

**Audited Financial Statements**

# **Michigan Connections Academy**

Okemos, Michigan

**June 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

### To the Board of Directors of Michigan Connections Academy

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Michigan Connections Academy as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Michigan Connections 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 Michigan Connections Academy, as of June 30, 2019, 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 as identified in the table of contents 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Michigan Connections Academy's basic financial statements. The combining and individual nonmajor fund financial statements, and schedules of revenues and expenditures, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 30, 2019, on our consideration of the Michigan Connections 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Michigan Connections Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Michigan Connections Academy's internal control over financial reporting and compliance.



Croskey Lanni, PC

## **MICHIGAN CONNECTIONS ACADEMY MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Michigan Connections Academy (the Academy) annual financial report presents our discussion and analysis of the school's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the school's financial statements, which immediately follow this section.

### **FINANCIAL HIGHLIGHTS**

- Government wide revenues were at \$15,184,819 while expenses were \$13,949,134.
- At June 30, 2019, the Academy's government wide assets exceeded its liabilities by \$1,869,549.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of a series of financial statements that show information for the Academy as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities provides information about the activities of the Academy as a whole and presents a longer-term view of the Academy's finances. Our fund financial statements are included later in the financial report. For our governmental activities, these statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the Academy's overall financial health. Fund financial statements also report operations in more detail than the government-wide financial statements by providing information about the most significant fund, the general fund.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are reported in compliance with GASB 34. These statements present information on the Academy's finances in a manner similar to private sector businesses. One of the most important questions asked about the Academy is, "Is the Academy as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information on the Academy as a whole and its activities in a way that helps answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position shows assets and liabilities, with the difference between the two reported as net position. All capital assets and long-term liabilities, and general government functions, are shown in the Statement of Position.

The Statement of Activities shows revenues, expenses, and the change in net position for the Academy as a whole. Revenues and expenses attributable to specific functions are segregated from general revenues, to display the extent to which general revenues support each function.

## FUND FINANCIAL STATEMENTS

Governmental funds account for the same functions as are reported as governmental activities in the government-wide financial statements. The governmental fund reporting focuses on how money flows in and out of funds and the balances left at year end that are available for spending. They are reported using the accounting method called “modified accrual” accounting, which measures cash and all other financial assets that can be readily converted to cash. This information is essential for preparation of and compliance with annual budgets. We describe the relationship (or differences) between governmental activities (reported in the Statement of Position and the Statement of Activities) and governmental funds in reconciliations following the government statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Total assets, liabilities and net position for the years ended June 30, 2019 and 2018, were as follows:

	<b>2019</b>	<b>2018</b>
<b>Assets and Deferred Outflows</b>		
Current and Other Assets	\$ 3,931,569	\$ 3,638,435
Capital Assets, net	63,647	104,155
Total Assets and Deferred Outflows	3,995,216	3,742,590
<b>Liabilities and Deferred Inflows</b>		
Current Liabilities	2,125,667	3,108,726
<b>Net Position</b>		
Net investment in capital assets	63,647	104,155
Net position: unrestricted	1,805,902	529,709
Total Net Position	\$ 1,869,549	\$ 633,864

The Academy’s revenues and expenses were as follows:

	<b>2019</b>	<b>2018</b>
<b>General Revenues</b>		
State school aid	\$ 12,972,823	\$ 12,311,963
Miscellaneous	6,406	3,410
Operating grants	2,205,590	1,888,781
Total Revenues	15,184,819	14,204,154
<b>Expenses</b>		
Instructional	9,385,050	11,941,221
Support services	4,512,076	1,761,908
Other	52,008	103,528
Total expenses	13,949,134	13,806,657
Change in Net Position	1,235,685	397,497
Beginning Net Position	633,864	236,367
Ending Net Position	\$ 1,869,549	\$ 633,864

## **ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS**

During the year ended June 30, 2019, the Academy's revenue of \$15,184,819 exceeded its expenses of \$13,949,134 by \$1,235,685, ending the year with a net position balance of \$1,869,549. Per pupil funding and student enrollment are the primary factors in determining the revenue and expenses for the Academy. The student count for the years ended June 30, 2019, and 2018 were 1,681 and 1,659, respectively.

