

BARACK OBAMA LEADERSHIP ACADEMY

FINANCIAL STATEMENTS

TOGETHER WITH INDEPENDENT AUDITORS' REPORTS

JUNE 30, 2021

BARACK OBAMA LEADERSHIP ACADEMY
FINANCIAL STATEMENTS
JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report on Financial Statements	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements	
Academy-wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Governmental Funds:	
Balance Sheet	10
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Required Supplemental Information	
Budgetary Comparison Schedule – General Fund	13
Required Supplemental Information	
Budgetary Comparison Schedule –School Service Fund	14
Notes to Financial Statements	15-21



**GREGORY
TERRELL
& COMPANY**

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Board of Directors
Barack Obama Leadership Academy

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Barack Obama Leadership Academy (the "Academy") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Academy as of June 30, 2021, 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.

Other Matters

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 on pages 3–7 and 13–14 be presented to supplement the basic financial statements. Such information, 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 November 1, 2021 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Gregory Terrell & Company", with a large, stylized flourish underneath.

GREGORY TERRELL & COMPANY

Certified Public Accountants
Detroit, Michigan

November 1, 2021

BARACK OBAMA LEADERSHIP ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2021

For the Fiscal Year Ended June 30, 2021

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Barack Obama Leadership Academy (the "Academy") financially as a whole. The academy-wide financial statements provide information about the activities of the whole Academy, which include revenue streams, as well as the quantity and direction of spending. Furthermore, these statements reveal how services were financed in the short term and what remains for future spending.

The Academy has two funding sources: General Fund and School Service Fund. General Fund revenues come from federal and state governmental agencies; they include per pupil allocation State Aid, Federal Title grants and other governmental sources. The School Service Fund primarily includes the lunch program.

Academy-Wide Financial Statements

One of the most important questions asked about the Academy, "As a whole, what is the Academy's financial condition as a result of last year's activities?" The statements of net position and activities, which appear first in the Academy financial statements, report information on the Academy as a whole and its activities in a way that helps to answer this question. We prepare the statements to include assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All the current year's revenues and expenses are taken into account regardless of when cash was received or paid.

These two statements report the Academy's net position – the difference between assets and liabilities, as reported in the statement of net position – as one way to measure the Academy's financial health or financial position. Over time, increases or decreases in the Academy's net position – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses produces the Academy's operating results.

The Academy's goal is to provide educational services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the school, to assess the overall health of the Academy. The statement of net position and the statement of activities report the governmental activities for the Academy, which encompass all the Academy's services, including instruction and support services.

BARACK OBAMA LEADERSHIP ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2021

Fund Financial Statements

The Academy's fund financial statements provide detailed information about the most significant fund – General Fund – and not the Academy as a whole. Governmental Fund reporting shows how money flows into and out of the fund and the balance left at year end that is available for spending. The Governmental Fund is reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Academy and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy's programs. We describe the relationship (or differences) between general activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliation.

Barack Obama Leadership Academy as a Whole

As discussed above, the Statement of Net position provides information of the Academy as a whole. Table 1 provides a summary of the Academy's net position as of June 30, 2021 and 2020:

Table 1- Summary of the Academy 's Net Position

	Governmental Activities	
	June 30	
	2021	2020
Assets		
Current and Other Assets	\$ 1,022,050	\$ 1,061,819
Capital Assets, net of Accumulated Depreciation	831,798	839,046
Total Assets	\$ 1,853,848	\$ 1,900,865
Liabilities		
Current and Other Liabilities	\$ 666,655	\$ 792,864
Total Liabilities	\$ 666,655	\$ 792,864
Net Assets		
Invested in Capital Assets	\$ 678,808	\$ 590,663
Unrestricted	508,385	517,338
Total Net Position	\$ 1,187,193	\$ 1,108,001

Net position at June 30, 2021 was \$1,187,193 which reflects an increase of \$79,192 compared to the previous year.

BARACK OBAMA LEADERSHIP ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2021

Table 2- Summary of the Statement of Activities

Table 2 reflects the statement of activities for the years ended June 30, 2021 and 2020, respectively.

