

OAKLAND INTERNATIONAL ACADEMY
Detroit, Michigan

FINANCIAL STATEMENTS
June 30, 2021



Gardner | Provenzano
Thomas & Luplow

CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

October 25, 2021

To The Board of Directors
Oakland International Academy
Detroit, Michigan

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Oakland International Academy as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Oakland International 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 of 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 of 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 remaining fund information of Oakland International Academy as of June 30, 2021 and the respective changes in financial position for the year then ended, in conformity 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 listed 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 Oakland International Academy's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is 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 supplemental information and 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 supplemental information and the schedule of expenditures of federal awards is 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 25, 2021 on our consideration of Oakland International Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oakland International Academy's internal control over financial reporting and compliance.

Mardner, Provencione, Thomas & Ingelow

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

**OAKLAND INTERNATIONAL ACADEMY
MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)**

Introduction

This section of the annual financial report presents management's discussion and analysis of Oakland International Academy's financial results for the fiscal year ended June 30, 2021. Please read this along with the financial statements that follow for a comprehensive understanding of the financial position of the Academy.

Academy Wide Financial Statements

The Academy Wide Financial Statements appear first and report all assets and liabilities using the accrual basis of accounting, similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The statement of activities covers all of the Academy's services including instruction and support services which are financed through Unrestricted State Aid and State and Federal grants. In addition, revenue less expense results in net position, which can either increase or decrease on an annual basis.

Fund Financial Statements

The Fund Financial Statements are reported on a modified accrual basis and are formatted to comply with the legal requirements of the Michigan Department of Education's Accounting Manual. The Academy uses funds to help control and manage money for specific purposes or to meet legal responsibilities for certain grants. Funds provide a detailed short-term view of the operations and services of the Academy, show how money flows through and out of funds, and the balances left at year-end. Reviewing the funds helps the reader consider whether the Academy is accountable for the resources taxpayers and others provide and gives insight into the Academy's overall financial health.

The relationship between governmental activities (Academy Wide Financial Statements) and governmental fund activities (Fund Financial Statements) will be reconciled later in the report.

**OAKLAND INTERNATIONAL ACADEMY
MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)**

Condensed Financial Statements
Analysis of Overall Financial Position and Results of Operations

The Academy's net position at June 30, 2021 and 2020 are summarized below.

	<u>2021</u>	<u>2020</u>
Assets		
Current assets	\$ 4,484,329	\$ 3,721,525
Capital assets - net of accumulated depreciation	<u>3,477,664</u>	<u>3,663,269</u>
Total Assets	<u>7,961,993</u>	<u>7,384,794</u>
Liabilities		
Current liabilities	1,432,969	1,320,030
Long-term liabilities	<u>1,029,299</u>	<u>1,179,299</u>
Total Liabilities	<u>2,462,268</u>	<u>2,499,329</u>
Net assets		
Net investment in capital assets	2,298,365	2,343,970
Restricted for debt service	476,186	436,527
Unrestricted	<u>2,725,174</u>	<u>2,104,968</u>
Total Net Position	<u>\$ 5,499,725</u>	<u>\$ 4,885,465</u>

- Net investment in capital assets totaling \$2,298,365 were computed by taking the original cost of the assets and subtracting the depreciation and the related debt.
- "Unrestricted net position" of \$2,725,174 represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.
- Restricted for debt service is for the purpose of servicing long-term debt.

**OAKLAND INTERNATIONAL ACADEMY
MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)**

Condensed Financial Statements

Analysis of Overall Financial Position and Results of Operations (cont.)

The results of operations for the Academy as a whole for the years ended June 30, 2021 and 2020 are reported below.

	<u>2021</u>	<u>2020</u>
Revenue		
Program revenue		
Grants and categoricals	\$ 3,005,271	\$ 2,747,022
General revenue		
State foundation allowance	6,688,394	6,533,535
Other	62,900	124,817
Total revenue	<u>9,756,565</u>	<u>9,405,374</u>
Function/Program expenses		
Instruction	3,322,929	3,397,704
Support services	4,779,804	4,550,846
Community services	-	7,645
Transportation	93,624	122,772
Interest	80,070	89,008
Food services	865,878	551,874
Total expenses	<u>9,142,305</u>	<u>8,719,849</u>
Increase (decrease) in net position	<u>\$ 614,260</u>	<u>\$ 685,525</u>

- Revenues of the Academy for the year totaled \$9,756,565.
- Revenues increased over the prior year by approximately \$351,191.
- The cost of government activities for the year totaled \$9,142,305.
- Funding for the above activities comes from a variety of sources. Some activities are partially funded by grants and categoricals from the State and Federal governments. The remaining activities are paid for with the State Foundation Allowance and other revenues.
- Total expenses increased over the prior year by approximately \$422,456. This increase was due to the higher costs of offering more programs.
- The Academy had an increase in net position of \$614,260. The general fund balance increased by \$526,808. The difference is due to the effect of depreciation of capital assets and the fact that purchases of capital assets are expenditures in the general fund, but do not affect results of operations in the Academy Wide financial statements. Also, proceeds from and repayments of long-term debt are revenues and expenditures in the general fund, but do not affect the results of operations in the Academy Wide financial statements.