### **BUDGET VARIATIONS**

The actual revenue exceeded budgeted revenue by \$379,671, mainly due to higher revenue from federal sources due to the timing of related expenditures and actual receipt of federal funding. Budgeted expenses exceeded actual expenses by \$581,046 resulting in the ending fund balance being higher than the budgeted amounts by \$960,717, respectively.

### **CAPITAL ASSETS**

The Academy had \$63,647 and \$104,155 in capital assets, net of depreciation, at June 30, 2019 and 2018, respectively. Please refer to the notes to the basic financial statements for further information.

### **REQUESTS FOR INFORMATION**

Our financial report is designed to provide our parents, teachers, students, investors and creditors with an overview of the Academy's finances. If you have any questions about this report or need any clarification of information please contact the Michigan Connections Academy offices, located at:

Michigan Connections Academy  
3950 Heritage Avenue  
Okemos, MI 48864

# MICHIGAN CONNECTIONS ACADEMY

## STATEMENT OF NET POSITION JUNE 30, 2019

### ASSETS AND DEFERRED OUTFLOWS

#### Current Assets

Cash and cash equivalents	\$ 1,323,229
Due from other governmental units	2,591,561
Prepaid expenses	<u>16,779</u>
Total current assets	3,931,569

#### Capital Assets

	<u>63,647</u>
Total assets	<u>\$ 3,995,216</u>

### LIABILITIES, DEFERRED INFLOWS AND NET POSITION

#### Current Liabilities

Accounts payable	\$ 1,495,110
Other accrued expenses	<u>630,557</u>
Total current liabilities	2,125,667

#### Net Position

Net investment in capital assets	63,647
Unrestricted	<u>1,805,902</u>
Total net position	<u>1,869,549</u>
Total liabilities, deferred inflows and net position	<u>\$ 3,995,216</u>

See accompanying notes to financial statements

## MICHIGAN CONNECTIONS ACADEMY

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues		Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Government Type Activities
<b>Functions</b>				
Instruction				
Basic programs	\$ 7,715,931	\$ -	\$ 770,133	\$ (6,945,798)
Added needs	1,669,119	-	1,274,367	(394,752)
Support services				
Instructional staff support services	300,345	-	55,067	(245,278)
General administration	404,681	-	-	(404,681)
School administration	1,782,568	-	106,023	(1,676,545)
Business support services	1,349,734	-	-	(1,349,734)
Operations and maintenance	244,745	-	-	(244,745)
Central support services	430,003	-	-	(430,003)
Unallocated depreciation	52,008	-	-	(52,008)
Total primary government	\$ 13,949,134	\$ -	\$ 2,205,590	(11,743,544)
<b>General Purpose Revenues</b>				
State school aid - unrestricted				12,972,823
Miscellaneous revenues				6,406
Total general purpose revenues				12,979,229
Change in net position				1,235,685
Net position - July 1, 2018				633,864
Net position - June 30, 2019				\$ 1,869,549

See accompanying notes to financial statements

# MICHIGAN CONNECTIONS ACADEMY

## COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2019

### ASSETS AND DEFERRED OUTFLOWS

Cash and cash equivalents	\$ 1,323,229
Due from other governmental units	2,591,561
Prepaid expenses	<u>16,779</u>
Total assets	<u>\$ 3,931,569</u>

### LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE

#### Liabilities

Accounts payable	\$ 1,495,110
Other accrued expenses	<u>630,557</u>
Total liabilities	2,125,667

**Deferred Inflows of Resources - Unavailable Revenue** 47,029

#### Fund Balance

Nonspendable	16,779
Unassigned	<u>1,742,094</u>
Total fund balance	<u>1,758,873</u>

Total liabilities, deferred inflows of resources and fund balance \$ 3,931,569

See accompanying notes to financial statements

## MICHIGAN CONNECTIONS ACADEMY

### RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2019

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

<b>Total Governmental Fund Balances</b>	\$ 1,758,873
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$774,419 and the accumulated depreciation is \$710,772.	63,647
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Deferred inflows of resources (unavailable revenue) not available to benefit the current period and are not reported in the statement of net position.	<u>47,029</u>
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<b>Net Position of Governmental Activities</b>	<u><u>\$ 1,869,549</u></u>
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## MICHIGAN CONNECTIONS ACADEMY