	Governmental Activities	
	Year Ending June 30	
	2021	2020
Revenue		
Program Revenue:		
Operating Grants	\$ 874,836	\$ 646,632
General Revenue:		
State Foundation Allowance	3,257,845	3,544,741
Gain on disposal of Capital Assets	103,652	-
Miscellaneous Revenue	30,939	57,657
Total Revenue	<u>\$ 4,267,272</u>	<u>\$ 4,249,030</u>
 Functions/Programs Expenditures		
Instruction	\$ 1,580,442	\$ 1,929,599
Support Services	2,154,803	2,102,887
Food Services	228,658	268,600
Community Services	162,332	91,018
Loss on Disposal of Capital Assets	-	67,213
Unallocated Depreciation	61,845	64,775
Total Expenditures	<u>\$ 4,188,080</u>	<u>\$ 4,524,092</u>
Increase (Decrease) in Net Position	<u>\$ 79,192</u>	<u>\$ (275,062)</u>

The revenue totaled \$4,267,272, an increase of approximately 0.04% above the prior fiscal year. This increase is primarily the result of decrease in student enrollment, offset by a gain on disposal of capital equipment.

The expenditures totaled \$4,188,080 a decrease of approximately 7.43% compared to the prior fiscal year, compared to the prior year.

Capital Assets

At June 30, 2021, the Academy had \$1,436,869 in capital assets and accumulated depreciation of \$605,071. This amount includes furniture, equipment and vehicles. The depreciation for the year was \$61,845. See Note 6 to financial statement for further details.

BARACK OBAMA LEADERSHIP ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2021

Long-Term Liabilities

At June 30, 2021, the Academy has long term capital leases. See Note 10 to financial statements for further details

Barack Obama Leadership Academy Funds

As we noted earlier, the Academy uses funds to help it control and manage money for particular purposes. Looking at the funds help the reader consider whether the Academy is being accountable for the resources taxpayers and others provide and it may give more insight into the Academy's overall financial health. Some factors that had an impact on the Academy were a cut in State-Aid of the Discretionary payment, Local Educational Agency (LEA) pupil deductions and a decrease in At Risk (31A) funds.

At the end of this school year, the government funds reported a fund balance of \$508,385 which represents a decrease of \$(8,953) from the June 30, 2021 balance of \$517,338.

General Fund Budget Highlights

Over the course of the year, the Academy revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. During the year, the Academy revised its budget in response to and/or in anticipation of changing operating conditions. A schedule showing the Academy's original and final budget amounts compared with amounts actually paid and received for the General Fund is provided in the required supplemental information section of these financial statements

The majority of the Academy revenue is based on student enrollment. For the fiscal year 2021, it received \$8,111 foundation allowance per pupil from the State of Michigan. The original budget, which was completed at the end of the prior year, reflected certain assumptions for enrollment, grant revenue funding, staffing and other expenditures. The June 2021 amended (final) budget reflected actual enrollment based on the official pupil count number.

Economic Factors Affecting Next Year's Budget

The Academy's administration and Board of Directors (the Board) consider many factors in the budget process. One of the most important factors affecting the budget is student enrollment. Approximately 80% of the Academy revenue is derived from the State of Michigan's student enrollment based funding formula. The formula to allocate revenue to school districts is based on the blending of two official pupil counts and a per-pupil funding allocation (called the "Foundation Allowance"). The blended count for the fiscal year 2021 - 2022 is based on 10 percent of the February 2021 count plus 90 percent of the October 2021 count.

BARACK OBAMA LEADERSHIP ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2021

The Academy 2021 - 2022 budget was adopted in June 2021 based on an estimated number of students who will be enrolled in October 2021.

Under the State of Michigan law, the Academy cannot assess property taxes to fund general operations. As a result, 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 school districts. The state periodically holds a revenue estimating conference to forecast revenues. At this time, the foundation allowance for 2021 - 2022 is budgeted at \$8,111 per student.

Contacting the District's Financial Management

Questions regarding this report should be directed to Bernard Parker, CEO at (313) 823-6000. Barack Obama Leadership Academy is located at 10800 E. Canfield, Detroit, MI 48214.

