

**HIGHLAND PARK PUBLIC SCHOOL  
ACADEMY SYSTEM  
DBA BARBER PREPARATORY ACADEMY**

**FINANCIAL REPORT  
WITH  
SUPPLEMENTAL INFORMATION**

**JUNE 30, 2023**

# HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

## DBA BARBER PREPARATORY ACADEMY

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# *Alan C. Young & Associates, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740  
Detroit, MI 48202

(313) 873-7500 (Tel.)  
(313) 873-7502 (Fax)  
[www.alancyoung.com](http://www.alancyoung.com)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Highland Park Public School Academy System  
DBA Barber Preparatory Academy  
Highland Park, Michigan

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Highland Park Public School Academy System DBA Barber Preparatory Academy (the Academy) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Academy, as of June 30, 2023, 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.

#### Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Independent Auditor's Report (Continued)**

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Independent Auditor's Report  
(Continued)**

**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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2023 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of law, 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 the effectiveness of the 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 Academy's internal control over financial reporting and compliance.

*Alan C. Young & Assoc.*

Detroit, Michigan  
October 31, 2023

# HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

## DBA BARBER PREPARATORY ACADEMY

Management's Discussion and Analysis  
June 30, 2023

As management of the Highland Park Public School Academy System DBA Barber Preparatory Academy (the Academy), we offer readers of the Academy's financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

### FINANCIAL HIGHLIGHTS

- The General Fund recorded \$4,307,041 in revenue, which primarily consisted of the State foundation grant and federal grants. There was \$4,090,847 in General Fund expenditures.
- The Academy continues to focus on improving its cash position. This is a focus of the administration and will continue to be targeted by striving to reduce expenses and seeking additional funding.

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Academy's basic financial statements. The Academy's basic financial statements comprise three components: 1) academy-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

**Academy-wide Financial Statements.** The academy-wide financial statements are designed to provide readers with a broad overview of the Academy's finances, in a manner similar to a private-sector business.

The statement of net position presents information, using the accrual basis of accounting, on all of the Academy's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The statement of activities presents information showing how the Academy's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Academy-wide financial statements outline functions of the Academy that are principally supported by State Aid and intergovernmental revenues (Federal grants). The governmental activities of the Academy primarily include instruction and support services. Fixed assets and related debt are supported by State Aid and intergovernmental revenues.

The Academy-wide financial statements can be found on pages 1 – 2 of this report.

# HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

## DBA BARBER PREPARATORY ACADEMY

Management's Discussion and Analysis (Continued)  
June 30, 2023

### OVERVIEW OF FINANCIAL STATEMENTS (Continued)

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Michigan public school districts utilizing Bulletin 1022. The Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Academy can be divided into three categories: governmental, proprietary and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. All activities of the Academy are included in the governmental funds. The Academy does not maintain any proprietary or fiduciary funds.

The basic governmental fund financial statements can be found on pages 3 and 5 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the Academy-wide and fund financial statements. The notes to the financial statements can be found on pages 7 - 14 of this report.

### ACADEMY-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Academy, assets exceeded liabilities by \$2,053,437 as of June 30, 2023 This represents an decrease in net position of \$82,327 from last year.

A portion of the Academy's net position reflects its investment in capital assets (e.g., leasehold improvements, furniture, and equipment) less any related debt used to acquire those assets that is still outstanding. The Academy uses these capital assets to provide services to its students; consequently, these assets are not available for future spending.

### Net Position as of June 30, 2023 and 2022

The following shows a comparison of the Academy's net position as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Current and Other Assets	\$ 2,553,779	\$ 2,652,228
Noncurrent Assets	<u>300,632</u>	<u>173,636</u>
<b>Total Assets</b>	<u>2,854,411</u>	<u>2,825,864</u>
Current Liabilities	<u>800,974</u>	<u>690,100</u>
<b>Total Liabilities</b>	<u>800,974</u>	<u>690,100</u>
<b>Net Assets</b>		
Net Investment in Capital Assets	300,632	173,636
Unrestricted	<u>1,752,805</u>	<u>1,962,128</u>
<b>Total Net Position</b>	<u>\$ 2,053,437</u>	<u>\$ 2,135,764</u>

# HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

## DBA BARBER PREPARATORY ACADEMY

Management's Discussion and Analysis (Continued)  
June 30, 2023

### GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

#### Change in Net Position for the periods ending June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Program Revenues</b>		
Federal Grants	\$ 1,022,002	\$ 598,585
State Categorical Grants	686,576	561,264
<b>General Revenues</b>		
State Aid - Unrestricted	2,571,712	2,245,603
Other	26,751	144,404
<b>Total Revenues</b>	<u>4,307,041</u>	<u>3,549,856</u>
<b>Expenses</b>		
Instruction	1,647,833	1,209,848
Support Services	2,166,095	1,796,800
Community Services	57,149	40,779
Depreciation	92,774	96,490
Repayment of Prior Year Revenue	425,517	-
<b>Total Expenses</b>	<u>4,389,368</u>	<u>3,143,917</u>
<b>Increase (Decrease) in Net Position</b>	<u>\$ (82,327)</u>	<u>\$ 405,939</u>

### FINANCIAL ANALYSIS OF THE ACADEMY'S FUNDS

As the Academy completed its year, its governmental funds reported a fund balance of \$1,752,805, all of which was for the General Fund. The General Fund balance experienced a decrease of \$209,323 over last year. The Academy will continue to follow the procedures put in place to ensure that each year the Academy improves its financial position in the midst of an uncertain economic environment.

#### General Fund Revenue

The majority of revenue was derived from state funding (76%) with federal funding making up 24% of total revenue. There was also local revenue and other revenue making up less than 1% of total revenue.

#### Expenditure Allocation

Basic Instruction accounted for \$1,291,166 (31%) of the general fund expenses. \$356,667 (9%) was spent on serving children with special needs. Pupil Support accounted for \$121,311 (3%) of the general fund expenses and instructional support expenditures were \$233,964 (6%). \$600,410 (15%) was expended on operations and maintenance and the remaining 36% was expended on school administration, and other central support services.



# HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

## DBA BARBER PREPARATORY ACADEMY

Management's Discussion and Analysis (Continued)  
June 30, 2023

### FINANCIAL ANALYSIS OF DISTRICT'S FUNDS (Continued)

#### Comments on Budget Comparisons

- The Academy's total general fund revenues for the fiscal year ended June 30, 2023 were approximately \$4.31 million.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$411,039 less than the final budget.
- The total cost of all programs and services was approximately \$4.09 million.
- Over the course of the year, the Academy revises its budget as unexpected changes in revenues and expenditures arise. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. 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. Total expenditures were \$544,207 less than the final budget (12%).

#### CAPITAL ASSETS

##### Capital Assets

At the end of 2023, the Academy had \$300,632 (net of depreciation) invested in a broad range of capital assets. Total depreciation for the year was \$92,774.

	<u>2023</u>	<u>2022</u>
Furniture and Equipment	\$ 300,632	\$ 173,636
<b>Total</b>	<u>\$ 300,632</u>	<u>\$ 173,636</u>

#### Economic Factors and Next Year's Budgets and Rates

The Academy considers many factors when setting the Academy's 2023-2024 fiscal year budgets. 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 2022-23 fiscal years is 90 percent of the current school year October count and 10 percent of the prior February count. The all-inclusive budget was adopted in June 2023 based on an enrollment estimate of 281 students in the Fall of 2023-24.

Under State law, the Academy cannot assess property taxes for additional revenue for general operations. As a result, the Academy is heavily dependent on the State's ability to fund school operations. Based on early enrollment data and aggressive recruiting efforts, the estimated fall count of 281 students is in line with the estimate used to create the budget. Current enrollment exceeded the budgeted fall count of 281 students.

# **HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM DBA BARBER PREPARATORY ACADEMY**

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Management's Discussion and Analysis (Continued)  
June 30, 2023

## **Economic Factors and Next Year's Budgets and Rates (Continued)**

Once the final student count and related pupil funding are 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 revenue to fund its appropriations to public schools and public school academies. The State periodically holds a revenue estimating conference to estimate revenues.

## **Contacting the Academy's Management**

This financial report is designed to provide a general overview of the Academy's finances. If you have any questions about this report or need additional information, contact the Finance Department of Accel Schools Michigan LLC.

# HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

## DBA BARBER PREPARATORY ACADEMY

Statement of Net Position  
June 30, 2023

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash (Note 3)	\$ 1,661,142
Due From Other Governmental Units (Note 4)	891,968
Deposit	200
Prepaid Expenses	469
Capital Assets - Net (Note 5)	<u>300,632</u>
<b>Total Assets</b>	<u>2,854,411</u>
<b>Liabilities</b>	
Accounts Payable	115,828
Unearned Revenue (Note 4)	238,457
Accrued Liabilities	<u>446,689</u>
<b>Total Liabilities</b>	<u>800,974</u>
<b>Net Position</b>	
Net Investment in Capital Assets	300,632
Unrestricted	<u>1,752,805</u>
<b>Total Net Position</b>	<u>\$ 2,053,437</u>