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2019

#### Revenues

Local sources	\$ 6,406
State sources	14,239,223
Federal sources	1,329,900
Interdistrict sources	<u>47,473</u>
Total governmental fund revenues	15,623,002

#### Expenditures

Instruction	
Basic programs	7,715,931
Added needs	1,669,119
Support services	
Instructional staff support services	300,345
General administration	404,681
School administration	1,782,568
Business support services	1,349,734
Operations and maintenance	244,745
Central support services	430,003
Capital outlay	<u>11,500</u>
Total governmental fund expenditures	<u>13,908,626</u>

Excess (deficiency) of revenues over expenditures	1,714,376
Fund balance - July 1, 2018	<u>44,497</u>
Fund balance - June 30, 2019	<u><u>\$ 1,758,873</u></u>

See accompanying notes to financial statements

## MICHIGAN CONNECTIONS ACADEMY

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

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

**Net Change in Fund Balances - Total Governmental Funds** \$ 1,714,376

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.

Capital outlay	\$ 11,500	
Depreciation and amortization expense	<u>(52,008)</u>	(40,508)

Revenue is reported in the statement of activities when earned, but not reported in the funds until collected or collectible within 60 days of year end.	<u>(438,183)</u>
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**Change in Net Position of Governmental Activities** \$ 1,235,685

See accompanying notes to financial statements

# MICHIGAN CONNECTIONS ACADEMY

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Michigan Connections Academy (the “Academy”) conform to generally accepted accounting principles applicable to public school academies. The following is a summary of the significant accounting policies:

#### **Reporting Entity**

Michigan Connections Academy was formed as a public school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994. The Academy filed articles of incorporation as a nonprofit corporation pursuant to the provisions of the Michigan Nonprofit Corporation Act of 1982, as amended, and began operation in July 2010.

In June 2010, the Academy entered into a contract with Ferris State University’s Board of Control to charter a public school academy. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State constitution. The University’s Board of Control is the fiscal agent for the Academy and is responsible for overseeing the Academy’s compliance with the contract and all applicable laws. The Academy pays Ferris State University’s Board of Control three percent of state aid as administrative fees. Total administrative fees paid for the year ended June 30, 2019 were approximately \$386,700. In December 2017, the contract was extended through the school year ended June 30, 2025.

In June 2010, the Academy entered into an agreement with Connections Education (“Connections”). Under the terms of this agreement, “Connections” provides a variety of services including management, curriculum, educational programs and teacher training. The Academy is obligated to pay “Connections” varying amounts based upon the services provided according to the contract. The fee schedule is mutually agreed upon annually and each payment to Connections is approved by the board at a regularly scheduled open meeting. Payments to Connections include a mixture of fixed amounts based upon the number of students or teachers as well as reimbursements for actual costs paid on behalf of the school.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the public school academy. Based on application of criteria, the Academy does not contain component units.

#### **Fund Financial Statements**

Fund financial statements report detailed information about the Academy. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

## MICHIGAN CONNECTIONS ACADEMY

NOTES TO FINANCIAL STATEMENTS- Continued  
FOR THE YEAR ENDED JUNE 30, 2019

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- Continued

#### Basis of Presentation – Fund Accounting

The accounts of the Academy are organized on the basis of funds. The operations of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. Government resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the combined financial statements in this report, into generic fund types in two broad fund categories.

#### Governmental Funds

A governmental fund is a fund through which most Academy functions typically are financed. The acquisition, use and balances of the Academy's expendable financial resources and the related current liabilities are accounted for through a governmental fund.

**General Fund** - The general fund is used to record the general operations of the Academy pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Governmental and agency funds utilize the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

- a. Revenue that is both measurable and available for use to finance operations is recorded as revenue when earned. 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 sixty days of the end of the current fiscal period.
- b. Payments for inventorable types of supplies, which are not significant at year end, are recorded as expenditures at the time of purchase.
- c. Principal and interest of general long-term debt are not recorded as expenditures until their due dates.
- d. The State of Michigan utilizes a foundation allowance funding approach, which provides for specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenue from state sources is primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with state law. A major portion of the Academy's revenue is derived from this state aid. As such, the Academy is considered to be economically dependent on this aid. The Academy's existence is dependent upon qualification for such aid.