BARACK OBAMA LEADERSHIP ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 229,649
Due from Other Governmental Units	792,401
Capital Assets, net	831,798
Total Assets	\$ 1,853,848
Liabilities	
Accounts Payable	\$ 228,267
Accrued Expenditures	269,091
Loan Payable	16,307
Current - Lease Obligations	48,932
Long-Term Liabilities	
Lease Obligations	104,058
Total Liabilities	\$ 666,655
Net Position	
Invested in Capital Assets net of Related Debt	\$ 678,808
Unrestricted	508,385
Total Net Position	\$ 1,187,193

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

BARACK OBAMA LEADERSHIP ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and
		Charges for Services	Operating Grants	Changes in Net Position
Governmental Activities:				
Instruction	\$ 1,580,442	\$ -	\$ 685,418	\$ (895,024)
Support Services	2,154,803	-	-	(2,154,803)
Food Services	228,658	-	189,418	(39,240)
Community Services	162,332	-	-	(162,332)
Unallocated Depreciation	61,845	-	-	(61,845)
Total Governmental Activities:	\$ 4,188,080	\$ -	\$ 874,836	\$ (3,313,244)
General Revenues:				
State of Michigan School Aid Unrestricted				\$ 3,257,845
Gain on disposal of Capital Assets				103,652
Miscellaneous Revenue				30,939
Total General Revenues				\$ 3,392,436
Change in Net Position				\$ 79,192
Net Position, Beginning of Year				1,108,001
Net Position, End of Year				\$ 1,187,193

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

BARACK OBAMA LEADERSHIP ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Assets			
Cash and Cash Equivalents	\$ 229,649	\$ -	\$ 229,649
Due from Other Governmental Units	792,401	-	792,401
Total Assets	\$ 1,022,050	\$ -	\$ 1,022,050
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 228,267	\$ -	\$ 228,267
Accrued Expenditures	269,091	-	269,091
Loan Payable	16,307	-	16,307
Total Liabilities	\$ 513,665	\$ -	\$ 513,665
Fund Balances			
Unassigned	\$ 508,385	\$ -	\$ 508,385
Total Fund Balances	\$ 508,385	\$ -	\$ 508,385
Total Liabilities and Fund Balances	\$ 1,022,050	\$ -	\$ 1,022,050
Total Governmental Fund Balances			\$ 508,385
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 are not reported in the funds.			
The cost of the Capital Assets is		\$ 1,436,869	
Accumulated Depreciation is		(605,071)	831,798
Long-term Liabilities-not reported in the governmental funds			(152,990)
Net Position of Governmental Activities			\$ 1,187,193

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

BARACK OBAMA LEADERSHIP ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
REVENUES:			
Local Sources	\$ 30,939	\$ -	\$ 30,939
State Sources	3,257,845	-	3,257,845
Federal Sources	685,418	189,418	874,836
Total Revenues	<u>\$ 3,974,202</u>	<u>\$ 189,418</u>	<u>\$ 4,163,620</u>
EXPENDITURES:			
Current:			
Instruction:			
Basic Programs	\$ 1,110,639	\$ -	\$ 1,110,639
Added Needs	469,803	-	469,803
Total Instruction	<u>\$ 1,580,442</u>	<u>\$ -</u>	<u>\$ 1,580,442</u>
Support Services:			
Pupil	\$ 88,024	\$ -	\$ 88,024
Instructional Support	218,234	-	218,234
General Administration	486,401	-	486,401
School Administration	154,784	-	154,784
Business	144,564	-	144,564
Operations and Maintenance	477,741	-	477,741
Transportation	226,578	-	226,578
Central Support Services	334,195	-	334,195
Total Support Services	<u>\$ 2,130,521</u>	<u>\$ -</u>	<u>\$ 2,130,521</u>
Community Services	<u>\$ 55,538</u>	<u>\$ -</u>	<u>\$ 55,538</u>
Capital Outlay	<u>\$ 131,076</u>	<u>\$ -</u>	<u>\$ 131,076</u>
Food Services	<u>\$ -</u>	<u>\$ 228,658</u>	<u>\$ 228,658</u>
Debt Service	<u>\$ 46,338</u>	<u>\$ -</u>	<u>\$ 46,338</u>
Total Expenditures	<u>\$ 3,943,915</u>	<u>\$ 228,658</u>	<u>\$ 4,172,573</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 30,287</u>	<u>\$ (39,240)</u>	<u>\$ (8,953)</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	(39,240)	-	(39,240)
Operating Transfers Out	-	39,240	39,240
NET CHANGE IN FUND BALANCES	<u>\$ (8,953)</u>	<u>\$ -</u>	<u>\$ (8,953)</u>
Beginning of Year	517,338	-	517,338
End of Year	<u>\$ 508,385</u>	<u>\$ -</u>	<u>\$ 508,385</u>

