DETROIT SERVICE LEARNING ACADEMY

Financial Report
with Supplemental Information
and Single Audit Report
June 30, 2024

DETROIT SERVICE LEARNING ACADEMY

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Independent Auditor's Report

To Management
and the Board of Directors of
Detroit Service Learning Academy

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining information of Detroit Service Learning Academy (the 'Academy'), as of and for the year ended June 30, 2024, 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, each major fund and the aggregate remaining fund information of Detroit Service Learning Academy as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles 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 (GAAS). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy, and 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgement 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 controls 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 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 judgement, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Government Auditing 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 Detroit Service Learning Academy's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 other supplementary information as identified in the table of contents, 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 September 30, 2024, on our consideration of Detroit Service Learning 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Detroit Service Learning Academy's internal control over financial reporting and compliance.

Wilkerson & Associate PC

Dearborn, Michigan
September 30, 2024

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

This section of Detroit Service Learning Academy District's (DSLA) annual financial report presents discussion and analysis of the Academy's financial performance during the year ended June 30, 2024. It should be read in conjunction with DSLA's basic financial statements, which follows this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements include:

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

District (Academy)-Wide Financial Statements | Fund Financial Statements

Notes to the Basic Financial Statements
(Required Supplemental Information)

Budgetary Information for General Fund

Other Supplemental Information

These statements are organized so the reader can understand DSLA financially as a whole. The District-wide financial statements provide information about the activities of the whole Academy, presenting both an aggregate view of DSLA's finances and a long-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the Academy's operations in more detail than the District-wide financial statements. These statements provide information about the Academy's most significant funds – the General Fund and Debt Service Fund – with all other funds presented in one column as non-major funds.

District (Academy) Wide Financial Statements

One of the most important questions asked about the Academy is, "As a whole, what is the Academy's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the Academy's financial statements, report information on the Academy as a whole and its activities in a way that helps you answer this question. The Statement of Net Position includes all of the District's assets and liabilities. The Statement of Activities reports all of the Academy's current year revenues and expenses by type of activity. These statements are prepared to include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private

sector companies. All of the current year revenues and expenses are taken into account regardless of when cash is received or paid.

The two District-wide statements report the Academy's net assets and how they have changed. The Net Position, the difference between the District's assets and liabilities, is one way to measure the District's financial position.

- Increases and decreases in the Academy's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial position of DSLA, you will need to consider additional non-financial factors.

The Statement of Net Position and the Statement of Activities report the governmental activities for the Academy, which encompass all of DSLA's services including instruction, support services, food services, and community services. Unrestricted state aid (foundation allowance revenue) and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Academy's funds, focusing on its most significant or "major" funds, not the District as a whole. It provides information as to the amount of financial resources that can be spent in the near future to finance programs. It also provides information about the District's most significant funds – the General Fund (the principal operating fund), the Debt Service Fund, and its non-major funds, which are grouped together and presented as Other Governmental Funds. Some funds are required to be established by state law and by bond covenants. However, the Academy establishes other funds to help it control and manage money for particular purposes (ex. Food Services Fund or Community Service Fund). The School District's only non-major fund is Food Service.

The Governmental fund financial reporting is presented on a modified accrual basis, which measures cash and all other financial assets that can readily be converted to cash. Liabilities are recognized to the extent that they can be paid using current financial resources. The governmental fund statements provide a detailed short-term view of the operations of the Academy and the services it provides. Governmental fund information helps you determine whether there are more or less financial resources that can be spent in the near future to finance the Academy's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation.

Detroit Service Learning Academy as a Whole

As discussed above, the Statement of Net Position provides information of the Academy as a whole. Table 1 provides a summary of the School District's net assets as of June 30, 2024:

Table 1 – Summary of Detroit Service Learning Academy's Net Position

	Governmental Activities
Assets	
Current and other assets	10,491,864
Capital assets - net of accumulated depreciation	16,330,639
Total assets	26,822,503
Liabilities	
Current Liabilities	2,649,077
Long-Term Liabilities	13,727,727
Total liabilities	16,376,805
Net Position	
Invested in capital assets, net of accumulated depreciation	2,602,912
Restricted – Debt Service	1,088,505
Unrestricted	6,754,282
Total Net Position	$ 10,445,698

The above analysis focuses on the net position. The Academy's Net Position at year-end was $10,445,698.