**OAKLAND INTERNATIONAL ACADEMY
MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)**

General Fund

The General Fund is the primary operating fund for the Academy. For fiscal year ending June 30, 2021, the fund increased by \$526,808. This increase is more than the final budgeted decrease in fund balance of \$22,638.

Budget Highlights

Oakland International Academy's budget was developed according to the Uniform Budget Act of the State of Michigan requirements. The Act requires that the original budget for the upcoming fiscal year be approved prior to July 1, the start of the fiscal year. During the fiscal year ended June 30, 2021, the Academy amended the budget twice during the year. A schedule showing the Academy's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements. A discussion of the changes to the Academy's original budget and final amended amounts is provided below.

Original vs. Final Amended Budget

Budgets are revised as changes in revenue and expenditures occur. Approximately 84% of the Academy's revenue comes from the State through a Foundation Allowance and Categoricals (specific program grants). The State Foundation Allowance is based on student enrollment and an amount per pupil designated by the State. Therefore, the budget is primarily based on an estimate of the student population including the following September count, the per-pupil amount set by the State, and an estimate of the categoricals that will be approved by the State.

State law requires that budgets be amended to ensure that expenditures do not exceed appropriations. Original and final budgets, as well as actual amounts paid and received, are included in the required supplemental information.

Revenue

When establishing the 2021/2022 revenue budget in June with a beginning fiscal date of July 1, only estimates could be used, as there were a number of budget factors that had not yet been determined. These factors included potential increases or decreases in per pupil funding and fluctuations with student enrollment. Budgeted revenues changed significantly from the original budget due to an increase in enrollment and the increased availability of grant funds.

Expenditures

Budgeted expenditures increased by \$773,224. This increase was primarily due to the Academy experiencing an increase in enrollment and budgeting for a number of capital expenditures for additional teaching space to keep pace with enrollment.

**OAKLAND INTERNATIONAL ACADEMY
MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)**

Original vs. Final Amended Budget (cont.)

Expenditures (continued)

A schedule showing the Academy's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

The balance of variance results from adjustments to several individual expenditure line items and is not considered significant by management.

Final Budget vs. Actual

The variances between the final budgeted amounts and actual amounts are illustrated below.

General Fund	Final	Actual	Variance Positive (Negative)
Total Revenue	\$ 9,025,774	\$ 8,828,040	\$ (197,734)
Total Expenditures	9,048,412	8,301,232	747,180
Excess Revenue/Expenditures	<u>\$ (22,638)</u>	<u>\$ 526,808</u>	<u>\$ 549,446</u>

The budget variance in revenue was primarily due to the level of state program expenditures being lower than originally anticipated. The budget to actual variance in expenditures is the result of management fees and several other expenditure line items final amounts coming in lower than anticipated. These amounts are not considered to be significant by management.

Capital Assets

As of June 30, 2021, the Academy has \$3,477,664 in net capital assets. Capital assets include land, furniture, equipment, and building and grounds, less depreciation.

	Cost	Accumulated Depreciation	2021 Net Book Value	2020 Net Book Value
Land	\$ 139,740	\$ -	\$ 139,740	\$ 139,740
Buildings and grounds	4,864,712	(1,967,390)	2,897,322	3,028,803
Vehicles	80,083	(13,348)	66,735	73,409
Modular classrooms	304,550	(85,899)	218,651	226,460
Equipment and furniture	481,425	(326,209)	155,216	194,857
	<u>\$ 5,870,510</u>	<u>\$ (2,392,846)</u>	<u>\$ 3,477,664</u>	<u>\$ 3,663,269</u>

**OAKLAND INTERNATIONAL ACADEMY
MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)**

Long Term Debt

During the fiscal year ended June 30, 2010, the Academy issued \$3,005,000 of limited obligation revenue bonds through the Michigan Public Educational Facilities Authority (MPEFA) to complete the construction of the new school building. The bonds have an average coupon rate of 7.70 % and will be repaid in full on February 1, 2026. The bonds have an outstanding balance of \$1,179,299 at June 30, 2021. The Academy also received a contribution of \$299,299 from the MPEFA during fiscal 2010 which will be repaid February 1, 2026.

We present more detailed information about long-term liabilities in the notes to the financial statements.

Conditions Affecting Next Year's Budget

Our appointed officials and administration consider many factors when setting the Academy's 2021 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2021 fiscal year is 75 percent and 25 percent of the February 2021 and September 2020 student counts, respectively. The 2021 budget was adopted in June 2020, based on an estimate of students that will be enrolled in September 2020. Approximately 75 percent of total general fund revenue is from the foundation allowance. As a result, Academy funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2021 school year, we anticipate that the fall student count will be slightly more than the estimates used in creating the 2021 budget. Once the final student count and related per pupil funding is validated, State law requires the Academy to amend the budget if actual Academy resources are not sufficient to fund original appropriations.

Since the Academy's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriations to academies. The State periodically holds a revenue-estimating conference to estimate revenues. Based on the results of the most recent conference, the State estimates funds are sufficient to fund the appropriation. The overall State economy, however, is not very healthy at this time and is cause for concern. We believe that a conservative approach is warranted as to what we can expect from the State in future years.