*The accompanying notes are an integral part of the financial statements.*

# HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM DBA BARBER PREPARATORY ACADEMY

Statement of Activities  
June 30, 2023

	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities
<b>Functions/Programs</b>				Net (Expense) Revenue and Changes in Net Position
Primary Government-Governmental Activities				
Instruction	\$ 1,647,833	\$ -	\$ 738,203	\$ (909,630)
Support Services	2,166,095	-	970,375	(1,195,720)
Community Services	57,149	-	-	(57,149)
Depreciation (Unallocated)	92,774	-	-	(92,774)
Repayment of Prior Year Revenue (Note 9)	425,517	-	-	(425,517)
<b>Total Primary Government- Governmental Activities</b>	<b>4,389,368</b>	<b>-</b>	<b>1,708,578</b>	<b>(2,680,790)</b>
<b>General Revenues</b>				
State Aid not Restricted to Specific Purposes				2,571,712
Other				26,751
			<b>Total General Revenues</b>	<b>2,598,463</b>
Change in Net Position				(82,327)
Net Position - Beginning of Year				2,135,764
<b>Net Position - End of Year</b>				<b>\$ 2,053,437</b>

*The accompanying notes are an integral part of the financial statements.*

**HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM  
DBA BARBER PREPARATORY ACADEMY**

**Governmental Funds  
Balance Sheet  
June 30, 2023**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash (Note 3)	\$ 1,661,142
Due From Other Governmental Units (Note 4)	891,968
Deposit	200
Prepaid Expenses	469
<b>Total Assets</b>	<b>\$ 2,553,779</b>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities</b>	
Accounts Payable	115,828
Unearned Revenue (Note 4)	238,457
Accrued Expenditures	446,689
<b>Total Liabilities</b>	<b>800,974</b>
<b>Fund Balances</b>	
Nonspendable	669
Unassigned	1,752,136
<b>Total Fund Balance</b>	<b>1,752,805</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,553,779</b>

*The accompanying notes are an integral part of the financial statements.*

**HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM  
DBA BARBER PREPARATORY ACADEMY**

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Reconciliation of the Balance Sheet of  
Governmental Funds to the  
Statement of Net Position  
June 30, 2023

	<u>Amount</u>
<b>Fund Balance - Total Governmental Funds</b>	\$ 1,752,805
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different because:	
Capital Assets Used in Governmental Activities are not Financial Resources and are not Reported in the Governmental Funds:	
The Cost of Capital Assets	1,188,589
Accumulated Depreciation	<u>(887,957)</u>
	<u>300,632</u>
<b>Net Position - Governmental Activities</b>	<u><u>\$ 2,053,437</u></u>

*The accompanying notes are an integral part of the financial statements.*

**HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM  
DBA BARBER PREPARATORY ACADEMY**

**Governmental Funds  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Year Ended June 30, 2023**

	<b>General Fund</b>
<b>Revenue</b>	
Local Sources	\$ 26,751
State Sources	3,258,288
Federal Sources	1,022,002
<b>Total Revenue</b>	4,307,041
 <b>Expenditures</b>	
<u>Instruction</u>	
Basic Program	1,291,166
Added Needs	356,667
<u>Support Services</u>	
Pupil	121,311
Instructional Staff	233,964
General Administration	524,681
School Administration	235,188
Business	3,543
Operations and Maintenance	600,410
Pupil Transportation	188,995
Central	245,517
Other Support Services	12,486
Capital Outlay	219,770
Community Services	57,149
<b>Total Expenditures</b>	4,090,847
<b>Excess of Revenue Over Expenditures</b>	216,194
 <b>Other Financing Sources (Uses)</b>	
Repayment of Prior Year Revenue (Note 9)	(425,517)
<b>Net Change in Fund Balance</b>	(209,323)
Fund Balance - Beginning of Year	1,962,128
<b>Fund Balance - End of Year</b>	\$ 1,752,805

*The accompanying notes are an integral part of the financial statements.*

**HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM  
DBA BARBER PREPARATORY ACADEMY**

Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Year Ended June 30, 2023

	<u>Amount</u>
<b>Net Change in Fund Balance-Total Governmental Funds</b>	\$ (209,323)
<p>Amounts Reported for Governmental Activities in the Statement of Activities are Different because:</p>	
<p>Governmental Funds Report Capital Outlay as expenditures; over their Estimated Useful Lives as Depreciation:</p>	
Depreciation Expense	(92,774)
Capitalized Capital Outlay	<u>219,770</u>
	<u>126,996</u>
<b>Change in Net Position of Governmental Activities</b>	<u>\$ (82,327)</u>

*The accompanying notes are an integral part of the financial statements.*



# HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

## DBA BARBER PREPARATORY ACADEMY

Notes to Financial Statements  
June 30, 2023

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Highland Park Public School Academy System, doing business as Barber Preparatory Academy, (the Academy) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies used by the Academy:

#### **Reporting Entity**

The Academy was formed as a charter school academy pursuant to the Michigan Revised School Code, 1976 AP 451, MCL 380.1 to 380.1853 and the Local Government and School District Fiscal Accountability Act, 2011 PA 4, MCL 141.1501 to 141.1531.