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

BARACK OBAMA LEADERSHIP ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ (8,953)

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

Governmental Funds report Capital Outlays as expenditures. These costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(61,845)
Principal Payments on Lease Obligations	46,338
Gain on Disposal of Capital Assets	<u>103,652</u>

Change in Net Position of Governmental Activities \$ 79,192

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

BARACK OBAMA LEADERSHIP ACADEMY
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Under / (Over) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Local Sources	\$ 265,000	\$ 112,862	\$ 30,939	\$ 81,923
State Sources	3,325,000	3,634,200	3,257,845	376,355
Federal Sources	898,649	1,045,080	685,418	359,662
Total Revenues	<u>\$ 4,488,649</u>	<u>\$ 4,792,142</u>	<u>\$ 3,974,202</u>	<u>\$ 817,940</u>
EXPENDITURES:				
Current:				
Instruction:				
Basic Programs	\$ 1,600,000	\$ 1,045,983	\$ 1,110,639	\$ (64,656)
Added Needs	800,000	451,198	469,803	(18,605)
Total Instruction	<u>\$ 2,400,000</u>	<u>\$ 1,497,181</u>	<u>\$ 1,580,442</u>	<u>\$ (83,261)</u>
Support Services:				
Pupil	\$ 75,000	\$ 85,479	\$ 88,024	\$ (2,545)
Instructional Support	150,000	243,999	218,234	25,765
General Administration	400,000	478,814	486,401	(7,587)
School Administration	300,000	118,361	154,784	(36,423)
Business	150,000	444,933	144,564	300,369
Operations and Maintenance	232,000	473,089	477,741	(4,652)
Transportation	186,649	298,977	226,578	72,399
Central Support Services	205,000	365,982	334,195	31,787
Total Support Services	<u>\$ 1,698,649</u>	<u>\$ 2,509,634</u>	<u>\$ 2,130,521</u>	<u>\$ 379,113</u>
Community Services	\$ 80,000	\$ 57,659	\$ 55,538	\$ 2,121
Capital Outlay	\$ -	\$ 106,794	\$ 131,076	\$ (24,282)
Debt Service	\$ -	\$ -	\$ 46,338	\$ (46,338)
Total Expenditures	<u>\$ 4,178,649</u>	<u>\$ 4,171,268</u>	<u>\$ 3,943,915</u>	<u>\$ 227,353</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 310,000</u>	<u>\$ 620,874</u>	<u>\$ 30,287</u>	<u>\$ 590,587</u>
OTHER FINANCING SOURCES (USES):				
Financing Sources	-	-	-	-
Operating Transfers In (Out)	-	-	(39,240)	39,240
NET CHANGE IN FUND BALANCE	<u>\$ 310,000</u>	<u>\$ 620,874</u>	<u>\$ (8,953)</u>	<u>\$ 629,827</u>
Beginning of Year	<u>357,574</u>	<u>357,574</u>	<u>517,338</u>	<u>(159,764)</u>
End of Year	<u><u>\$ 667,574</u></u>	<u><u>\$ 978,448</u></u>	<u><u>\$ 508,385</u></u>	<u><u>\$ 470,063</u></u>

The accompanying notes are integral part of this financial schedule.

BARACK OBAMA LEADERSHIP
ACADEMY
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
SCHOOL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Under / (Over) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Local Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-
Federal Sources	310,000	203,622	189,418	14,204
Total Revenues	<u>\$ 310,000</u>	<u>\$ 203,622</u>	<u>\$ 189,418</u>	<u>\$ 14,204</u>
EXPENDITURES:				
Food Services	<u>\$ 310,000</u>	<u>\$ 203,622</u>	<u>\$ 228,658</u>	<u>\$ (25,036)</u>
Total Expenditures	<u>\$ 310,000</u>	<u>\$ 203,622</u>	<u>\$ 228,658</u>	<u>\$ (25,036)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (39,240)</u>	<u>\$ 39,240</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,240</u>	<u>\$ (39,240)</u>
NET CHANGE IN FUND BALANCE				
Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

BARACK OBAMA LEADERSHIP ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(1) **ORGANIZATION**

Barack Obama Leadership Academy (the “Academy”), formerly known as Timbuktu Academy, is a Public School Academy (K-8). The State of Michigan has delegated the Detroit Public School District the responsibility of authorizing the establishment of public school academies. The Detroit Public School District approved the establishment of the Academy pursuant to the Michigan School Code of 1976 (“Code”), as amended.