Requests for Information

This report is designed to provide our stakeholders and taxpayers with a general overview of the Academy's finances. If you have questions about this report or need additional information, contact the Academy Board Office, Oakland International Academy, 4001 Miller St. Detroit, MI 48211.

BASIC FINANCIAL STATEMENTS

OAKLAND INTERNATIONAL ACADEMY
Academy Wide
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash	\$ 2,798,289
Due from other governmental units	1,686,040
Capital assets less accumulated depreciation	3,477,664
Total Assets	<u>7,961,993</u>
Liabilities	
Accounts payable	103,089
Due to management company	1,050,278
Unearned revenue	129,602
Bonds payable, due within one year	150,000
Noncurrent liabilities	
MPEFA payable, due in more than one year	299,299
Bonds payable, due in more than one year	730,000
Total Liabilities	<u>2,462,268</u>
Net Position	
Net investment in capital assets	2,298,365
Restricted for debt service	476,186
Unrestricted	2,725,174
Total Net Position	<u>\$ 5,499,725</u>

The accompanying notes are an integral part of these financial statements.

OAKLAND INTERNATIONAL ACADEMY
Academy Wide
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Instruction	\$ 3,322,929	\$ -	\$ 1,971,033	\$ (1,351,896)
Support services	4,779,804	-	93,094	(4,686,710)
Transportation	93,624	-	-	(93,624)
Interest	80,070	-	-	(80,070)
Food services	865,878	-	941,144	75,266
Totals	<u>\$ 9,142,305</u>	<u>\$ -</u>	<u>\$ 3,005,271</u>	(6,137,034)
General revenues:				
State aid - unrestricted				6,688,394
Other				<u>62,900</u>
Total General Revenues				6,751,294
Change in Net Position				614,260
Net Position - Beginning of Year				4,885,465
Net Position - End of Year				<u>\$ 5,499,725</u>

The accompanying notes are an integral part of these financial statements.

OAKLAND INTERNATIONAL ACADEMY
Governmental Funds Balance Sheet
June 30, 2021

	Governmental Fund Type			
	(Non-Major)			
	General	Food Service	Debt Service	Totals
<u>Assets</u>				
Cash	\$ 2,322,103	\$ -	\$ 476,186	\$ 2,798,289
Due from other governmental units	1,686,040	-	-	1,686,040
Due from other funds	-	172,649	-	172,649
Total Assets	<u>\$ 4,008,143</u>	<u>\$ 172,649</u>	<u>\$ 476,186</u>	<u>\$ 4,656,978</u>
 <u>Liabilities and Fund Balance</u>				
Liabilities				
Accounts payable	\$ 52,764	\$ 50,325	\$ -	\$ 103,089
Due to management company	1,050,278	-	-	1,050,278
Unearned revenue	129,602	-	-	129,602
Due to other funds	172,649	-	-	172,649
Total Liabilities	<u>1,405,293</u>	<u>50,325</u>	<u>-</u>	<u>1,455,618</u>
 Fund Balance				
Restricted for debt retirement	-	-	476,186	476,186
Assigned	-	122,324	-	122,324
Unassigned	2,602,850	-	-	2,602,850
Total Fund Balance	<u>2,602,850</u>	<u>122,324</u>	<u>476,186</u>	<u>3,201,360</u>
 Total Liabilities and Fund Balance	<u>\$ 4,008,143</u>	<u>\$ 172,649</u>	<u>\$ 476,186</u>	<u>\$ 4,656,978</u>

The accompanying notes are an integral part of these financial statements.

OAKLAND INTERNATIONAL ACADEMY
Reconciliation of Balance Sheet of Governmental Funds To Net Position
June 30, 2021

Total Fund Balances - Governmental Funds	\$ 3,201,360
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Amounts reported for governmental activities in the statement
of net position are different because:

Capital assets used in governmental activities are not financial
resources and are not reported in the funds.

The cost of the capital assets is	5,870,510
Accumulated depreciation is	(2,392,846)

Long-term liabilities are not due and payable in the current
period and are not reported in the funds.

Bonds payable	(880,000)
MPEFA payable	(299,299)

Total Net Position - Government Activities (Academy Wide)	<u>\$ 5,499,725</u>
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The accompanying notes are an integral part of these financial statements.

OAKLAND INTERNATIONAL ACADEMY
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2021