On July 27, 2012, the school board of the School District of the City of Highland Park, which was in receivership and under the supervision of an emergency manager, entered into a contract authorizing the Highland Park Public School Academy System DBA Barber Preparatory Academy as a public school academy through August 1, 2017. The contract has been renewed and shall remain in force and effective through June 30, 2024. The contract requires the Academy to act exclusively as a governmental entity and not undertake any actions inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State Constitution of 1963. The school board of the School District of the City of Highland Park 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 paid the school board of the School District of the City of Highland Park three percent of the state aid foundation allowance as an administrative fee. The total administrative fee for the year ended June 30, 2023 to the school board of the School District of the City of Highland Park was approximately \$86,000.

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 financial relationships that determine which of the governmental organizations are part of the Academy's reporting entity, and which organizations are legally separate component units of the Academy. Based on the application of the criteria, the Academy does not contain any component units.

#### **Academy-wide and Fund Financial Statements**

The Academy-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. The effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Academy-wide activities are considered governmental activities.

# HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

## DBA BARBER PREPARATORY ACADEMY

Notes to Financial Statements (Continued)  
June 30, 2023

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Academy-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

**Academy-wide Financial Statements** - The Academy-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded 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.

As a general rule, the effect of inter-fund activity has been eliminated from the Academy-wide financial statements.

When an expense is incurred for purposes for which both restricted and unrestricted net position and fund balance are available, the Academy's policy is to first apply restricted resources. When an expense is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the Academy's policy to spend funds in this order: committed, assigned and unassigned.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all unrestricted State aid.

**Fund Financial Statements** – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

# HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

## DBA BARBER PREPARATORY ACADEMY

Notes to Financial Statements (Continued)  
June 30, 2023

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

**Fund Financial Statements (Continued)** - Unrestricted State aid and intergovernmental grants, associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Academy.

The Academy reports one major governmental fund, the general fund:

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

#### Assets, Liabilities, and Net Position or Equity

**Cash and Cash Equivalents** – Cash includes demand deposits. The Academy considers all short-term investments with a maturity of three months or less when acquired to be a cash equivalent.

**Receivables and Payables** – Receivables are shown net of an allowance for uncollectible amounts. The Academy considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

**Capital Assets** – Capital assets, which include leasehold improvements and furniture and equipment, are reported in the applicable governmental column in the Academy-wide financial statements. Capital assets are defined by the Academy as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The Academy does not have infrastructure-type assets.

Leasehold improvements and Furniture and equipment are depreciated using the straight-line method over the following useful lives:

Leasehold Improvements	Life of Lease
Furniture and Equipment	3-7 years

**Inventories** – Inventories are valued at cost, on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased.

**Prepaid Costs** – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both government-wide and fund financial statements.

# HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

## DBA BARBER PREPARATORY ACADEMY

Notes to Financial Statements (Continued)  
June 30, 2023

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Assets, Liabilities, and Net Position or Equity (Continued)

**Fund Balance** – In the fund financial statements, governmental funds report the following components of fund balance:

**Nonspendable** – 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 of a specific purpose.

**Committed** – Amounts that have been formally set aside by the Board of Directors for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Directors.

**Assigned** – Intent to spend resources on specific purposes expressed by the Board of Directors or director of budget and finance, who is authorized by resolution, and approved by the Board of Directors to make assignments.

**Unassigned** – Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund.

**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). 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 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. Furthermore, 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.

**Net Position** – Net position of the Academy is classified in three components. Net Investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase of those assets. Restricted net position is further classified as expendable and nonexpendable. The Academy did not have any expendable restricted net position during the year. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital assets or restricted.

**Net Position Flow Assumption** – Sometimes, the Academy will fund outlays for a particular purpose from both restricted and unrestricted resources. To calculate the amounts to report as restricted net position and unrestricted net position in the government-wide 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.

# HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

## DBA BARBER PREPARATORY ACADEMY

Notes to Financial Statements (Continued)  
June 30, 2023

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Assets, Liabilities, and Net Position or Equity (Continued)

**Deferred Outflows of Resources** – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The Academy has no deferred outflows of resources at year-end.