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

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

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

Measurement focus, basis of accounting, and financial statement presentation

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

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

BARACK OBAMA LEADERSHIP ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Continued)

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

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

The Academy reports the following major governmental funds:

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

The Academy reports the following non-major governmental fund:

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

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

The financial statements have been prepared in accordance with the accounting principles outlined in the Michigan School Accounting Manual. The significant accounting policies followed by Barack Obama Leadership Academy (the "Academy") are described below:

Cash Equivalents

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

Capital Assets

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

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

BARACK OBAMA LEADERSHIP ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Continued)

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

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

Building	20 - 39 years
Furniture and Equipment	3 - 7 years
Vehicles	3 - 15 years

The Academy's capitalization policy is individual amounts exceeding \$5,000.

Revenue Recognition

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

Use of Estimates

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

Budgets and Budgetary Accounts

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

For the year ended June 30, 2021 expenditures exceeded appropriations as follows:

<u>General Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Basic Programs	\$ 1,045,983	\$ 1,110,639	\$ (64,656)
Added Needs	451,198	469,803	(18,605)
Pupil	85,479	88,024	(2,545)
General Administration	478,814	486,401	(7,587)
School Administration	118,361	154,784	(36,423)
Operations and Maintenance	473,089	477,741	(4,652)
Capital Outlay	106,794	131,076	(24,282)
Debt Service	-	46,338	(46,338)
<u>School Service Fund</u>			
Food Services	\$ 203,622	\$ 228,658	\$ (25,036)

BARACK OBAMA LEADERSHIP ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Continued)

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

Deferred Outflow and Inflow of Resources

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

(4) **CASH AND CASH EQUIVALENTS**

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

Cash and Cash Equivalents	\$ <u>229,649</u>
---------------------------	-------------------

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of bank failure, the Academy's deposits may not be returned by the bank. The Academy believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Academy evaluates each financial institution it deposits Academy funds with and assesses the level of risk of each financial institution; only those institutions with an acceptable estimated risk level are used as depositories. The above deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$458,778, of which \$208,778 is not covered by federal depository insurance.

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

Amounts due from other governmental units as of June 30, 2021, were as follows:

State of Michigan - Federal & State Aid	\$ <u>792,401</u>
Total	\$ <u>792,401</u>

BARACK OBAMA LEADERSHIP ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Continued)

(6) **CAPITAL ASSETS**

A summary of capital assets is presented below:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2021</u>
Land	\$ 74,000	\$ -	\$ -	\$ 74,000
Building	520,325	106,794	-	627,119
Furniture and Equipment	421,423	-		421,423
Vehicles	<u>374,695</u>	<u>24,282</u>	<u>84,650</u>	<u>314,327</u>
Total Capital Assets	1,390,443	131,076	84,650	1,436,869
Less: Accumulated Depreciation	<u>(551,397)</u>	<u>(61,845)</u>	<u>(8,171)</u>	<u>(605,071)</u>
Net Capital Assets	<u>\$ 839,046</u>	<u>\$ 69,231</u>	<u>\$ 76,479</u>	<u>\$ 831,798</u>

Depreciation for fiscal year ended June 30, 2021 amounted to \$61,845. The Academy determined that it was impractical to allocate depreciation to the various Academy activities as the assets serve multiple functions.

(7) **MANAGEMENT AGREEMENT**

For the year ended June 30, 2021, the Academy utilized a management company, Magnum Educational Management Company (“Magnum”). Magnum provides teachers and various management services to the Academy. Magnum billed the Academy for salaries and related fringes (FICA, retirement and insurance) as well as a management fee. The management fees for the year ended June 30, 2021 were \$250,996.

(8) **STATE AID ANTICIPATION NOTE**

On September 3, 2020, the Academy entered into an agreement with the Michigan Finance Authority for a State Aid Anticipation Note in the amount of \$300,000. The Note is guaranteed by the Academy’s State Aid payments. The note has an interest rate of 3.45%. The note requires monthly principal and interest payments and matures on August 20, 2021. At June 30, 2021, the outstanding balance is \$16,307.

The Academy did not enter into an agreement with the Michigan Finance Authority for a State Aid Anticipation Note during 2021-2022.

