u>	<u>\$ 6,767,746</u>

JALEN ROSE LEADERSHIP ACADEMY

Management's Discussion and Analysis (MD&A) (Continued)
June 30, 2023

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE (Continued)

Change in Net Position for the years ending June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue		
State Aid Formula Grants	\$ 3,782,217	\$ 3,616,887
Other Revenue	1,757,886	2,483,814
Operating Grants and Contributions	<u>2,514,644</u>	<u>1,661,780</u>
Total Revenue	<u>8,054,747</u>	<u>7,762,481</u>
Expenditures		
Basic Instruction	1,773,680	2,075,247
Added Needs	364,112	302,201
Support Services		
Pupil Support Services	917,287	840,384
Instructional Staff Services	347,012	375,294
General/Executive Administration Services	160,703	182,933
School Administration Services	410,122	479,035
Business Services	845,708	520,682
Operations and Maintenance	530,567	372,689
Pupil Transportation Services	26,597	59,860
Central Services	245,757	317,574
Support Services - Other	190,720	160,725
Community Activities	7,932	7,063
In-Kind Expenses	29,994	-
Interest	49,347	56,035
Depreciation	291,578	204,746
Food Services	-	7,234
Total Expenditures	<u>6,191,116</u>	<u>5,961,702</u>
Change in Net Position	<u>\$ 1,863,631</u>	<u>\$ 1,800,779</u>

Financial Analysis of the Academy's Funds

The performance of the Academy as a whole is reflected in the governmental funds. As the Academy completed its year, its governmental funds reported an unassigned General Fund balance of \$2,078,983.

Comments on Budget Comparisons

- General fund budgeted revenue compared to actual revenue varied from line item to line item with the ending actual revenues being \$972,323 more than budget or approximately 14%.
- The total budgeted expenses compared to actual expenses varied from line item to line item with the ending actual expenses being \$105,959 less than budget or approximately 1.5%.

JALEN ROSE LEADERSHIP ACADEMY

Management's Discussion and Analysis (MD&A) (Continued)
June 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023 the Academy had \$2,284,729 invested in capital assets net of depreciation, including building, building improvements, furniture, computers, and other equipment. Total depreciation for the year was \$291,578.

Long-Term Debt

At June 30, 2023, the Academy had \$939,702 in long-term debt. The debt was taken in order to purchase the building the Academy is housed in. The debt is scheduled to be paid through 2032.

Economic Factors and Next Year's Budgets and Rates

The Academy considers many factors when setting the Academy's 2023-2024 fiscal year budgets. One of the most important factors affecting the budget is our student enrollment. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2022-23 fiscal years is 90 percent of the current school year October count and 10 percent of the prior February count. The all-inclusive budget was adopted in June 2023 based on an enrollment estimate of 420 students in the Fall of 2023-24.

Under State law, the Academy cannot assess property taxes for additional revenue for general operations. As a result, the Academy is heavily dependent on the State's ability to fund school operations. Based on early enrollment data and aggressive recruiting efforts, an estimated fall count of 422 students is expected.

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. Amended budgets will also reflect actual recurring and one-time federal grant allocations awarded to the Academy. 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 revenue to fund its appropriations to public schools and public school academies.

CONTACTING THE ACADEMY'S MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the Academy's finances. If you have questions about this report or need additional information, contact the Administration Office, Jalen Rose Leadership Academy, 15000 Trojan Drive, Detroit, Michigan 48235.