Net Invested Capital Assets totaling $2,602,912 compares the original cost, less depreciation, to the long-term debt used to finance the acquisition of those assets. Restricted Net Position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Academy's ability to use the net position amount for day-to-day operations.

The remaining amount in Net Position of $7,842,786 is Unrestricted. This represents the accumulated results of all prior period operations. The Unrestricted Net Position balance enables the Academy to meet working capital and cash flow requirements, as well as provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in Unrestricted Net Position from year to year.

The results of this year's operations for the Academy as a whole are reported in the Statement of Activities (see Table 2).

Table 2 – Summary of the Statement of Activities

Revenues	2024	2023
Program revenue		
Charges for services	$ -	$ -
Federal grants and entitlements	2,968,313	5,137,287
General revenues	17,795,969	14,953,809
Prior period adjustment	-	-
Other funds	1,897,709	1,634,027
Total Revenues	22,661,992	21,725,124
Function/Program Expenses		
Instruction	8,140,683	6,789,752
Support Services	11,736,013	9,506,371
Food Services	1,362,007	1,058,390
Community Services	171,012	117,144
Interest on long-term debt	571,504	591,486
Depreciation (unallocated)	1,780,010	1,579,457
Total Expenses	23,761,229	19,642,599
Change in Net Position	$ (1,099,237)	$ 2,082,525

As reported in the Statement of Activities, the cost of all governmental activities for this year was $23,761,229. Certain activities were partially funded by other governments and organizations that subsidize certain programs with grants and other revenues. Those activities funded with grants total $2,968,313. The Academy paid for the remaining "public benefit" portion of the governmental activities with $17,795,969 in state foundation allowance, and other revenues of $1,897,709. The activities resulted with a change in net position of $(1,099,237).

Unrestricted state aid constitutes the vast majority of the Academy's operating revenue sources. The Board of Directors, management team, administration and collaborative efforts with the staff and community, annually evaluate the needs of the Academy, and balance those needs with state-prescribed available unrestricted resources.

Table 3 – Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024, the Academy has $31,163,345 invested in a broad range of capital assets, including land, building and building improvements, and furniture and equipment.

	June 30	
	2024	**2023**
Land	$ 932,620	$ 932,620
Building and Building Improvements	21,8365,700	21,205,970
Furniture & Equipment	8,394,024	7,231,674
Total Capital Assets	31,163,345	29,370,264
Less Accumulated Depreciation	(14,832,704)	(13,052,694)
Net Capital Assets	$ 16,330,641	$ 16,317,570

This year's fixed asset additions of $1,793,081 include various technology and equipment purchases and building improvements and repairs, and capitalized leases for school buses. More detailed information about the capital assets is available in the Notes to the Basic Financial Statements.

Debt

At June 30, 2024, the Academy has long-term debt outstanding of $13,727,727. This includes long-term financing of two buildings and building improvements. More detailed information about long-term liabilities is provided in the Notes to the Basic Financial Statements.

The District Funds

As we noted earlier, the Academy uses funds to help control and manage monies for particular purposes. The District completed the 2023-2024 school year with a combined fund balance of $7,015,096 which is a decrease of $832,960 from fiscal year 2023. This decrease is due to a required spend-down of the Food Service Fund Balance and Board Resolutions to spend down the General Fund Balance for building improvements and repairs.

General Fund Budget Variances

Certain General Fund expenditure functions were over budget by 10 percent. These budget variances were related to Board adopted Resolutions to spend down the fund balance towards building improvements and repairs, and additional student activities not covered with federal grant funding. Certain General Fund revenues were under budget due to lateral recognition of grants budgeted as state revenue but received and recorded as local revenue. The Board Finance Committee will continue to implement budget meetings to review any variances and make any necessary adjustments prior to year-end and adoption of the final budget amendment. See the Notes to the Basic Financial Statements for more information.

Economic Factors Affecting Next Year's Budgets

Our appointed officials, management team, administration, and staff consider many factors when setting the District's 2024-2025 fiscal year budget. One of the most important factors affecting the budget is the student count. Due to the lasting effects of COVID-19 that contributed to student absenteeism and learning loss, districts across the state are concerned about declines in student enrollment and the effect on funding. In an effort to maintain funding stability for districts, the State has maintained a minimum fund balance of $9,608 for school districts. For fiscal year 24/25, the funding formula will be the usual blend calculation (90 percent of October 2024 count & 10 percent of February 2025).