	General	(Non-Major) Food Service	Debt Service	Totals
Revenue				
Local	\$ 62,810	\$ -	\$ 88	\$ 62,898
State	7,485,999	16,173	-	7,502,172
Federal	1,266,523	924,971	-	2,191,494
Total Revenue	<u>8,815,332</u>	<u>941,144</u>	<u>88</u>	<u>9,756,564</u>
Expenditures				
Instruction				
Basic programs	2,489,423	-	-	2,489,423
Added needs	797,010	-	-	797,010
Support services				
Pupil	509,034	-	-	509,034
Staff	444,386	-	-	444,386
Administration	793,172	-	-	793,172
Business	1,349,563	-	1,885	1,351,448
Operation and maintenance	1,436,067	-	-	1,436,067
Central services	114,719	-	-	114,719
Transportation	93,624	-	-	93,624
Food services	-	847,746	-	847,746
Debt service	-	-	140,000	140,000
Interest	-	-	80,070	80,070
Total Expenditures	<u>8,026,998</u>	<u>847,746</u>	<u>221,955</u>	<u>9,096,699</u>
Excess (Deficiency) of Revenues over Expenditures	788,334	93,398	(221,867)	659,865
Other Financing Sources (Uses)				
Operating transfers in	12,708	-	274,234	286,942
Operating transfers out	(274,234)	-	(12,708)	(286,942)
Total Other Financing Sources (Uses)	<u>(261,526)</u>	<u>-</u>	<u>261,526</u>	<u>-</u>
Net Change in Fund Balances	526,808	93,398	39,659	659,865
Fund Balances - Beginning of Year	<u>2,076,042</u>	<u>28,926</u>	<u>436,527</u>	<u>2,541,495</u>
Fund Balances - End of Year	<u>\$ 2,602,850</u>	<u>\$ 122,324</u>	<u>\$ 476,186</u>	<u>\$ 3,201,360</u>

The accompanying notes are an integral part of these financial statements.

OAKLAND INTERNATIONAL 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, 2021

Net Change in Fund Balances - Governmental Funds	\$ 659,865
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.	
Capital outlay	52,047
Depreciation expense	(237,652)
Repayment of principal is an expenditure in the governmental funds, but not in the Academy Wide statement of activities	
Bonds payable	140,000
Change in Net Position of Governmental Activities (Academy Wide)	<u><u>\$ 614,260</u></u>

The accompanying notes are an integral part of these financial statements.

OAKLAND INTERNATIONAL ACADEMY NOTES TO THE FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies

Oakland International Academy was formed as a Charter School Academy pursuant to the Michigan School Code of 1976, as amended by Act 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.

In 1999, the Academy entered into a five-year contract with Saginaw Valley State University to charter a public school academy. The contract was extended through June 30, 2024. Under the terms of the contract, Oakland International Academy remains independent as a body corporate and governmental entity authorized by the Code. 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 Saginaw Valley State University Board of Trustees 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 the Saginaw Valley State University Board of Trustees three percent of unrestricted state aid as administrative fees. The total administrative fees incurred to the Saginaw Valley State University Board of Trustees for the year ended June 30, 2021, approximated \$199,032.

The Academy's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

A. Reporting Entity

The accompanying financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational and financial relationships that determine which of the governmental organizations are a part of the Academy's reporting entity, and which organizations are legally separate component units of the Academy. The Academy has no component units.

B. Academy-Wide Statements

The statement of net position and the statement of activities display information about the Academy as a whole. The usual purpose of these statements is to distinguish between activities that are governmental and those that are considered business-type activities. Currently, all activities of the Academy are considered to be governmental.

OAKLAND INTERNATIONAL ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

B. Academy-Wide Statements (continued)

The Academy-wide statements are prepared using the economic resources measurement focus and the full accrual basis of accounting. This basis is different from the manner in which the governmental fund financial statements are prepared. Therefore, reconciliations are included to identify the relationship between the Academy-wide statements and the statements for the governmental funds.

The Academy-wide statement of activities presents a comparison between program expenses and program revenues; revenues that are not classified as direct program revenues are presented as general revenues. The comparison of program expenses and revenues identifies the extent to which each program is self-financing or draws resources from the Academy.

The Academy-wide approach is focused more on the sustainability of the Academy as an entity and the change in the Academy's net position from the current year's activities.

C. Fund Financial Statements

The accounts of the Academy are organized on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following fund types are used by the Academy:

Governmental Funds

The governmental fund statements are prepared using the current resources measurement focus and the modified accrual basis of accounting. The fund approach is focused on the currently available resources and changes in the currently available resources of the Academy.

General Fund is the general operating fund of the Academy. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Academy maintains full control of this fund. The Special Revenue Fund maintained by the Academy is the Food Service Fund.

Debt Service Funds are used to account for the accumulation of funds for the periodic payment of principal and interest on long-term debt.

OAKLAND INTERNATIONAL ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements (continued)

Usually the emphasis in fund financial statements is on the major funds. The Academy has opted to display information for all funds without regard to the criteria for determination of major funds as determined by GASB 34. However, only the general fund and the debt service fund met the criteria as a major fund.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Accounting basis relates to the timing of the measurements made regardless of the measurement focus applied.

Full Accrual

The full accrual basis of accounting requires recognition of revenues when earned and expenses when a liability is incurred, regardless of the timing of related cash flows. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. This method is used for the Academy-wide statements.

Modified Accrual

The modified accrual basis recognizes revenues when they are measurable and available, available means collectible with the current period or within 60 days after year-end. Expenditures are still recognized when incurred; however, principal and interest on long-term debt is recognized when payment is due. This method is used for the fund level statements.

The most significant difference between the full accrual basis of accounting and the modified accrual basis of accounting is the way in which capital assets and long-term debt are recognized. The full accrual basis of accounting recognizes purchases of capital assets as an asset and long-term debt proceeds as a liability (similar to a for-profit business). The modified accrual basis of accounting recognizes the purchase of capital assets as expenditures and long-term debt proceeds as other revenue sources.