JALEN ROSE LEADERSHIP ACADEMY

Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents (Note 3)	\$ 7,353,214
Restricted Cash (Note 1)	20,946
Due From Other Governmental Units (Note 4)	1,005,509
Accounts Receivable	110,446
Inventory	84,757
Prepaid Expenses	75,700
Capital Assets, Net of Accumulated Depreciation (Note 5)	<u>2,284,729</u>
Total Assets	<u>10,935,301</u>
LIABILITIES	
Accounts Payable	305,540
Accrued Expenditures	667,976
Unearned Revenue (Note 1)	390,706
Long-Term Debt, Current Portion (Note 8)	88,866
Long-Term Debt, Net of Current Portion (Note 8)	<u>850,836</u>
Total Liabilities	<u>2,303,924</u>
NET POSITION	
Net Investment in Capital Assets	1,345,027
Restricted (Note 1)	336,194
Unrestricted	<u>6,950,156</u>
Total Net Position	<u>\$ 8,631,377</u>

The accompanying notes are an integral part of these financial statements

JALEN ROSE LEADERSHIP ACADEMY

Statement of Activities Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Governmental
		Charges for Services	Operating Grants and Contributions	Activities Net (Expenses) Revenues and Changes in Net Position
Governmental Activities				
Basic Instruction	\$ 1,773,680	\$ -	\$ 1,540,686	\$ (232,994)
Added Needs	364,112	-	316,282	(47,830)
Supporting Services				
Pupil Support Services	917,287	-	-	(917,287)
Instructional Staff Services	347,012	-	301,428	(45,584)
General / Executive Administration Services	160,703	-	-	(160,703)
School Administration Services	410,122	-	356,248	(53,874)
Business Services	845,708	-	-	(845,708)
Operations and Maintenance	530,567	-	-	(530,567)
Pupil Transportation Services	26,597	-	-	(26,597)
Central Support	245,757	-	-	(245,757)
Support Services - Other	190,720	-	-	(190,720)
Community Activities	7,932	-	-	(7,932)
In-Kind Expenses	29,994	-	-	(29,994)
Interest Expense	49,347	-	-	(49,347)
Depreciation (Unallocated)	291,578	-	-	(291,578)
Total Governmental Activities	\$ 6,191,116	\$ -	\$ 2,514,644	(3,676,472)
			<u>General Revenues</u>	
			State Aid - Formula Grants	3,782,217
			Other Revenue	<u>1,757,886</u>
			Total General Revenues	<u>5,540,103</u>
			Change in Net Position	1,863,631
			Net Position - July 1, 2022	<u>6,767,746</u>
			Net Position - June 30, 2023	<u>\$ 8,631,377</u>

The accompanying notes are an integral part of these financial statements

JALEN ROSE LEADERSHIP ACADEMY

**Governmental Funds
Balance Sheet
June 30, 2023**

	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Total</u>
	<u>General Fund</u>	<u>School Service Fund</u>	<u>Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents (Note 3)	\$ 7,310,168	\$ 43,046	\$ 7,353,214
Restricted Cash (Note 1)	20,946	-	20,946
Due From Other Governmental Units (Note 4)	1,005,509	-	1,005,509
Accounts Receivable	110,446	-	110,446
Inventory	84,757	-	84,757
Prepaid Expense	75,700	-	75,700
Total Assets	<u>\$ 8,607,526</u>	<u>\$ 43,046</u>	<u>\$ 8,650,572</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 305,540	\$ -	\$ 305,540
Accrued Expenditures	667,976	-	667,976
Unearned Revenue (Note 1)	390,706	-	390,706
Total Liabilities	<u>1,364,222</u>	<u>-</u>	<u>1,364,222</u>
Fund Balances (Note 1)			
Nonspendable	160,457	-	160,457
Restricted (Note 1)	293,148	43,046	336,194
Assigned (Note 1)	4,710,716	-	4,710,716
Unassigned	2,078,983	-	2,078,983
Total Fund Balance	<u>7,243,304</u>	<u>43,046</u>	<u>7,286,350</u>
Total Liabilities and Fund Balances	<u>\$ 8,607,526</u>	<u>\$ 43,046</u>	<u>\$ 8,650,572</u>

The accompanying notes are an integral part of these financial statements

JALEN ROSE LEADERSHIP ACADEMY

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2023

Total Fund Balances - Governmental Funds \$ 7,286,350

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, not reported as assets in governmental funds

Cost of capital assets	3,703,437	
Accumulated depreciation	<u>(1,418,708)</u>	2,284,729

Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds	<u>(939,702)</u>
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Total Net Position - Governmental Activities \$ 8,631,377

The accompanying notes are an integral part of these financial statements

JALEN ROSE LEADERSHIP ACADEMY

Statement of Revenue, Expenditures and Changes in Fund Balance Year Ended June 30, 2023

	Major Fund	Non-Major Fund	Total
	General Fund	School Service Fund	Governmental Funds
REVENUE			
Federal Sources	\$ 1,965,501	\$ -	\$ 1,965,501
State Sources	4,356,485	-	4,356,485
Local Sources	1,702,767	-	1,702,767
In-Kind Revenues	29,994	-	29,994
Total Revenue	8,054,747	-	8,054,747
EXPENDITURES			
Basic Instruction	1,773,680	-	1,773,680
Added Needs	364,112	-	364,112
Supporting Services:			
Pupil Support	917,287	-	917,287
Instructional Staff	347,012	-	347,012
General / Executive Administration	160,703	-	160,703
School Administration	410,122	-	410,122
Business Services	845,708	-	845,708
Operations and Maintenance	597,841	-	597,841
Facilities Acquisition, Construction and Improvement	781,583	-	781,583
Pupil Transportation	26,597	-	26,597
Central Support	370,759	-	370,759
Other Support Services	190,720	-	190,720
In-Kind Expenses	29,994	-	29,994
Community Activities	7,932	-	7,932
Principal Payments on Building Loan	84,487	-	84,487
Interest Payments on Building Loan	49,347	-	49,347
Total Expenditures	6,957,884	-	6,957,884
Excess of Revenue Over Expenditures	1,096,863	-	1,096,863
Fund Balance - July 1, 2022	6,146,441	43,046	6,189,487
Fund Balance - June 30, 2023	\$ 7,243,304	\$ 43,046	\$ 7,286,350

The accompanying notes are an integral part of these financial statements

JALEN ROSE LEADERSHIP ACADEMY

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$1,096,863

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.

Depreciation expense	(291,578)	
Capitalized capital outlay expense	<u>973,859</u>	682,281

Repayment of loan principal is an expenditure governmental funds, but not in the statement of activities (where it reduces the long-term debt).

84,487

Change in Net Position - Governmental Activities \$1,863,631

The accompanying notes are an integral part of these financial statements

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Jalen Rose Leadership Academy (the Academy) conform to generally accepted accounting principles as applicable to schools. The following is a summary of the significant policies:

Reporting Entity

Jalen Rose Leadership Academy is a nonprofit corporation and a public school academy corporation organized under the Michigan Nonprofit Corporation Act, as amended, Act No. 162 of the Public Acts of 1982, being Sections 450.2101 to 450.3192 of the Michigan Compiled Laws. Notwithstanding any provision of the Michigan Nonprofit Corporation Act, as amended, the Academy shall not take any action inconsistent with the provisions of Part 6A of the Code or other Applicable Law.

On July 1, 2016, the Academy renewed and entered a three-year contract with the Central Michigan University (CMU) Board of Trustees to Charter a Public School Academy. This agreement has been renewed and is effective through June 2024. The contract requires the Academy 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. The CMU Board of Trustees is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract, all applicable laws and other related activities for which compensation is permissible. By agreement between CMU and the Academy, CMU may charge additional fees beyond the administrative fees for services rendered. The Academy pays the CMU Board of Trustees 3 percent of the Academy's State School Aid Payments as an administrative fee. The total administrative fee paid in the year ended June 30, 2023 to CMU was approximately \$111,000.

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 activities of the Academy. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Academy's academy-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Depreciation on the capital assets is unallocated in the Statement of Activities.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Academy-Wide and Fund Financial Statements (Continued)

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Michigan public school districts utilizing Bulletin 1022. The Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Academy can be divided into three categories: governmental, proprietary and fiduciary funds. All activities of the Academy are included in the governmental funds. The Academy does not maintain any proprietary or fiduciary funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Academy-Wide Financial 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 to related cash flows. Grants, categorical aid, and similar items 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 Financial 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 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

General Fund – The Academy's major fund is the General Fund. This fund is used to account for all operational activities of the Academy. The General Fund includes the current operating expenditures of the Academy. Revenues are derived primarily from the State of Michigan.