BARACK OBAMA LEADERSHIP ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Continued)

(9) **LEASES**

The Academy is under an operating lease for office equipment. Lease expense under the agreements was \$19,971 for the year. The minimum future lease payments for office equipment are presented below:

2022	\$ 18,948
2023	16,620
2024	<u>8,310</u>
	<u>\$ 43,878</u>

(10) **LONG-TERM LIABILITIES**

On September 16, 2019, on November 8, 2019 and on January 28, 2020, the Academy entered into three agreements to lease four buses with TCF Bank, N.A. in the total amount of \$309,569, that carries an interest rate of 2.99%. The lease agreement requires two semi-annual lease payments for one bus is \$8,256, for two buses is \$16,512 and for one bus is \$8,256 which includes principal and interest. At June 30, 2021, the outstanding principal balance is \$152,990.

A schedule of annual capital lease payments is presented below:

Year Ended			
June 30	Principal	Interest	Total
2022	\$ 48,932	\$ 17,116	\$ 66,048
2023	52,194	13,854	66,048
2024	<u>51,864</u>	<u>14,183</u>	<u>66,047</u>
	<u>\$ 152,990</u>	<u>\$ 45,153</u>	<u>\$ 198,143</u>

(11) **SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 1, 2021, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

BARACK OBAMA LEADERSHIP ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Continued)

12) **COVID-19 PANDEMIC**

The COVID-19 Pandemic whose effects first became known in January 2020 is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The extent of the impact of COVID-19 on the Academy operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Academy's grantors, employees, and vendors all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Academy's financial position and changes in financial position is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.



**GREGORY
TERRELL
& COMPANY**

November 1, 2021

To the Board of Directors
Barack Obama Leadership Academy

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Barack Obama Leadership Academy (the "Academy") for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 26, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Academy are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during this year. We noted no transactions entered into by the Academy during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no significant estimates.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has not corrected all such misstatements and several of the misstatements detected as a result of audit procedures were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. The opening general ledger balances for the fiscal year ended June 30, 2021, did not agree with the June 30, 2020 audited financial statements and we were required to make audit adjustments to correct.

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 November 1, 2021.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

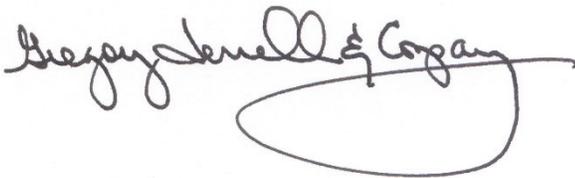
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Academy's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were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

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,



GREGORY TERRELL & COMPANY
Certified Public Accountants
Detroit, Michigan

November 1, 2021

BARACK OBAMA LEADERSHIP ACADEMY

SINGLE AUDIT

JUNE 30, 2021

BARACK OBAMA LEADERSHIP ACADEMY
SINGLE AUDIT REPORT
JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditor's Report on Internal Controls over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	1-2
Report on Compliance for each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3-5
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Supplemental Schedules -	
Schedule of Findings and Questioned Costs	8-10
Status of Prior Year Findings and Questioned Costs	11



**GREGORY
TERRELL
& COMPANY**

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

To the Board of Directors
Barack Obama Leadership 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, each major fund, and the aggregate remaining fund information of Barack Obama Leadership Academy (the "Academy") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated November 1, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be material weaknesses.

Compliance and Other Matters

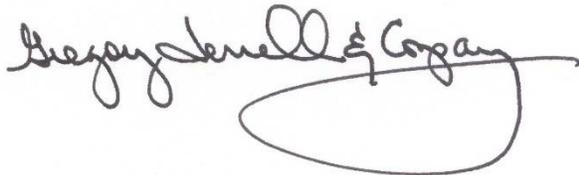
As part of obtaining reasonable assurance about whether the Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Barack Obama Leadership Academy's Response to Finding

The Academy's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Academy's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

GREGORY TERRELL & COMPANY
Certified Public Accountants
Detroit, Michigan

November 1, 2021



**GREGORY
TERRELL
& COMPANY**

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

To the Board of Directors
Barack Obama Leadership Academy

Report on Compliance for Each Major Federal Program

We have audited Barack Obama Leadership Academy (the "Academy") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2021. The Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Academy's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Academy's compliance.

Opinion on Each Major Federal Program

In our opinion, the Academy, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Academy's internal control over compliance.