Cash

Cash includes cash on hand and demand deposits.

OAKLAND INTERNATIONAL ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

E. Financial Statement Amounts

Receivables

Receivables consist of all revenues earned at year-end but not yet received.

Capital Assets and Depreciation

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation expense totaling \$237,652 has been allocated to instruction (\$36,496), support (\$183,024), and food service (\$18,132).

The Academy does not possess infrastructure type assets. Depreciation on all assets is provided on the straight-line method over the following estimated useful lives:

Furniture and equipment	5-20 years
Leasehold improvements	3-15 years
Building	39 years

Accounts Payable

Accounts payable consist of items from which the Academy benefited during the current fiscal year but has not yet paid.

Unearned Revenue

Unearned revenue represents amounts for which the Academy has received, but has not yet earned. Unearned revenue is usually caused by the receipt of grant program revenues in excess of expenses/expenditures related to the grant. The revenues are deferred until the proceeds have been fully expensed/expended.

Due to Management Company

Due to Management Company consists of administrative fees and accrued expenditures that are due and payable for the current fiscal year.

Inter-fund Activity

Inter-fund activity is reported as transfers and is eliminated upon consolidation.

OAKLAND INTERNATIONAL ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

E. Financial Statement Amounts (continued)

Fund Balance

The Academy recognizes the following categories of fund balance:

- Non-spendable – Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted – Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- Committed – Amounts that have been formally set aside by the Board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board.
- Assigned – Intent to spend resources on specific purposes expressed by the Board.
- Unassigned – Amounts that are available for any purpose.

The Academy did not have any non-spendable or committed fund balance as of June 30, 2021.

Net position flow assumption

Sometimes the Academy will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the Academy will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

OAKLAND INTERNATIONAL ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Academy had no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position/balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Academy had no items that qualified for reporting in this category.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 26, 2021, which is the date the financial statements were available to be issued.

NOTE 2--Stewardship, Compliance, and Accountability

The Academy formally adopted a General Fund and Food Service Fund budget by activity for the year ended June 30, 2021. State law requires the Academy to have its budget in place by July 1. Unexpended appropriations lapse at year-end; encumbrances are not formally recorded.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. Budgeted amounts presented in the financial statements are amended by the Board of Directors. State law permits Academies to amend their budgets during the year. The budgetary comparison presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level.

The Academy's expenditure budget variances are illustrated in the required supplemental information.

OAKLAND INTERNATIONAL ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3--Deposits and Investments

The Academy is authorized, by the State of Michigan, to deposit its fund in banks, savings and loan associations, or credit unions having a principal office in Michigan.

The Academy is also authorized to invest in the following:

- a. Direct bonds and obligations of the U.S. or agency or instrumentality,
- b. CDs, savings accounts with banks, savings and loan associations, or credit unions which are insured with the applicable federal agency,
- c. Commercial paper – within three highest rate classifications by at least two rating services, maturing not later than 270 days,
- d. U.S. or agency repurchase agreements,
- e. Banker's acceptance of U.S. banks, and
- f. Mutual funds – investments which local unit can make directly.

As of year-end, the carrying amount of the Academy deposits was \$2,322,103 and the bank balance was \$2,352,204. The Academy had uninsured bank balances of \$2,102,204 at June 30, 2021. The Academy does not hold any investments and does not have an investment policy. However, the Board is in the process of adopting an investment policy.

NOTE 4--Capital Assets and Accumulated Depreciation

Capital asset activity of the Academy was as follows:

	Balance July 1, 2020	Additions	Disposals	Balance June 30, 2021
Capital assets not subject to depreciation				
Land	\$ 139,740	\$ -	\$ -	\$ 139,740
Subtotal	<u>139,740</u>	<u>-</u>	<u>-</u>	<u>139,740</u>
Capital assets subject to depreciation				
Buildings and grounds	4,819,844	44,868	-	4,864,712
Equipment and furniture	474,246	7,179	-	481,425
Vehicles	80,083	-	-	80,083
Modular classrooms	304,550	-	-	304,550
Subtotal	<u>5,678,723</u>	<u>52,047</u>	<u>-</u>	<u>5,730,770</u>
Total Capital Assets	<u>5,818,463</u>	<u>52,047</u>	<u>-</u>	<u>5,870,510</u>
Accumulated depreciation				
Buildings and grounds	1,791,041	176,349	-	1,967,390
Equipment and furniture	279,389	46,820	-	326,209
Vehicles	6,674	6,674	-	13,348
Modular classrooms	78,090	7,809	-	85,899
Total Accumulated Depreciation	<u>2,155,194</u>	<u>237,652</u>	<u>-</u>	<u>2,392,846</u>
Total Net Capital Assets	<u>\$ 3,663,269</u>	<u>\$ (185,605)</u>	<u>\$ -</u>	<u>\$ 3,477,664</u>

OAKLAND INTERNATIONAL ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5--Lease Commitments

The Academy rents two buildings from the Iman Islamic Complex in Hamtramck on a year-by-year agreement. Rent is twelve percent of unrestricted state aid received by the Academy. The maximum yearly amount is \$342,000. The Academy paid \$254,000 for the lease of the two buildings during the year ended June 30, 2021.