JALEN ROSE LEADERSHIP ACADEMY

Notes to Financial Statements (Continued)

June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

School Service Fund – The School Service Fund is used to account for the food service operation. Its revenues are derived primarily from a federal grant and student charges.

The Academy has an alternate agreement with “Keys Grace Academy”, the School Food Authority (SFA), upon approval from MDE’s Office of Health and Nutrition Services. JRLA relinquishes its authority legally and financially to operate the specified School Meals Program(s) to the Keys Grace Academy. Keys Grace Academy will be responsible for ensuring that food service operation is in conformance with all Federal and state regulations that are applicable to the National School Lunch Program, School Breakfast Program, and Special Milk Program.

Assets, Liabilities, Deferred Inflow/Outflow of Resources and Net Position/Fund Balance

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Receivables – Receivables are shown net of an allowance for uncollectible amounts. The Academy considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts has been recorded.

Inventory and Prepaid Costs – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed. Certain payment to vendors reflect cost applicable to future fiscal years and are recorded as prepaid costs in both academy-wide and fund financial statements.

Restricted Cash – The Academy entered into a custody and control agreement between Lakeside Bank, the Academy, and IFF, an Illinois not for profit corporation. The Academy’s deposit account at the bank is held as a lien and security interest against the loan obtained from IFF. The amount in this deposit account has been classified as restricted cash. At June 30, 2023, the Academy had \$20,946 in restricted cash.

Capital Assets – Capital assets, which include building, school equipment and leasehold improvements, are reported in the applicable governmental column in the academy-wide financial statements. Capital assets are defined by the Academy as assets with an initial individual cost of more than \$1,000. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Cost of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized.

JALEN ROSE LEADERSHIP ACADEMY

Notes to Financial Statements (Continued)
June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflow/Outflow of Resources and Net Position/Fund Balance (Continued)

The Academy's assets are depreciated using the straight-line method over the following useful lives:

School Equipment	5 years
Building Improvements	25 years
Building	25 years

Deferred Outflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The Academy had no deferred outflows of resources at year-end.

Deferred Inflows of Resources – In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from grants receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Academy had no deferred inflows of resources at June 30, 2023.

Unearned Revenue – Unearned revenue is reported in connection to funds that have been received for services which have not been performed and is therefore not yet earned. At June 30, 2023, the Academy had \$390,706 in unearned revenue that includes revenue relating to unspent section 31(a) (at-risk) funding and other grant revenue.

Fund Balance – GASB 54 provides for two major types of fund balances, which are non-spendable and spendable. Non-spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. This category typically includes prepaid items and inventories.

In addition to non-spendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflow/Outflow of Resources and Net Position/Fund Balance (Continued)

- a. Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- b. Committed Fund Balance – Amounts constrained to specific purposes by the Board; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.
- c. Assigned Fund Balance – Amounts the Board intends to use for a specific purpose; intent can be expressed by the Board or by an official or committee to which the Board delegates the authority.
- d. Unassigned Fund Balance – Amounts that are available for any purpose; these amounts are reported only in the general fund.

At June 30, 2023, the Academy had \$336,194 in restricted fund balance (\$20,946 restricted cash related to loan payable, \$272,202 for contributions restricted for scholarships, and \$43,046 restricted for food service) and \$4,710,716 in assigned fund balance for site improvements.

Net Position – Net position of the Academy is classified in three components. Net Investment in capital assets – net of related debt consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase of those assets. Restricted net position is further classified as expendable and nonexpendable. The Academy did not have any expendable restricted net position during the year. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital assets or restricted.

Use of Estimates – The preparation of the 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 amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statement, and the reported revenues and expenses during the reporting period. Actual results may differ from those estimates.