## **MICHIGAN CONNECTIONS ACADEMY**

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2019

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### **Government-Wide Financial Statements**

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationships between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the Academy and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. The Academy does not allocate indirect expenses to programs. In creating the government-wide financial statements the Academy has eliminated inter-fund transactions. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or function is self-financing or draws from the general revenues of the Academy. When both restricted and unrestricted resources are available for use, it is the Academy's policy to use restricted resources first.

Net position should be reported as restricted when constraints placed on net position's use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Academy first utilizes restricted resources to finance qualifying activities.

#### **Cash and Cash Equivalents**

The Academy's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition. The Academy reports its investments in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and GASB No. 40, Deposit and Investment Risk Disclosures. Under these standards, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Academy intends to hold the investment until maturity. The Academy held no investments during the year ended June 30, 2019. State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, saving accounts, deposit accounts, and or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Corporation or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not

# MICHIGAN CONNECTIONS ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2019

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

### Cash and Cash Equivalents - Continued

more than 270 days after the date of purchase. The Academy is also authorized to invest in U.S. Government or Federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

### Receivables

Receivables at June 30, 2019 consist primarily of state school aid due from the State of Michigan and the federal government. All receivables are expected to be fully collected in July and August of 2019 and are considered current for the purposes of these financial statements.

### Prepaid Assets

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

### Capital Assets and Depreciation

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions or retirements during the year. The Academy follows the policy of not capitalizing assets with a useful life of less than one year. The Academy does not possess any infrastructure assets.

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Furniture and equipment	5 – 7 years
Leasehold improvements	3 years

### Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of capital leases that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

## MICHIGAN CONNECTIONS ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2019

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Net Position

Net position represents the difference between assets, deferred outflows and liabilities, and deferred inflows. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws of regulations of other governments.

#### Fund Equity

The Academy has adopted GASB 54 as part of its fiscal year reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Academy's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on those resources.

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

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

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

The Academy follows the policy that restricted, committed, or assigned amounts will be considered to have been spent when an expenditure is incurred for purposes for which both unassigned and restricted, committed, or assigned fund balances are available. There are no governmental funds with a deficit.

## **MICHIGAN CONNECTIONS ACADEMY**

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2019

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### **NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Annual budgets are adopted on a consistent basis with accounting principles generally accepted in the United States of America and state law for the general fund. All annual appropriations lapse at fiscal year end and encumbrances are not formally recorded.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. The Academy is required by law to adopt general and special revenue fund budgets. During the year ended June 30, 2019 the budget was amended in a legally permissible manner. See page 16 of these financial statement for the budgetary comparison schedule.

### **NOTE 3 - DEPOSITS AND INVESTMENTS**

#### **Interest Rate Risk**

In accordance with its investment policy, the Academy will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Academy's cash requirements.

#### **Credit Risk**

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2019, the Academy held no investments.

## **MICHIGAN CONNECTIONS ACADEMY**

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2019

### **NOTE 3 - DEPOSITS AND INVESTMENTS - Continued**

#### **Concentration of Credit Risk**

The Academy will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

#### **Custodial Credit Risk - Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2019, \$1,073,229 of the Academy's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of June 30, 2019.

#### **Custodial Credit Risk - Investments**

For an investment, this is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Academy will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Academy will do business.

#### **Foreign Currency Risk**

The Academy is not authorized to invest in investments which have this type of risk.

#### **Fair Value**

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Academy has the ability to access.
- b. Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.

## MICHIGAN CONNECTIONS ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2019

### NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

- c. Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The observable inputs should be developed based on the best information available in the circumstances and may include the Academy's own data.)

The Academy does not have any investments that are subject to the fair value measurement.

### NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

State sources	\$ 2,544,532
Federal sources	<u>47,029</u>
Total	<u><u>\$ 2,591,561</u></u>

### NOTE 5 - CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2019</u>
Capital assets subject to depreciation				
Improvements	\$ 33,230	\$ -	\$ -	\$ 33,230
Equipment	<u>729,689</u>	<u>11,500</u>	<u>-</u>	<u>741,189</u>
Sub-total	762,919	11,500	-	774,419
Accumulated depreciation				
Improvements	33,230	-	-	33,230
Equipment	<u>625,534</u>	<u>52,008</u>	<u>-</u>	<u>677,542</u>
Sub-total	<u>658,764</u>	<u>52,008</u>	<u>-</u>	<u>710,772</u>
Total net capital assets	<u><u>\$ 104,155</u></u>	<u><u>\$ (40,508)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 63,647</u></u>

## MICHIGAN CONNECTIONS ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED JUNE 30, 2019

### NOTE 5 - CAPITAL ASSETS - Continued

Depreciation and amortization expense was not charged to activities as the Academy considers its assets to impact multiple activities and allocation is not practical.

### NOTE 6 – OPERATING LEASES

#### Lease Information

	<u>Maturity Date</u>	<u>Approximate Payment</u>	<u>Other</u>
Facilities	June, 2023	\$15,913 monthly	Lease runs from July 1 to June 30. Rentals increase yearly per lease agreement.

The approximate amount of lease obligations coming due during the next four years are as follows:

	<u>Facilities</u>
2020	\$ 198,045
2021	202,855
2022	207,730
2023	213,035

Total lease expense included in the statement of activities for the year ended June 30, 2019 amounted to approximately \$193,100 for the year.

### NOTE 7 - RETIREMENT PLAN

All employees leased by the Academy are eligible to participate in a retirement plan established by Connections which qualifies under the provisions of Section 401(k) of the Internal Revenue Code. Eligible employees may contribute up to 15% of their salaries under the terms of this plan.

### NOTE 8 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (worker's compensation), as well as medical benefits provided to employees. The Academy has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage since inception.

## SUPPLEMENTARY INFORMATION

## MICHIGAN CONNECTIONS ACADEMY

### REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>				
Local sources	\$ 17,000	\$ 17,000	\$ 6,406	\$ (10,594)
State sources	14,194,966	14,312,653	14,239,223	(73,430)
Federal sources	797,865	913,678	1,329,900	416,222
Interdistrict sources	14,837	-	47,473	47,473
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund revenues	15,024,668	15,243,331	15,623,002	379,671
<b>Expenditures</b>				
Instruction				
Basic programs	5,084,967	8,065,526	7,715,931	(349,595)
Added needs	308,517	1,501,728	1,669,119	167,391
Support services				
Pupil support services	667,088	-	-	-
Instructional staff support services	132,000	371,645	300,345	(71,300)
General administration	501,374	561,608	404,681	(156,927)
School administration	1,106,296	1,879,097	1,782,568	(96,529)
Business support services	6,207,435	1,370,403	1,349,734	(20,669)
Operations and maintenance	243,500	279,500	244,745	(34,755)
Central support services	3,200	438,665	430,003	(8,662)
Capital outlay	5,000	21,500	11,500	(10,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund expenditures	14,259,377	14,489,672	13,908,626	(581,046)
Excess (deficiency) of revenues over expenditures	765,291	753,659	1,714,376	960,717
Fund balance - July 1, 2018	44,497	44,497	44,497	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - June 30, 2019	<u>\$ 809,788</u>	<u>\$ 798,156</u>	<u>\$ 1,758,873</u>	<u>\$ 960,717</u>

# APPENDIX

## Federal Awards Report



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

**To the Board of Directors  
of Michigan Connections 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 Michigan Connections Academy, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Michigan Connections Academy's basic financial statements, and have issued our report thereon dated November 1, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Michigan Connections 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 Michigan Connections Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Michigan Connections 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. 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.

## Compliance and Other Matters

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

## Purpose of this Report

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



Croskey Lanni, PC

Rochester, Michigan  
November 1, 2019



**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  
of Michigan Connections Academy**

We have audited the Michigan Connections Academy's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Michigan Connections Academy's major federal programs for the year ended June 30, 2019. Michigan Connections 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, 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 Michigan Connections 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 Michigan Connections 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 Michigan Connections Academy's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Michigan Connections 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, 2019.