**Deferred Inflows of Resources** – The statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 deferred inflows at June 30, 2023.

**Comparative Data** – Comparative data is not included in the Academy's financial statements.

**Use of Estimates** – The presentation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statement, and the reported revenues and expenses during the reporting period. Actual results could differ from these estimates.

#### **Adoption of New Accounting Pronouncement –**

In May 2020, the GASB issued Statement No. 96, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of this Statement improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. It defines a SBITA as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

This statement establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. It also provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. Furthermore, it requires note disclosures regarding a SBITA. The standard is required to be adopted for fiscal years starting after June 15, 2022.

During the current year, the Academy adopted GASB Statement No. 96. The Academy had no SBITAs that required reporting on the statement of net position.

# HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

## DBA BARBER PREPARATORY ACADEMY

Notes to Financial Statements (Continued)  
June 30, 2023

### 2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and State law for the General Fund. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function, with the exception that capital outlay is budgeted within the related functions. 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. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The Academy adjusted budgeted amounts during the year in response to actual and projected activity. In total, actual expenditures were \$535,188 below the final amended budget. The following categories had actual expenditures in excess of the final budget:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Pupil	\$ 83,591	\$ 121,311	\$ 37,720
Instructional Staff	129,867	233,964	104,097
General Administration	470,482	524,681	54,199
Pupil Transportation	186,796	188,995	2,199
Community Services	3,941	57,149	53,208

**Grants** – Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, would become a liability of the General Fund. In the Academy’s opinion, any disallowed claims will not have a material effect on the financial statements as of and for the year June 30, 2023.

### 3) DEPOSITS AND INVESTMENTS

State statutes authorize the Academy to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Academy is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers’ acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Academy’s deposits are in accordance with statutory authority.

The Academy has designated one bank for the deposit of its funds.

The Academy’s deposits consist solely of checking and/or savings accounts at a local bank; therefore, the Academy has not adopted a formal investment policy.

Custodial Credit Risk of Bank Deposit – Custodial credit risk is the risk that, in the event of a bank failure, the Academy’s deposit may not be refunded to it. The Academy’s deposit policy requires that financial institutions be evaluated and only those with an acceptable risk level for custodial credit risk be used for the Academy’s deposit. At June 30, 2022, the Academy had a deposit balance of \$1,695,032, of which \$1,445,032 was uninsured.

# HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

## DBA BARBER PREPARATORY ACADEMY

Notes to Financial Statements (Continued)  
June 30, 2023

### 4) DUE FROM GOVERNMENTAL UNITS AND UNEARNED REVENUE

Due from Governmental Units at June 30, 2023 total \$891,638 and consist of state school aid due from the State of Michigan and grant payments from the federal government. There are no applicable allowances for uncollectible accounts.

Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned. At June 30, 2023, the Academy had \$238,457 in unearned revenue.

### 5) CAPITAL ASSETS

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

	Balance July 1, 2022	Additions	Balance June 30, 2023
<b>Capital Assets</b>			
Leasehold Improvements	\$ 548,483	\$ 219,770	\$ 768,253
Furniture and Equipment	420,336	-	420,336
<b>Subtotal</b>	968,819	219,770	1,188,589
<b>Accumulated Depreciation</b>			
Leasehold Improvements	548,483	-	548,483
Furniture and Equipment	246,700	92,774	339,474
<b>Subtotal</b>	795,183	92,774	887,957
	\$ 173,636	\$ 126,996	\$ 300,632

Depreciation on the capital assets is unallocated in the Statement of Activities.

### 6) LEASES

The Academy leases its School building from the School District of the City of Highland Park. The lease was entered into on July 1, 2019 and is coterminous with the term of the charter contract that expires on June 30, 2024. The lease is cancelable in the event of the charter contract between the Academy and School District of the City of Highland Park being terminated. The Annual rent for the year 2021-2022 was calculated as 4 percent of total state aid revenue received by the Academy. Rent expense for the year was \$111,344. Since this is a variable term lease with no fixed component, the requirements under GASB 87 of a lessee to record a right-to-use asset and a lease liability are not applicable and therefore not recorded on the statement of net position.

# **HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM**

## **DBA BARBER PREPARATORY ACADEMY**

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**Notes to Financial Statements (Continued)**  
**June 30, 2023**

### **7) MANAGEMENT COMPANY**

The Academy has entered into a management agreement with Accel Schools Michigan LLC for one year effective through June 30, 2022, thereafter the agreement was renewed for a 5 year period. The management company is responsible for all of the management, operation, administration, and education at the Academy. The Academy subcontracts all employees from the management company and reimburses the management company for operating costs. The contract provides that the Academy shall pay the management company an annual fee of 10% of the State school aid the Academy receives directly or indirectly from the State of Michigan.