The Academy also rents a school building from the Archdiocese of Detroit. The Academy pays the Archdiocese ten percent of unrestricted state aid associated with the students that attend school at that building based on the fall student count. The Academy also pays the Archdiocese \$25,000 per year for the use of the building's gymnasium. The minimum yearly rent under the agreement is \$175,000. The Academy paid the Archdiocese \$253,411 for the lease of the building during the year ended June 30, 2021.

In addition, the Academy leases two school buses under an operating lease agreement with Wells Fargo Equipment Finance, Inc. The lease is a 58 month term with monthly payments of \$2,164. The lease expires during the 2021/22 school year. The Academy paid \$25,968 for the lease of its school buses during the year ended June 30, 2021.

The Academy also leases four copy machines. The lease agreement expires during the 2021/22 school year and requires minimum monthly payments of \$698. The agreement also provides for monthly usage based charges if applicable.

Future commitments under the above rental and lease agreements are as follows:

For the Year Ended June 30	Payments
2022	\$ 269,152
2023	253,404
	<u>\$ 522,556</u>

NOTE 6--Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. During the year ended June 30, 2021, the Academy carried commercial insurance for the above listed risks of loss.

OAKLAND INTERNATIONAL ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7--Management Agreement

On January 20, 2010, effective September 1, 2010, the Academy entered into a management agreement with Education and Management Networks, Inc. (EMAN). The agreement covered five academic years and ended on August 31, 2015. The agreement was extended through June 30, 2021. The agreement will automatically renew on a year to year basis unless written notice is given by either party. Under terms of this agreement, EMAN is responsible (accountable to the Academy's Board of Directors) for the management of the school, the design of the school's educational program, strategic planning, public relations, and other special functions, to include financial services, assistance with compliance reporting, and assistance with the purchase of equipment and furniture. In exchange for these services, the Academy pays EMAN 12% of all revenues received by the Academy less amounts retained by Saginaw Valley State University. The total management fee expensed by Oakland International Academy for the year ended June 30, 2021 was \$1,139,737.

NOTE 8--Long-term Debt

The Academy's long-term debt includes \$880,000 of Limited Obligation Revenue Bonds through the Michigan Public Education Facilities Authority (MPEFA) bearing interest at rates between 6.875% and 7.850%. The obligations require semi-annual interest payments due on February 1 and August 1, and an annual payment of principal due on February 1, which began on February 1, 2011. The bonds will be paid in full on February 1, 2026. The Academy also received a loan from the MPEFA in the amount of \$299,299 that has been restricted for debt service on the bonds. That loan is to be paid in full on February 1, 2026 when the bonds have been repaid. Twenty percent of the Academy's unrestricted state aid revenue is allowed to be used for debt service on the bonds.

Following is a summary of the changes in long-term debt of the Academy:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Current Portion
Bonds payable	\$ 1,020,000	\$ -	\$ 140,000	\$ 880,000	\$ 150,000
MPEFA payable	299,299	-	-	299,299	-
Totals	<u>\$ 1,319,299</u>	<u>\$ -</u>	<u>\$ 140,000</u>	<u>\$ 1,179,299</u>	<u>\$ 150,000</u>

OAKLAND INTERNATIONAL ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8--Long-term Debt (continued)

Annual Debt service requirements to maturity for the above governmental activity are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 150,000	\$ 69,100	\$ 219,100
2023	160,000	57,306	217,306
2024	175,000	44,746	219,746
2025	190,000	31,008	221,008
2026	205,000	16,092	221,092
Totals	<u>\$ 880,000</u>	<u>\$ 218,252</u>	<u>\$ 1,098,252</u>

Governmental Activities

Limited Obligation Revenue
Bonds of the following:
2010 Issue \$3,005,000
Due in annual installments
of \$75,000 to \$275,000
through February 1, 2026;
interest at 6.875% to 7.875%

\$880,000

NOTE 9--Interfund – Receivables, Payables, and Transfers

The makeup of inter-fund balances and transfers is as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Fund</u>	<u>Transfer Out</u>
Debt service	\$ 274,234	General	\$ 274,234
	<u>\$ 274,234</u>		<u>\$ 274,234</u>

Transfers provided funding for the Debt Service Fund.

<u>Fund</u>	<u>Transfer In</u>	<u>Fund</u>	<u>Transfer Out</u>
General	\$ 12,708	Debt service	\$ 12,708
	<u>\$ 12,708</u>		<u>\$ 12,708</u>

Transfers were a refund of previous excess payments.

<u>Fund</u>	<u>Due from General Fund</u>	<u>Fund</u>	<u>Due to Food Service</u>
Food service	\$ 172,649	General	\$ 172,649
	<u>\$ 172,649</u>		<u>\$ 172,649</u>

OAKLAND INTERNATIONAL ACADEMY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10--Restricted Fund Balance

The debt service fund balance is restricted for the purpose of servicing long-term debt.

NOTE 11--Grant Programs

All grant programs are subject to a final audit from the grantor agency, the outcome of which may or not result in disallowed costs that the Academy may be required to be paid back.