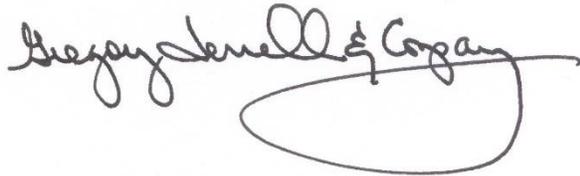
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

We have audited the financial statements of Barack Obama Leadership Academy as of and for the year ended June 30, 2021, and have issued our report thereon dated November 1, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Gregory Terrell & Company". The signature is written in black ink and includes a large, stylized flourish at the end.

GREGORY TERRELL & COMPANY
Certified Public Accountants
Detroit, Michigan

November 10, 2021

BARACK OBAMA LEADERSHIP ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor Pass Through Grantor Program Title Grant Number	Grant Project Number	Federal CFDA Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued or (Deferred) Revenue at July 1, 2020	Adjustments	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued or (Deferred) Revenue at June 30, 2021	Amounts Awarded to Subrecipients
DEPARTMENT OF AGRICULTURE										
Passed through the Michigan Department of Education										
School Breakfast Program										
Project Number 201970	201970	10.553	\$ 3,309	\$ -	\$ -	\$ -	\$ 3,309	\$ 3,309	\$ -	\$ -
Project Number 211970	211970		42,852	-	-	-	42,852	62,986	20,134	-
National School Lunch Program										
Project Number 201960	201960	10.555	6,030	-	-	-	6,030	6,030	-	-
Project Number 211960	211960		71,842	-	-	-	71,842	117,093	45,251	-
Total			124,033	-	-	-	124,033	189,418	65,385	-
Total Food and Nutrition Cluster			124,033	-	-	-	124,033	189,418	65,385	-
DEPARTMENT OF EDUCATION										
Passed through the Michigan Department of Education										
Office of Elementary and Secondary Education Program.										
Title I, Part A - Improving Basic Programs										
Project Number 201530-1920	201530-1920	84.010A	253,888	189,453	58,794	-	97,156	38,362	-	-
Project Number 211530-2021	211530-2021		274,568	-	-	-	107,655	255,119	147,464	-
Total			528,456	189,453	58,794	-	204,811	293,481	147,464	-
21ST CCLC										
Project Number 202110-L194183	202110-L194183	84.287	110,459	-	-	-	70,322	70,322	-	-
Total			110,459	-	-	-	70,322	70,322	-	-
Title II, Part A										
Project Number 210520-2021	210520-2021	84.367A	34,060	-	-	-	24,517	30,717	6,200	-
Total			34,060	-	-	-	24,517	30,717	6,200	-
Title IV, Part A - Student Support and Academic Enrichment										
Project Number 210750-2021	210750-2021	84.424A	30,534	-	-	-	9,600	22,901	13,301	-
Total			30,534	-	-	-	9,600	22,901	13,301	-
Total Office of Elementary and Secondary Education Cluster			703,509	189,453	58,794	-	309,250	417,421	166,965	-
DEPARTMENT OF EDUCATION										
Passed through the Michigan Department of Education										
ESSER Formula Funds										
Project Number 203710-1920	203710-1920	84.425D	205,053	-	-	-	109,272	153,790	44,518	-
ESSER Formula Funds II										
Project Number 213712-2021	213712-2021	84.425D	342,594	-	-	-	-	4,898	4,898	-
Governor's Emergency Education Relief (GEER)										
Project Number 201200-2021	201200-2021	84.425C	36,379	-	-	-	36,379	36,379	-	-
Passed through Wayne RESA										
IDEA Flow through-Special Education Grants to State	200450	84.027A	63,330	-	-	-	51,179	63,330	12,151	-
IDEA Regular Flow through										
Total noncluster programs			647,356	-	-	-	196,830	258,397	61,567	-
DEPARTMENT OF TREASURY										
Passed through the Michigan Department of Education										
Coronavirus Relief Funds										
		21.019	139,855	-	-	-	139,855	139,855	-	-
TOTAL FEDERAL AWARDS			\$ 1,614,753	\$ 189,453	\$ 58,794	\$ -	\$ 769,968	\$ 1,005,091	\$ 293,917	\$ -

The accompanying notes are an integral part of this schedule.

BARACK OBAMA LEADERSHIP ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

(1) **SIGNIFICANT ACCOUNTING POLICIES**

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

(2) **BASIS OF ACCOUNTING**

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

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

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

(4) **MAJOR PROGRAMS**

Major programs were determined in accordance with the Uniform Guidance.

