

MACDOWELL PREPARATORY ACADEMY

**FEDERAL AWARDS
SUPPLEMENTAL INFORMATION**

JUNE 30, 2023

MACDOWELL PREPARATORY ACADEMY

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REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
MacDowell Preparatory Academy
Detroit, Michigan

We have audited the financial statements of the governmental activities, major fund and remaining fund information of MacDowell Preparatory Academy (the Academy) as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise the Academy's basic financial statements. We issued our report thereon dated October 31, 2023 which contained unmodified opinions on the basic financial statements. Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited basic financial statements subsequent to October 31, 2023.

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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Alan C. Young & Assoc.

Detroit, Michigan
October 31, 2023



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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 Education of
MacDowell Preparatory Academy
Detroit, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, major fund and remaining fund information of MacDowell Preparatory Academy (the Academy) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated October 31, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) as a basis for designing 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 Academy'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 material weakness, yet important enough to merit attention by those charged with governance.

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

**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
(Continued)**

Report on Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on financial statements. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item #2023-001.

Academy's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Academy's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Academy's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alan C. Young, Assoc.

Detroit, Michigan
October 31, 2023



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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 Education of
MacDowell Preparatory Academy
Detroit, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

**Independent Auditor's Report on Compliance
for Each Major Program and on Internal Control
over Compliance Required by the Uniform Guidance
(Continued)**

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Academy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Academy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Independent Auditor's Report on Compliance
for Each Major Program and on Internal Control
over Compliance Required by the Uniform Guidance
(Continued)**

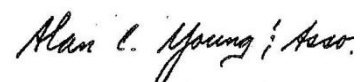
Report on Internal Control over Compliance

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

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

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

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



Detroit, Michigan
October 31, 2023

MACDOWELL PREPARATORY ACADEMY

Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Grant/Project Number	Assistance Listing Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Unearned) Revenue at July 1, 2022	Federal Funds/ Payments In-kind Received	Current Year Expenditures	Accrued (Unearned) Revenue at June 30, 2023	Passed through to Subrecipients
U.S. DEPARTMENT OF EDUCATION									
Passed Through Michigan Department of Education									
Title I, Part A	221530 2122	84.010	\$ 260,395	\$ 188,233	\$ 54,478	\$ 54,478	\$ -	\$ -	\$ -
Title I, Part A	221530 2223	84.010	299,122	-	-	188,927	267,111	78,184	-
Total Title I, Part A			559,517	188,233	54,478	243,405	267,111	78,184	-
Title II, Part A	220520 2122	84.367	24,221	24,221	2,000	2,000	-	-	-
Title II, Part A	210522 2023	84.367	24,999	-	-	23,073	23,073	-	-
Total Title II, Part A			49,220	24,221	2,000	25,073	23,073	-	-
Title IV, Part A	220750 2122	84.424	17,874	17,874	20	20	-	-	-
Total Title IV, Part A			17,874	17,874	20	20	-	-	-
ESSER-Formula II	213712 20-21	84.425D	763,078	706,078	706,078	749,038	42,960	-	-
ESSER-Formula III	213713 21-22	84.425U	1,714,984	-	-	651,133	957,167	306,034	-
Total ESSER - Formula			2,478,062	706,078	706,078	1,400,171	1,000,127	306,034	-
Total Passed through Michigan Department of Education			3,104,673	936,406	762,576	1,668,669	1,290,311	384,218	-
Passed Through Wayne County Regional Educational Service Agency									
I.D.E.A. Flowthrough	211550 21-22	84.027A	60,425	60,425	60,425	60,425	-	-	-
I.D.E.A. Flowthrough	211550 21-22	84.027A	25,175	-	-	-	25,175	25,175	-
I.D.E.A. Flowthrough	211550 22-23	84.027A	43,264	-	-	43,264	43,264	-	-
Total IDEA Flowthrough Cluster			128,864	60,425	60,425	103,689	68,439	25,175	-
TOTAL FEDERAL AWARDS			\$ 3,233,537	\$ 996,831	\$ 823,001	\$ 1,772,358	\$ 1,358,750	\$ 409,393	\$ -

See notes to Schedule of Expenditures of Federal Awards.

MACDOWELL PREPARATORY ACADEMY

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

1) BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of MacDowell Preparatory Academy (the Academy). The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Academy and therefore it is not intended to and does not present the financial position or changes in net position of the Academy for year ended June 30, 2023. Expenditures reported on the schedule are reported on the accrual basis of accounting. In addition, expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2) GRANT AUDITOR REPORT

Management has utilized the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards. Unreconciled differences, if any, have been disclosed to the auditor.