NOTE 12--COVID-19

In March 2020, coronavirus (COVID-19) was declared a global pandemic. As a result, many charter school academies have found their financial picture take an unanticipated change. The duration and full effects of the outbreak remain unknown as the global picture continues to change daily. While the academy is hopeful that the impact is temporary in nature, the overall financial impact of COVID-19 cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTAL INFORMATION

OAKLAND INTERNATIONAL ACADEMY
Budgetary Comparison
For the Year Ended June 30, 2021

	General Fund			Special Revenue Fund (Food Service)		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue						
Local	\$ 35,000	\$ 101,119	\$ 62,810	\$ -	\$ -	\$ -
State	6,705,964	7,577,821	7,485,999	-	-	16,173
Federal	795,346	1,346,834	1,266,523	554,500	864,230	924,971
Incoming transfers and other	-	-	12,708	-	-	-
Total Revenues	<u>7,536,310</u>	<u>9,025,774</u>	<u>8,828,040</u>	<u>554,500</u>	<u>864,230</u>	<u>941,144</u>
Expenditures						
Instruction						
Basic programs	2,613,463	2,516,884	2,489,423	-	-	-
Added needs	1,006,596	1,019,405	797,010	-	-	-
Support services						
Pupil	499,120	493,191	509,034	-	-	-
Staff	243,436	489,283	444,386	-	-	-
Administration	858,632	900,532	793,172	-	-	-
Business	1,109,082	1,416,573	1,349,563	-	-	-
Operation and maintenance	1,418,360	1,553,196	1,436,067	-	-	-
Central services	135,324	200,532	114,719	-	-	-
Transportation	145,664	146,799	93,624	-	-	-
Community services	8,115	8,184	-	-	-	-
Food services	-	-	-	544,495	839,206	847,746
Outgoing transfers and other	237,396	303,833	274,234	-	-	-
Total Expenditures	<u>8,275,188</u>	<u>9,048,412</u>	<u>8,301,232</u>	<u>544,495</u>	<u>839,206</u>	<u>847,746</u>
Excess (Deficiency) of Revenues						
Over Expenditures	(738,878)	(22,638)	526,808	10,005	25,024	93,398
Fund Balance - Beginning of Year	2,076,042	2,076,042	2,076,042	28,296	28,296	28,926
Fund Balance - End of Year	<u>\$ 1,337,164</u>	<u>\$ 2,053,404</u>	<u>\$ 2,602,850</u>	<u>\$ 38,301</u>	<u>\$ 53,320</u>	<u>\$ 122,324</u>

OTHER SUPPLEMENTAL INFORMATION

Oakland International Academy
Schedules of Long Term Liabilities
June 30, 2021

Limited Obligation Revenue Bonds
2010 Issue \$3,005,000
Interest rate: 6.875% to 7.850%

Year Ending June 30,	Annual Principal February 1	Semiannual Interest Payment		Total Fiscal Year Requirement
		August 1	February 1	
2022	\$ 150,000	\$ 34,550	\$ 34,550	\$ 219,100
2023	160,000	28,653	28,653	217,306
2024	175,000	22,373	22,373	219,746
2025	190,000	15,504	15,504	221,008
2026	205,000	8,046	8,046	221,092
	<u>\$ 880,000</u>	<u>\$ 109,126</u>	<u>\$ 109,126</u>	<u>\$ 1,098,252</u>

MPEFA Loan Restricted for Debt service	Principal	Interest	Total
<u>February 1, 2026</u>	<u>\$ 299,299</u>	<u>\$ -</u>	<u>\$ 299,299</u>



**Gardner | Provenzano
Thomas & Luplow**

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner
Giacamo Provenzano
Heather Thomas-Verhaeghe
Brett A. Luplow

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

October 25, 2021

To the Board of Directors
Oakland International 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 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 remaining fund information of Oakland International Academy, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Oakland International Academy's basic financial statements, and have issued our report thereon dated October 25, 2021.

Internal Control Over Financial Reporting

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

To the Board of Directors
Oakland International Academy
Page Two

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 Oakland International 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.

Mardner, Provencano, Thomas & Lupo

Certified Public Accountants

SINGLE AUDIT COMPLIANCE



**Gardner | Provenzano
Thomas & Luplow**

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner
Giacamo Provenzano
Heather Thomas-Verhaeghe
Brett A. Luplow

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

October 25, 2021

Board of Directors
Oakland International Academy

Report on Compliance for Each Major Federal Program

We have audited Oakland International 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 Oakland International Academy's major federal programs for the year ended June 30, 2021. Oakland International 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Oakland International 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 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 Oakland International 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 Oakland International Academy's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Oakland International 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 Oakland International 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 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 Oakland International Academy's internal control over compliance.