Adoption of New Accounting Pronouncement – In May 2020, the GASB issued Statement No. 96, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of this Statement improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. It defines a SBITA as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

JALEN ROSE LEADERSHIP ACADEMY

Notes to Financial Statements (Continued)
June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflow/Outflow of Resources and Net Position/Fund Balance (Continued)

Adoption of New Accounting Pronouncement (Continued)

This statement establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. It also provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. Furthermore, it requires note disclosures regarding a SBITA. The standard is required to be adopted for fiscal years starting after June 15, 2022.

During the current year, the Academy adopted GASB Statement No. 96. The Academy had no SBITA's required to be recognized at June 30, 2023.

2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information – The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. The Academy is required by law to adopt general and special revenue fund budgets. During the year ended June 30, 2023, the budget was amended in a legally permissible manner. Expenses exceeded the budget line items for certain categories, as shown below. In total, actual expenses were approximately \$106,000 less than budgeted expenses.

	Final Budget	Actual
Pupil Support	\$ 818,857	\$ 917,287
Business Services	834,027	845,708
Facilities Acquisition, Construction and Improvement	776,938	781,583
Central Support	367,265	370,759

Grants – Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, would become a liability of the General Fund. In the Academy's opinion, no disallowed claims are expected and would not have a material effect on the financial statements as of and for the year ended June 30, 2023.

3) DEPOSITS AND INVESTMENTS

State statutes and the Academy's investment policy authorize the Academy to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan; the Academy is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Academy's deposits are in accordance with statutory authority.

The Academy has designated two banks for deposit of its funds.

The investment policy adopted by the Board has authorized investments as listed in the State statutory authority as listed above.

The Academy's cash and investments are subject to several types of risk, which are examined in more detail below:

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 to it. The Academy's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level are used for the Academy's deposit for custodial credit risk. At June 30, 2023, the Academy had a deposit balance of \$7,362,899, of which \$7,091,953 was uninsured.

Interest Rate Risk

Interest rate risk is the risk that value of investments will decrease as a result of a rise in interest rates. The Academy's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. The Academy's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby, avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with Academy's cash requirements. The Academy does not have investments with interest rate risk.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Academy's investment policy does not further limit its investment choices, the Academy held no such investment at June 30, 2023.

JALEN ROSE LEADERSHIP ACADEMY

Notes to Financial Statements (Continued)
June 30, 2023

3) DEPOSITS AND INVESTMENTS

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. State law and Academy's policy prohibit investment in foreign currency.

4) DUE TO/FROM OTHER GOVERNMENTAL UNITS

Receivables as of June 30, 2023 for the Academy include \$794,976 in State Aid receivable, and \$210,533 in Federal grants receivable.

5) CAPITAL ASSETS

Capital assets activity of the Academy's governmental activities was as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2023</u>
Building	\$ 1,655,511	\$ -	\$ 1,655,511
Less: Accumulated Depreciation	<u>(358,692)</u>	<u>(66,220)</u>	<u>(424,912)</u>
	<u>1,296,819</u>	<u>(66,220)</u>	<u>1,230,599</u>
Building Improvements	265,259	830,378	1,095,637
Less: Accumulated Depreciation	<u>(87,404)</u>	<u>(69,709)</u>	<u>(157,113)</u>
	<u>177,855</u>	<u>760,669</u>	<u>938,524</u>
School Equipment	808,808	143,481	952,289
Less: Accumulated Depreciation	<u>(681,034)</u>	<u>(155,649)</u>	<u>(836,683)</u>
	<u>127,774</u>	<u>(12,168)</u>	<u>115,606</u>
Net Governmental Capital Assets	<u>\$ 1,602,448</u>	<u>\$ 682,281</u>	<u>\$ 2,284,729</u>

Depreciation is unallocated in the Statement of Activities.