3) INDIRECT COST RATE

The Academy has elected not to use 10 percent de minimis indirect cost rate allowed rate allowed under the Uniform Guidance.

4) SUBSEQUENT EVENTS

All subsequent events related to the major programs were evaluated through October 31, 2023, the date the accompanying reports were available to be issued. No significant event was noted that required adjustment or disclosure in the report.

MACDOWELL PREPARATORY ACADEMY

Schedule of Findings and Questioned Cost Year Ended June 30, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s Report Issued: Unmodified

Internal Control over Financial Reporting:

- Material Weakness (es) Identified? Yes X No
- Significant Deficiencies Identified? Yes X None Reported
- Non-Compliance Material to Financial Statements noted? X Yes No

Federal Awards

Internal Control over Major Programs:

- Material Weakness (es) Identified? Yes X No
- Significant Deficiencies Identified? Yes X None Reported

Type of Auditor’s Report issued on Compliance for Major Programs: Unmodified

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

Identification of Major Programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund Program

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

Auditee Qualified as Low Risk Auditee? Yes X No

MACDOWELL PREPARATORY ACADEMY

Schedule of Findings and Questioned Cost (Continued) Year Ended June 30, 2023

SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS

Reference Number	Findings																																			
2023-001	<p>Finding Type – Noncompliance with Laws and Regulations</p> <p>Condition and Description – For the year ended June 30, 2023, the Academy’s expenses exceeded the final budgeted level for the categories shown in the following table. Additionally, total expenditures exceeded the final budgeted level by \$441,831. Expenditures in excess of budgeted amounts are a violation of State law.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">Original Budget</th> <th style="text-align: right; border-bottom: 1px solid black;">Final Budget</th> <th style="text-align: right; border-bottom: 1px solid black;">Actual</th> <th style="text-align: right; border-bottom: 1px solid black;">Over Final Budget</th> </tr> </thead> <tbody> <tr> <td colspan="5">Expenditures:</td> </tr> <tr> <td colspan="5"><u>Instructional Services</u></td> </tr> <tr> <td>Added Needs</td> <td style="text-align: right;">\$ 310,956</td> <td style="text-align: right;">\$ 362,056</td> <td style="text-align: right;">\$ 441,815</td> <td style="text-align: right;">\$ 79,759</td> </tr> <tr> <td colspan="5"><u>Supporting Services:</u></td> </tr> <tr> <td>School Administration Services</td> <td style="text-align: right;">335,865</td> <td style="text-align: right;">408,865</td> <td style="text-align: right;">435,793</td> <td style="text-align: right;">26,928</td> </tr> <tr> <td>Operation and Maintenance</td> <td style="text-align: right;">354,569</td> <td style="text-align: right;">587,466</td> <td style="text-align: right;">1,709,088</td> <td style="text-align: right;">1,121,622</td> </tr> </tbody> </table> <p>Identification of a Repeat Finding – This is not a repeat finding from the immediate previous audit.</p> <p>Recommendation – We recommend the Academy monitor variances between actual and budgeted figures for expenditures</p> <p>View of Responsible Officials and Corrective Action Plan – The Academy will monitor variance between actual and budgeted figures for expenditures throughout the course of the year. The Business Office Manager will be responsible for ensuring amendments are made on a consistent basis. The implementation will be completed before November 30, 2023.</p>		Original Budget	Final Budget	Actual	Over Final Budget	Expenditures:					<u>Instructional Services</u>					Added Needs	\$ 310,956	\$ 362,056	\$ 441,815	\$ 79,759	<u>Supporting Services:</u>					School Administration Services	335,865	408,865	435,793	26,928	Operation and Maintenance	354,569	587,466	1,709,088	1,121,622
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MACDOWELL PREPARATORY ACADEMY

Schedule of Findings and Questioned Cost (Continued)
Year Ended June 30, 2023

SECTION III – FEDERAL PROGRAM AUDIT FINDINGS

No Federal Program Audit Findings noted.

MACDOWELL PREPARATORY ACADEMY

Status of Prior Year Findings
Year Ended June 30, 2023

SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS

Reference Number	Findings
2022-001	<p data-bbox="427 514 889 548">Finding Type – Material Weakness</p> <p data-bbox="427 583 1453 716">Condition and Description – During our audit, we noted that the Academy did not utilize proper fund accounting and did not segregate the accounting for the general fund, and food service fund. This created inefficiencies and delays in the audit.</p> <p data-bbox="427 751 1255 787">Status – This is not a finding for the year ended June 30, 2023 .</p>

SECTION III – FEDERAL PROGRAM AUDIT FINDINGS

No Federal Program Audit Findings.