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

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

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

Martinez, Provencio, Thomas & Lugo

Certified Public Accountants


OAKLAND INTERNATIONAL ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Unearned) Revenue at June 30, 2020	Adjustments	Current Year Receipts Cash Basis	Current Year Expenditures	Accrued (Unearned) Revenue at June 30, 2021
Department of Agriculture								
Passed Through State of Michigan Summer Food Service Program 2010904 SFSP Operating Total Summer Food Service Program	10.559	\$ 945,318 945,318	- -	\$ - -	\$ - -	\$ 819,070 819,070	\$ 882,194 882,194	\$ 63,124 63,124
SFSP COVID 19	10.555	52,716	52,716	52,716	-	74,488	21,860	88
Passed Through Van Erden Food Service USDA Commodities	10.555	2,061	-	-	-	2,061	2,061	-
Total Child Nutrition Cluster		1,000,095	52,716	52,716	-	895,619	906,115	63,212
Fresh Fruit and Vegetable Program								
200950 Fresh Fruit and Vegetable (2019-2020)	10.582	864	6,412	-	-	864	864	-
210950 Fresh Fruit and Vegetable (2020-2021)	10.582	17,992	-	-	-	17,992	17,992	-
Total Fresh Fruit and Vegetable Program		18,856	6,412	-	-	18,856	18,856	-
Total Department of Agriculture		1,018,951	59,128	52,716	-	914,475	924,971	63,212
Department of Education								
Passed Through State of Michigan 201530 Title I Part A (2019-2020)	84.010	503,986	470,787	146,029	-	146,029	-	-
211530 Title I Part A (2020-2021)	84.010	514,728	-	-	-	338,630	494,685	156,055
Total Title I		1,018,714	470,787	146,029	-	484,659	494,685	156,055
200520 Title II Part A (2019-2020)	84.367	84,810	83,487	30,792	-	30,792	-	-
210520 Title II Part A (2020-2021)	84.367	62,282	-	-	-	35,443	46,950	11,507
Total Title II Part A		147,092	83,487	30,792	-	66,235	46,950	11,507
200570 Title III - Immigrant Student (2019-2020)	84.365	36,170	36,170	2,097	-	2,097	-	-
200580 Title III - Immigrant Student (2019-2020)	84.365	80,567	77,312	37,707	-	37,707	-	-
210570 Title III - Immigrant Student (2020-2021)	84.365	35,248	-	-	-	32,400	32,400	-
210520 Title III - Immigrant Student (2020-2021)	84.365	73,937	-	-	-	56,408	72,327	15,919
Total Title III		225,942	113,482	39,804	-	128,612	104,727	15,919
200750 Title IV Part A (2019-2020)	84.424	41,623	33,273	9,968	-	9,968	-	-
210750 Title IV Part A (2020-2021)	84.424	43,248	-	-	-	28,668	35,950	7,282
Total Title IV Part A		84,871	33,273	9,968	-	38,636	35,950	7,282
203710 GEER Funds K-12	84.425	391,672	312,119	312,119	-	391,492	79,373	-
203710 GEER Funds K-12	84.425	131,502	-	-	-	98,052	98,052	-
Total GEER Funds K-12		523,174	312,119	312,119	-	489,544	177,425	-
U.S. Department of Treasury								
Passed Through State of Michigan Coronavirus Relief Fund 11p Coronavirus Relief Fund 103(2) Total U.S. Department of Treasury	21.019 21.019	289,639 10,195 299,834	- - -	- - -	- -	289,639 10,195 299,834	289,639 10,195 299,834	- - -
Passed Through Intermediate District 170450 IDEA (2019-2020) 170450 IDEA (2020-2021) Total IDEA	84.027 84.027	82,676 106,952 189,628	82,676 - 82,676	15,258 - 15,258	- - -	15,258 35,032 50,290	- 106,952 106,952	- 71,920 71,920
Total Department of Education		2,489,255	1,095,824	553,970	-	1,557,810	1,266,523	262,683
Total Federal Financial Assistance		\$ 3,508,206	\$ 1,154,952	\$ 606,686	\$ -	\$ 2,472,285	\$ 2,191,494	\$ 325,895

See Notes to Schedule of Expenditures of Federal Awards

OAKLAND INTERNATIONAL ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1--Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Oakland International Academy's programs of the federal government for the year ended June 30, 2021. The information in the 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Oakland International Academy, it is not intended to and does not present the financial position or changes in net position of Oakland International Academy.

NOTE 2--Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, or the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3--Grant Auditor's Report

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

NOTE 4--Noncash Assistance

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

NOTE 5--Indirect Cost Rate

The Academy has not elected to use the 10% de minimus cost rate.

OAKLAND INTERNATIONAL ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not
considered to be material weaknesses? ☐ Yes ☒ None reported
- Noncompliance material to financial
statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major program(s)?

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not
Considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor’s report issued on compliance for major program(s): 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 program(s):

CFDA Number(s)
10.555 and 10.559

Name of Federal Program or Cluster
Child Nutrition Cluster

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

Auditee qualified as low risk auditee? ☒ Yes ☐ No

See Notes to Schedule of Expenditures of Federal Awards.

OAKLAND INTERNATIONAL ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section 2 – Financial Statement Audit Findings

None

Section 3 – Federal Program Audit Findings

None

See Notes to Schedule of Expenditures of Federal Awards.

OAKLAND INTERNATIONAL ACADEMY
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section 4

Financial Statement Audit Findings

None

Federal Program Findings

None

See Notes to Schedule of Expenditures of Federal Awards.