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

Federal Revenue - Financial Statements	\$ 874,836
State Sources Classified as Federal Sources	<u>(9,600)</u>
Total Adjusted Federal Revenue	<u>\$ 865,236</u>
Federal Expenditures - SEFA	\$ 1,005,091
Coronavirus Relief Funds Recorded in 2020 as Revenue	<u>(139,855)</u>
Total Federal Revenue Reported	<u>\$ 865,236</u>

(6) **INDIRECT COST**

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

BARACK OBAMA LEADERSHIP ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

SECTION I: SUMMARY OF AUDITOR'S RESULTS

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

<u>Title I</u>	<u>CFDA 84.010</u>
<u>Education Stabilization Fund (ESF) Section 1</u>	<u>CFDA 84.425</u>
Governor's Emergency Education Relief (GEER) Funds	CFDA 84.425C
ESSER Formula Funds	CFDA 84.425D
- (8) The threshold used for distinguishing between Type A and B programs was \$750,000.
- (9) The Academy did not qualify as a low-risk auditee.

BARACK OBAMA LEADERSHIP ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

SECTION II: FINANCIAL STATEMENT FINDINGS

FINDING 2021-001: Material Weakness – Accounting Records

- Criteria:** The Academy’s maintenance and reconciliation of their general ledger accounts should be performed at the end of the financial audit and their general ledger account balances should be reconciled to the audited account balances.
- Condition:** During the audit we noted that the opening general ledger balances for the fiscal year ended June 30, 2021 did not agree with the June 30, 2020 audited financial statements. This resulted from not reconciling to the June 30, 2020 financial statement balances to ensure all audit adjustments and correcting entries were posted.
- Effect:** This resulted in a significant misstatement in account balances and required a significant amount of analysis and research to determine the specific accounts affected by these misstatements.
- Cause:** This occurred as planned detailed pre-audit reviews were not performed to ensure that all audit adjustments were posted and that the annual accounting closing period review was performed to ensure that the opening general ledger balances for the fiscal year ended June 30, 2021 agreed with the June 30, 2020 audited financial statements.
- Recommendation:** We recommend that detailed pre-audit reviews be performed to ensure that all audit adjustments are posted, the annual accounting period is properly closed and that the balances carried over to the subsequent fiscal year agree with the ending balances reported in the audited financial statements.
- Management Response:** We agree with the auditor’s findings and will take the following actions:
1. Perform pre-audit reviews to ensure adjustments are posted as noted by the auditor. Pre-audit reviews will be scheduled with the auditors two to three months prior to the end of the fiscal year.
2. Verify, prior to the end of the fiscal year, the beginning opening balances in the general ledger agree with the prior year ending balances.
3. Review, at the close of the audit, all general ledger accounts to confirm all audit adjustments have been posted and the annual accounting period is closed.

BARACK OBAMA LEADERSHIP ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

SECTION III: FEDERAL AWARDS FINDINGS

There are no Federal Awards findings for the year ended June 30, 2021.

BARACK OBAMA LEADERSHIP ACADEMY
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

I. SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

The Academy was not required to have a Single Audit performed for the year ended June 30, 2020.



10800 E. Canfield St
Detroit, MI 48214

BARACK OBAMA
LEADERSHIP ACADEMY
CORRECTIVE ACTION PLAN

(313) 823-6000
info@obamaacademy.org

November 10, 2021

Michigan Department of Education

Barack Obama Leadership Academy respectfully submits the following corrective action plan for the year ended June 30, 2021.

Gregory Terrell and Company
613 Abbott Street, Suite 320
Detroit, MI 48226

July 1, 2020 through June 30, 2021

The findings from the Single Audit June 30, 2021 schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the number assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2021-001 Accounting Records

1

Recommendation: We recommend that detailed pre-audit reviews be performed to ensure that all audit adjustments are posted, the annual accounting period is properly closed and that the balances carried over to the subsequent fiscal year agree with the ending balances reported in the audited financial statements.

Action Taken: We agree with the auditor's findings and it was implemented effective November 10, 2021.

If the Michigan Department of Education has questions regarding this plan, please call Ms. Terri Lancaster at 313-823-6000, Ext. 611.

Sincerely yours,

Terri Lancaster

Chief Financial Officer