In addition to the base fee, the management company is to receive an additional two percent (2%) of the Funds for increasing enrollment compared to the prior school year, plus an additional one percent (1%) of the Funds for improving academic performance of the school compared to the prior school year, and an additional one percent (1%) of the Funds for accomplishing an academic target agreed upon between the Parties on or before July 31 of each school year (collectively, the "Management Fee"). In total of 14% compensation.

Compensation for the year ended June 30, 2023 was \$390,926.

### **8) RISK MANAGEMENT**

The Academy is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. Claims did not exceed coverage less retained risk deductible amounts since the Academy's inception in July 2012. Coverage relating to workers' compensation and medical benefits is provided through the management company.

### **9) REPAYMENT OF PRIOR YEAR REVENUE**

During the year, the Academy was required to payback \$425,517 to the State of Michigan due to having some non-certified teachers in classrooms. The payback was calculated based on pupil counts and the number of days non-certified teachers were in classrooms with those pupils. The payback is shown as other financing uses in the financial statements.

### **10) SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 31, 2023, the date the financial statements were available to be issued. No items were noted requiring disclosure in this report.



**REQUIRED SUPPLEMENTAL INFORMATION**

# HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

## DBA BARBER PREPARATORY ACADEMY

### Required Supplemental Information Budgetary Comparison Schedule-General Fund Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue</b>				
Local Sources	\$ 147,548	\$ 59,593	\$ 26,751	\$ (32,842)
State Sources	3,431,753	3,296,296	3,258,288	(38,008)
Federal Sources	1,262,572	1,362,191	1,022,002	(340,189)
<b>Total Revenue</b>	<u>4,841,873</u>	<u>4,718,080</u>	<u>4,307,041</u>	<u>(411,039)</u>
<b>Expenditures</b>				
<u>Instruction</u>				
Basic Program	1,231,199	1,309,926	1,291,166	(18,760)
Added Needs	1,058,944	1,052,808	356,667	(696,141)
<u>Support Services</u>				
Pupil	136,644	83,591	121,311	37,720
Instructional Staff	161,185	129,867	233,964	104,097
General Administration	561,996	470,482	524,681	54,199
School Administration	306,845	237,353	235,188	(2,165)
Business	13,740	3,606	3,543	(63)
Operations and Maintenance	722,491	630,905	600,410	(30,495)
Pupil Transportation	195,708	186,796	188,995	2,199
Central	357,468	281,219	245,517	(35,702)
Other Support Services	12,200	16,830	12,486	(4,344)
<b>Total Support &amp; Instructional Services</b>	<u>4,758,420</u>	<u>4,403,382</u>	<u>3,813,928</u>	<u>(589,454)</u>
Capital Outlay	104,500	227,731	219,770	(7,961)
Community Services	8,441	3,941	57,149	53,208
<b>Total Expenditures</b>	<u>4,871,361</u>	<u>4,635,054</u>	<u>4,090,847</u>	<u>(544,207)</u>
Repayment of Prior Year Revenue	-	(425,517)	(425,517)	-
Net Changes in Fund Balances	<u>\$ (29,488)</u>	<u>\$ (342,491)</u>	(209,323)	<u>\$ 133,168</u>
Fund Balances - July 1, 2022			<u>1,962,128</u>	
<b>Fund Balances - June 30, 2023</b>			<u><u>\$1,752,805</u></u>	

**HIGHLAND PARK PUBLIC SCHOOL  
ACADEMY SYSTEM  
DBA BARBER PREPARATORY ACADEMY**

**FEDERAL AWARDS  
SUPPLEMENTAL INFORMATION**

**JUNE 30, 2023**

# HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM DBA BARBER PREPARATORY ACADEMY

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# *Alan C. Young & Associates, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740  
Detroit, MI 48202

(313) 873-7500 (Tel.)  
(313) 873-7502 (Fax)  
[www.alancyoung.com](http://www.alancyoung.com)

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

### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Highland Park Public School Academy System  
DBA Barber Preparatory Academy  
Highland Park, Michigan

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

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Alan C. Young & Assoc.*

Detroit, Michigan  
October 31, 2023



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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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Detroit, MI 48202

(313) 873-7500 (Tel.)  
(313) 873-7502 (Fax)  
[www.alancyoung.com](http://www.alancyoung.com)

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

To the Board of Education of  
Highland Park Public School Academy System  
DBA Barber Preparatory Academy  
Highland Park, Michigan