6) MANAGEMENT COMPANY AGREEMENT

The Academy has entered into a contract with Entrepreneurial Ventures in Education (EVE), effective July 1, 2022 and going through June 30, 2024. Under the direction of the Academy's Board, EVE shall be responsible for all of the management, operation, administration, and education at the Academy, by providing certain services directly to the Academy, subcontracting for certain services, and overseeing other contractors. The management contract may be terminated under various circumstances as defined in the management agreement. The management contract provides that the Academy shall pay Entrepreneurial Ventures in Education (EVE) an annual fee of 12% of all revenue that flows to the school (except for individual donations, obtained without the substantial assistance of EVE, that are made to the Academy, student fundraising activities, or donations obtained through the efforts of Operation Graduation, Inc. or Board members).

Compensation for the year ended June 30, 2023 was \$790,206.

JALEN ROSE LEADERSHIP ACADEMY

Notes to Financial Statements (Continued)
June 30, 2023

7) DEFINED BENEFIT PENSION PLAN AND POSTEMPLOYMENT BENEFITS

Plan Description – The Academy currently does not participate in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan.

Post-employment Benefits – Currently, the Academy does not offer any post-employment benefits.

8) LONG-TERM DEBT

On January 25, 2017, The Academy signed a loan agreement with IFF, an Illinois Not-for-profit corporation. According to the agreement, the Academy received \$1,400,000 to purchase the school building that it has been leasing in the past. The loan has an initial interest rate of 5.375% per annum until January 31, 2022, after which it will be recalculated twice until February 1, 2032, the maturity date. The monthly installments was reduced to \$11,153, and the first recalculated interest rate of 5%, began on March 1, 2022. The loan is secured by the mortgage on the building, and a security lien on the deposit account held by the Academy at Lakeside Bank. The deposit account had a balance of \$20,946 at June 30, 2023.

Principal maturities of the long-term liability are as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 88,866
2025	93,413
2026	98,192
2027	103,216
2028	108,497
2029-2032	447,518
	<u>\$ 939,702</u>

9) IN-KIND DONATION

In October 2022, a letter was sent by The NexTech High School of Lansing, requesting to donate the school's technology devices to Jalen Rose Leadership Academy. The board formally accepted the items at a Board meeting and the items were delivered to the school. These assets, desktops, hotspots and chromebooks, were recorded on the school's financial books as in-kind revenue and in-kind expenditures in the amount of \$29,994.

10) SUBSEQUENT EVENTS

The Academy has evaluated all subsequent events through October 25, 2023, the date the financial statements were available to be issued. No items were noted requiring disclosure in this report.

REQUIRED SUPPLEMENTARY INFORMATION

JALEN ROSE LEADERSHIP ACADEMY

Budgetary Comparison Schedule General Fund Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Over (Under) Final Budget	Percentage Over (Under) Final Budget
Revenue					
Federal Sources	\$ 2,042,757	\$ 1,969,696	\$ 1,965,501	\$ (4,195)	0%
State Sources	4,012,328	4,328,547	4,356,485	27,938	1%
Local Sources	382,270	784,181	1,702,767	918,586	117%
In-kind Revenue	-	-	29,994	29,994	100%
Total Revenue	6,437,355	7,082,424	8,054,747	972,323	13.7%
Expenditures					
Instruction:					
Basic Instruction	1,854,533	1,777,666	1,773,680	(3,986)	0%
Added Needs	397,432	398,056	364,112	(33,944)	-9%
Supporting Services:					
Pupil Support	868,324	818,857	917,287	98,430	12%
Instructional Staff	459,806	376,626	347,012	(29,614)	-8%
General / Executive Administration	197,620	182,161	160,703	(21,458)	-12%
School Administration	475,732	514,937	410,122	(104,815)	-20%
Business Services	629,777	834,027	845,708	11,681	1%
Operations and Maintenance	478,253	635,226	597,841	(37,385)	-6%
Facilities Acquisition, Construction, and Improvement	508,959	776,938	781,583	4,645	1%
Pupil Transportation	87,600	38,500	26,597	(11,903)	-31%
Central Support	194,137	367,265	370,759	3,494	1%
Community Activities	5,923	9,750	7,932	(1,818)	-19%
Other Support Services	138,311	200,000	190,720	(9,280)	-5%
Debt Service	136,158	133,834	133,834	-	0%
In-kind Expense	-	-	29,994	29,994	100.0%
Total Expenditures	6,432,565	7,063,843	6,957,884	(105,959)	-1.5%
Excess of Revenue over Expenditures	4,790	18,581	1,096,863	1,078,282	5803%
Net Change in Fund Balance	\$ 4,790	\$ 18,581	1,096,863	\$ 1,078,282	5803%
Fund Balance - July 1, 2022			6,146,441		
Fund Balance - June 30, 2023			\$ 7,243,304		