## Report on Internal Control over Compliance

Management of Michigan Connections 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 Michigan Connections 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 Michigan Connections 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Croskey Lanni, PC

Rochester, Michigan  
November 1, 2019

# MICHIGAN CONNECTIONS ACADEMY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019

Program Title/Project Number Subrecipient Name	Grant/ Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2018	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2019	Current Year Cash Transferred To Subrecipient
<b>Clusters:</b>										
Special Education Cluster - U.S. Department of Ed. -										
Passed through the Ingham County ISD										
IDEA Flowthrough:										
IDEA Flowthrough 1718	180450	84.027A	274,941	274,940	5,994	-	5,994	-	-	-
IDEA Flowthrough 1819	190450	84.027A	285,344	-	-	-	283,486	285,344	1,858	-
<b>Total Special Education Cluster</b>			560,285	274,940	5,994	-	289,480	285,344	1,858	-
<b>Other federal awards:</b>										
US Department of Education:										
Passed through the Michigan Department of Education:										
Title I Part A:										
Title I Part A 1718	181530	84.010	448,309	446,250	446,250	-	446,250	-	-	-
Title I Part A 1819	191530	84.010	446,323	-	-	-	417,950	446,322	28,372	-
<b>Total Title I Part A</b>		84.010	894,632	446,250	446,250	-	864,200	446,322	28,372	-
Title II Part A - Supporting Effective Instruction:										
Title II Part A 1718	180520	84.367	52,880	22,968	22,968	-	22,968	-	-	-
Title II Part A 1819	190520	84.367	145,131	-	-	-	112,777	129,576	16,799	-
<b>Total Title II Part A</b>		84.367	198,011	22,968	22,968	-	135,745	129,576	16,799	-
Title IV Part A - Student Support & Academic Enrichment:										
Title IV Part A 1718	180750	84.365	10,000	10,000	10,000	-	10,000	-	-	-
Title IV Part A 1819	190750	84.365	30,475	-	-	-	30,475	30,475	-	-
<b>Total Title IV Part A</b>		84.365	40,475	10,000	10,000	-	40,475	30,475	-	-
<b>Total noncluster programs passed through the Michigan Department of Education</b>			<u>1,133,118</u>	<u>479,218</u>	<u>479,218</u>	<u>-</u>	<u>1,040,420</u>	<u>606,373</u>	<u>45,171</u>	<u>-</u>
<b>Total Federal Awards</b>			<u>\$ 1,693,403</u>	<u>\$ 754,158</u>	<u>\$ 485,212</u>	<u>\$ -</u>	<u>\$ 1,329,900</u>	<u>\$ 891,717</u>	<u>\$ 47,029</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards

## MICHIGAN CONNECTIONS ACADEMY

### RECONCILIATION OF BASIC FINANCIAL STATEMENTS FEDERAL REVENUE AND RECEIVABLES WITH SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019

#### Revenues to Expenditures

Revenue from federal sources - As reported on modified accrual financial statements  
(includes all funds):

General Fund	\$ 1,329,900
Prior year unavailble revenue collected	(485,212)
Current year unavailble revenue not collected within 60 days	<u>47,029</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><u>\$ 891,717</u></u>

## **MICHIGAN CONNECTIONS ACADEMY**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019**

#### **NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Michigan Connections Academy under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Michigan Connections Academy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Michigan Connections Academy.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### **NOTE 3 – INDIRECT COST RATE**

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

#### **NOTE 4 - NONCASH ASSISTANCE**

The value of the noncash assistance received was determined in accordance with the provisions of Uniform Guidance.

#### **NOTE 5 - GRANT AUDITOR'S REPORT**

Management has utilized the Grant Auditor's report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

**MICHIGAN CONNECTIONS ACADEMY**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019

**SECTION I - SUMMARY OF THE AUDITOR'S RESULTS**

*Financial Statements*

Type of Auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_yes   no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? \_\_\_yes   no
- Noncompliance material to financial statements noted? \_\_\_yes   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_yes   no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? \_\_\_yes   no

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 2 CFR 200.516 (a)? \_\_\_yes   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
#84.010	Title IA

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

Auditee qualified as low-risk auditee? \_\_\_yes   no

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None