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

### Report on Internal Control over Financial Reporting

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

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

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

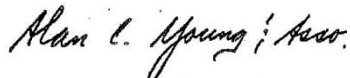
**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance  
With Government Auditing Standards  
(Continued)**

Report on Compliance and Other Matters

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

Purpose of this Report

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



Detroit, Michigan  
October 31, 2023



# *Alan C. Young & Associates, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740  
Detroit, MI 48202

(313) 873-7500 (Tel.)  
(313) 873-7502 (Fax)  
[www.alancyoung.com](http://www.alancyoung.com)

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

To the Board of Education of  
Highland Park Public School Academy System  
DBA Barber Preparatory Academy  
Highland Park, Michigan

### **Report on Compliance for Each Major Federal Program**

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

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

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

#### ***Basis for Opinion on Each Major Federal Program***

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

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

#### ***Responsibilities of Management for Compliance***

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



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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

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

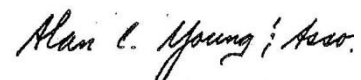
**Report on Internal Control over Compliance**

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

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

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

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



Detroit, Michigan  
October 31, 2023

# HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM

## DBA BARBER PREPARATORY ACADEMY

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

Federal Grantor Pass Through Grantor Program Title Grant Number	Grant/Project Number	Assistance Listing Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2022	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2023	Current Year Cash Transferred to Subrecipient
Clusters:									
Special Education Cluster - U.S. Department of Education :									
Passed through the Wayne County ISD:									
IDEA Flowthrough:									
IDEA Flowthrough 2122	220450	84.027	\$ 58,850	\$ 58,850	\$ 58,850	\$ 58,850	\$ -	\$ -	\$ -
IDEA Flowthrough 2223	220450	84.027	50,512	-	-	-	50,512	50,512	-
Total IDEA Flowthrough			109,362	58,850	58,850	58,850	50,512	50,512	-
Total Cluster Program			109,362	58,850	58,850	58,850	50,512	50,512	-
Other Federal Awards:									
Passed through the Michigan Department of Education :									
Title I Part A:									
Title I Part A 2122	221530	84.010	396,884	207,066	207,066	207,066	-	-	-
Title I Part A 2223	231530	84.010A	515,444	-	-	191,233	208,072	16,839	-
Total Title I Part A			912,328	207,066	207,066	398,299	208,072	16,839	-
Title II Part A 2223	230520	84.367A	17,885	-	-	10,100	10,100	-	-
Total Title II Part A			17,885	-	-	10,100	10,100	-	-
Title IV Part A SSAE 2122	220750	84.424A	46,564	31,749	6,579	6,579	-	-	-
Title IV Part A SSAE 2223	230750	84.424A	40,243	-	-	22,318	31,836	9,518	-
Total Title IV Part A			86,807	31,749	6,579	28,897	31,836	9,518	-
Subtotal			1,017,020	238,815	213,645	437,296	250,008	26,357	-
Education Stabilization Fund Program - U.S. Department of Education									
Passed through Michigan Department of Education									
COVID-19 ESSER Education Formula Fund II	213712	84.425D	624,900	401,298	267,830	454,007	223,602	37,425	-
COVID-19 ARP ESSER Formula Fund III	213713	84.425U	1,359,811	-	-	386,542	497,880	111,338	-
Total ESSER			1,984,711	401,298	267,830	840,549	721,482	148,763	-
Total Education Stabilization Fund Program			1,984,711	401,298	267,830	840,549	721,482	148,763	-
Total U.S. Department of Education Noncluster programs			3,001,731	640,113	481,475	1,277,845	971,490	175,120	-
Total Federal Award			<u>\$ 3,111,093</u>	<u>\$ 698,963</u>	<u>\$ 540,325</u>	<u>\$ 1,336,695</u>	<u>\$ 1,022,002</u>	<u>\$ 225,632</u>	<u>\$ -</u>

See notes to Schedule of Expenditures of Federal Awards.

# **HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM DBA BARBER PREPARATORY ACADEMY**

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

**1) BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

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

**2) GRANT AUDITOR REPORT**

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

**3) INDIRECT COST RATE**

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

**4) SUBSEQUENT EVENTS**

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

# HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM DBA BARBER PREPARATORY ACADEMY

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

## SECTION I – SUMMARY OF AUDITOR’S RESULTS

### Financial Statements

Type of Auditor’s Report Issued: Unmodified

Internal Control over Financial Reporting:

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

### Federal Awards

Internal Control over Major Programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?

