

Detroit Innovation Academy

**Federal Awards
Supplemental Information
June 30, 2015**

Detroit Innovation Academy

Contents

Independent Auditor's Reports:

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	I
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance	4-5
Schedule of Expenditures of Federal Awards	6-7
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9-10

Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

Independent Auditor's Report

To the Board of Directors
Detroit Innovation Academy

We have audited the basic financial statements of the governmental activities, the major fund, and remaining fund information of Detroit Innovation Academy (the "Academy") as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements. We issued our report thereon dated October 6, 2015, which contained an unmodified opinion on the basic financial statements of the Academy. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 6, 2015.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

October 6, 2015

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*

Independent Auditor's Report

To Management and the Board of Directors
Detroit Innovation Academy

We have audited, 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, the basic financial statements of the governmental activities, the major fund, and remaining fund information of Detroit Innovation Academy (the "Academy") as of and for the year ended June 30, 2015 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 6, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered Detroit Innovation 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 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 a material weakness, yet important enough to merit attention by those charged with governance.

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

To Management and the Board of Directors
Detroit Innovation Academy

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Detroit Innovation Academy's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Plante & Moran, PLLC

Auburn Hills, Michigan
October 6, 2015

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Directors
Detroit Innovation Academy

Report on Compliance for Each Major Federal Program

We have audited Detroit Innovation Academy's (the "Academy") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Detroit Innovation 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 the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Detroit Innovation 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Detroit Innovation 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 Detroit Innovation Academy's compliance.

To the Board of Directors
Detroit Innovation Academy

Opinion on Each Major Federal Program

In our opinion, Detroit Innovation 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, 2015.

Report on Internal Control Over Compliance

Management of Detroit Innovation 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 Detroit Innovation 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 OMB Circular A-133, 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 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

Auburn Hills, Michigan
October 6, 2015

Detroit Innovation Academy

Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2014	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2015
Clusters:							
Child Nutrition Cluster:							
U.S. Department of Agriculture - Passed through the Michigan Department of Education:							
Noncash assistance (commodities) -	10.555						
National School Lunch Program - Entitlement Commodities		\$ 6,739	\$ -	\$ -	\$ 6,739	\$ 6,739	\$ -
Cash assistance:							
National School Breakfast Program - 2013-2014	10.553	55,897	55,897	3,449	3,449	-	-
National School Breakfast Program -2014-2015		<u>86,433</u>	<u>-</u>	<u>-</u>	<u>70,044</u>	<u>86,433</u>	<u>16,389</u>
Total National School Breakfast Program		142,330	55,897	3,449	73,493	86,433	16,389
National School Lunch Program - 2013-2014	10.555	87,866	87,866	5,292	5,292	-	-
National School Lunch Program- 2014-2015		<u>112,718</u>	<u>-</u>	<u>-</u>	<u>89,784</u>	<u>112,718</u>	<u>22,934</u>
Total National School Lunch Program		200,584	87,866	5,292	95,076	112,718	22,934
Cash assistance Subtotal		<u>342,914</u>	<u>143,763</u>	<u>8,741</u>	<u>168,569</u>	<u>199,151</u>	<u>39,323</u>
Total Child Nutrition Cluster		349,653	143,763	8,741	175,308	205,890	39,323
Special Education Cluster - U.S. Department of Education - Passed through the Wayne RESA - IDEA - Special Education - Grants to States (IDEA, Part B) - Project number 151450 1415							
	84.027	45,426	-	-	-	45,426	45,426
Total clusters		395,079	143,763	8,741	175,308	251,316	84,749

Detroit Innovation Academy

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2015

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2014	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2015
Other federal awards:							
U.S. Department of Agriculture -							
Passed through the Michigan Department of Education - Fresh Fruit and Vegetable Program	10.582	\$ 5,764	\$ -	\$ -	\$ 3,745	\$ 5,764	\$ 2,019
U.S. Department of Education:							
Passed through the Michigan Department of Education:							
Title I, Part A:							
Project number 141530 1314	84.010	181,509	85,511	21,308	51,408	30,100	-
Project number 151530 1415		<u>347,340</u>	<u>-</u>	<u>-</u>	<u>140,679</u>	<u>275,838</u>	<u>135,159</u>
Total Title I, Part A		528,849	85,511	21,308	192,087	305,938	135,159
Passed through the Michigan Department of Education -							
Title II, Part A:							
Project number 140520 1314	84.367	34,824	21,565	1,565	2,185	620	-
Project number 150520 1415		<u>44,177</u>	<u>-</u>	<u>-</u>	<u>20,673</u>	<u>23,272</u>	<u>2,599</u>
Total Title II, Part A		79,001	21,565	1,565	22,858	23,892	2,599
Passed through the Michigan Department of Education -							
Charter Schools Planning and Implementation Grant							
Project number 140610-1314C2	84.282	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>
Total noncluster programs		<u>668,614</u>	<u>107,076</u>	<u>22,873</u>	<u>273,690</u>	<u>390,594</u>	<u>139,777</u>
Total federal awards		<u>\$ 1,063,693</u>	<u>\$ 250,839</u>	<u>\$ 31,614</u>	<u>\$ 448,998</u>	<u>\$ 641,910</u>	<u>\$ 224,526</u>

Detroit Innovation Academy

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

Note 1 - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Detroit Innovation Academy under programs of the federal government for the year ended June 30, 2015. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable 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.

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

Note 2 - Grant Auditor Report

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Note 3 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of OMB Circular A-133.

Detroit Innovation Academy

Schedule of Findings and Questioned Costs Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None 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 Section 510(a) of Circular A-133?

_____ Yes X No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.555, 10.553 84.010	Child Nutrition Cluster Title I, Part A

Dollar threshold used to distinguish between type A and type B programs: \$300,000

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

Detroit Innovation Academy

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2015

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None