JALEN ROSE LEADERSHIP ACADEMY

AUDIT COMMUNICATION LETTER

JUNE 30, 2023



Alan C. Young & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740
Detroit, MI 48202

(313) 873-7500 (Tel.)
(313) 873-7502 (Fax)
www.alancyoung.com

October 25, 2023

To the Board of Directors
Jalen Rose Leadership Academy
Detroit, Michigan

We have recently completed our audit of the financial statements of Jalen Rose Leadership Academy (the Academy) for the year ended June 30, 2023. In addition to our audit report, we are providing the following required communication and recommendations, which impact the Academy.

	<u>Page</u>
Communication Required Under AU-C 260	1

We are grateful for the opportunity to be of service to the Academy. Should you have any questions regarding the comments in this report, please do not hesitate to contact us.

Very truly yours,

Alan C. Young & Associates, P.C.
Detroit, Michigan



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Detroit, MI 48202

(313) 873-7500 (Tel.)
(313) 873-7502 (Fax)
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RESULTS OF AUDIT

October 25, 2023

Board of Directors
Jalen Rose Leadership Academy
Detroit, Michigan

We have audited the financial statements of the governmental activities, major fund and remaining fund information of Jalen Rose Leadership 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, *Government Auditing Standards* and the Uniform Guidance as well as certain information related to the scope and timing of our audit. We have communicated such information in our letter to you dated July 11, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards, Government Auditing Standards and the Uniform Guidance

As stated in our engagement letter dated May 8, 2023, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

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

Results of Audit
(Continued)

Our Responsibility under U.S. Generally Accepted Auditing Standards, Government Auditing Standards and the Uniform Guidance (Continued)

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the Management Discussion & Analysis, and the Budgetary Comparison Schedule, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Scope of the Audit, Significant Risks and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas tested.

Our audit included obtaining an understanding of the Academy and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the Academy.

We have identified the following significant risks of material misstatement as part of our audit planning which was communicated in our engagement letter dated May 8, 2023.

- Recording of revenues and unearned revenue for restricted grants.
- Year-end cut-off of payables.
- Override of Controls.

During our audit procedures we did not note any findings or exceptions related to the above items.

Significant Audit Matters

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 1 to the financial statements. The application of existing policies was not changed during the year. During fiscal year 2023, the Academy adopted the provision of GASB 96. Under GASB 87, subscription-based information technology arrangements (SBITAs) an entity subscribing to is required to report an intangible right-to-use lease asset along with a related liability. The Academy had no SBITA's that fell under the provisions of this standard. 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. Depreciation expense is a significant accounting estimate for the Academy.

Results of Audit
(Continued)

Significant Audit Matters (Continued)

Qualitative Aspects of Accounting Practices (Continued)

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. Note 8 is significant as it discusses the Academy's long-term debt.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. We would like to commend management and staff on the assistance provided to us during the 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. No such misstatements were noted as a result of our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 25, 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.

Results of Audit
(Continued)

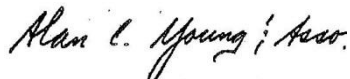
Other Matters

We applied certain limited procedures to the Academy's management discussion & analysis, and the budgetary comparison schedule, which are the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

As required by 2 CFR Part 200, we have also completed an audit of the federal programs administered by the Academy. The results of that audit are provided to the Board of Directors in our report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with 2 CFR Part 22, dated October 25, 2023.

Restriction on Use

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



Detroit, Michigan
October 25, 2023