\_\_\_\_\_ Yes   X   No

### Identification of Major Programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.425	Education Stabilization Fund Program

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

Auditee Qualified as Low Risk Auditee? \_\_\_\_\_ Yes   X   No

**HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM  
DBA BARBER PREPARATORY ACADEMY**

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

**SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS**

No Financial Statement Audit Findings

**SECTION III – FEDERAL PROGRAM AUDIT FINDINGS**

No Federal Program Audit Findings

**HIGHLAND PARK PUBLIC SCHOOL ACADEMY SYSTEM**  
**DBA BARBER PREPARATORY ACADEMY**

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Status of Prior Year Findings  
Year Ended June 30, 2023

There was no single audit required for the year ended June 30, 2022.

**HIGHLAND PARK PUBLIC SCHOOL  
ACADEMY SYSTEM  
DBA BARBER PREPARATORY ACADEMY**

**AUDIT COMMUNICATION LETTER**

**JUNE 30, 2023**





# *Alan C. Young & Associates, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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7310 Woodward Ave, Suite 740  
Detroit, MI 48202

(313) 873-7500 (Tel.)  
(313) 873-7502 (Fax)  
[www.alancyoung.com](http://www.alancyoung.com)

October 31, 2023

To the Board of Directors  
Highland Park Public School Academy System  
DBA Barber Preparatory Academy  
Highland Park, Michigan

We have recently completed our audit of the financial statements of Highland Park Public School Academy System DBA Barber Preparatory Academy (the Academy) for the year ended June 30, 2023. In addition to our audit report, we are providing the following required communication and recommendations, which impact the Academy.

	<u>Page</u>
Communication Required Under AU-C 260	1

We are grateful for the opportunity to be of service to the Academy. Should you have any questions regarding the comments in this report, please do not hesitate to contact us.

Very truly yours,

Alan C. Young & Associates, P.C.  
Detroit, Michigan



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## RESULTS OF AUDIT

October 31, 2023

Board of Directors  
Highland Park Public School Academy System  
DBA Barber Preparatory Academy  
Highland Park, Michigan

We have audited the financial statements of the governmental activities and major fund of Highland Park Public School Academy System DBA Barber Preparatory Academy (the Academy) for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance as well as certain information related to the scope and timing of our audit. We have communicated such information in our letter to you dated April 11, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### Our Responsibilities under U.S. Generally Accepted Auditing Standards, Government Auditing Standards and the Uniform Guidance

As stated in our engagement letter dated April 11, 2023, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Academy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the Academy's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the Academy's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Academy's compliance with those requirements.

Results of Audit  
(Continued)

Our Responsibilities under U.S. Generally Accepted Auditing Standards, Government Auditing Standards and the Uniform Guidance (Continued)

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the Management Discussion & Analysis, and the Budgetary Comparison Schedule, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Academy's compliance with those requirements.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Scope of the Audit, Significant Risks and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas tested.

Our audit included obtaining an understanding of the Academy and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Academy or to acts by management or employees acting on behalf of the Academy.

We have identified the following significant risks of material misstatement as part of our audit planning which was communicated in our engagement letter dated April 11, 2023.

- Recording of revenues and unearned revenue for restricted grants.
- Year-end cut-off of payables.

During our audit procedures we did not note any findings or exceptions related to the above items.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Academy are described in Note 1 to the financial statements. The Academy implemented GASB 96 during the year but had no Subscription Based Information Technology Agreements (SBITAs) meeting the criteria for balance sheet presentation. The application of existing policies was not changed during the year. We noted no transactions entered into by the Academy during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Results of Audit  
(Continued)

Significant Audit Matters (Continued)

*Qualitative Aspects of Accounting Practices (Continued)*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Depreciation expense is a significant accounting estimate for the Academy.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. Note 9 is significant as it discusses the Academy's repayment of prior year revenues due to usage on non-licensed teachers.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit. We would like to commend management and staff on the assistance provided to us during the audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No such misstatements were noted as a result of our audit.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 31, 2023.

*Management Consultations with Other Independent Accountants*

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

Results of Audit  
(Continued)

*Other Audit Findings or Issues*

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

*Other Matters*

We applied certain limited procedures to the Academy's management discussion & analysis, and the budgetary comparison schedule, which are the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

As required by 2 CFR Part 200, we have also completed an audit of the federal programs administered by the Academy. The results of that audit are provided to the Board of Directors in our report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with 2 CFR Part 22, dated October 31, 2023.

*Other Matters*

We applied certain limited procedures to the Academy's management discussion & analysis, and the budgetary comparison schedule, which are the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

*Restriction on Use*

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

*Alan C. Young, Assoc.*

Detroit, Michigan  
October 31, 2023