At the current sites, the District anticipates student enrollment to slightly increase for the 24/25 budget. The Academy will continue to focus on retaining students and increasing enrollment. The process of enrolling students early for the next school year is a high priority to the Academy. This is an instrumental tool in providing an actual versus estimated student count.

Approximately 90 percent of total general fund revenue is from the state foundation allowance. As a result, the Academy's funds are heavily dependent on the State's ability to fund local school operations. The State periodically holds a revenue-estimating conference to determine revenues. If the State estimated funds are not sufficient to fund the appropriation, the legislature must revise the appropriation, or prorating of state aid will occur. The current Foundation Allowance is $9,068 per pupil. This year, the impact on the Academy of the State's projected revenue is estimated to be a one-time increase, for public school academies that do not participate in MPSERS, of $375 per pupil, from state aid category Section 22e. The Foundation Allowance remains to be $9,608 for the 2024-2025 fiscal year.

DETROIT SERVICE LEARNING ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2024

		Governmental Activities
Assets		
	Cash and Cash Equivalents	$ 4,567,600
	Accounts Receivable	-
	Prepaid Expenses	676,243
	Due From Other Governmental Units	4,198,291
	Restricted Assets	1,049,730
	Capital Assets, Net of Accumulated Depreciation	16,330,639
	Total Assets	26,822,503
Liabilities		
	Accounts Payable	432,757
	Accrued Payroll and Benefits	945,150
	Accrued Expenses	1,271,170
	Note Payable	-
	Long-term Liabilities:	
	Due within one year	-
	Due in more than one year	13,727,727
	Total Liabilities	16,376,805
Net Position		
	Invested in Capital Assets, Net of Related Debt	2,602,912
	Restricted-Debt Service	1,088,505
	Unrestricted	6,754,282
	Total Net Position	$ 10,445,698

DETROIT SERVICE LEARNING ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (Expenses) Revenues and changes in Net Assets
Governmental Activities				
Instruction	$ 8,140,683	$ -	845,806	$ (7,294,877)
Support Services	11,736,013	-	771,464	(10,964,549)
Food Services	1,362,007	-	1,290,624	(71,383)
Community Services	171,012	-	60,420	(110,592)
Interest	571,504	-	-	(571,504)
Depreciation (unallocated)	1,780,010	-	-	(1,780,010)
Total Governmental Activities	23,761,229	-	2,968,313	(20,792,915)
		General Revenues		
		State Aid - Formula Grants		17,795,969
		Other Revenue		1,897,709
		Total General Revenues		19,693,678
		Change in Net Position		(1,099,237)
		Prior Period Adjustment:		-
		Net Position - July 1, 2023		11,544,935
		Net Position - June 30, 2024		$ 10,445,698

DETROIT SERVICE LEARNING ACADEMY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024'

ASSETS	General Fund	Debt Service Fund	Non-Major Fund Food Service Special Revenue Fund	Total Governmental Funds
Cash and Cash Equivalents	$ 3,791,697	$ 238,955	$ 536,948	4,567,600
Accounts Receivable	-	-	-	-
Prepaid Expenses	676,243	-	-	676,243
Due From Other Governmental Units	4,130,094	-	68,196	4,198,291
Restricted Assets	-	1,049,730	-	1,049,730
Total Assets	$ 8,598,034	$ 1,288,685	$ 605,145	10,491,864
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	418,500	-	14,257	432,757
Accrued Payroll and Benefits	935,811	-	9,339	945,150
Accrued Expenditures	780,989	200,181	290,000	1,271,170
Deferred Revenue	827,690	-	-	827,690
Note Payable	-	-	-	-
Total Liabilities	2,962,990	200,181	313,596	3,476,767
Fund Balances				
Restricted:				
Debt Service	-	1,088,505	-	1,088,505
Food Service	-	-	291,548	291,548
Unassigned	5,635,043	-	-	5,635,043
Total Fund Balances	5,635,043	1,088,505	291,548	7,015,096
Total Liabilities and Fund Balances	$ 8,598,034	$ 1,288,685	$ 605,145	10,491,864

DETROIT SERVICE LEARNING ACADEMY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

Total Fund Balances - Governmental Funds		$ 7,015,096
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 therefore, not Reported as Assets in Governmental Funds		
Cost of Capital Assets	31,163,344	
Accumulated Depreciation	(14,832,704)	16,330,639
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds.		827,690
Long-term libilities are not due and payable in the current period and are not reported in the govermental funds- Bond payable including premium and deferred charges		(13,727,727)
Total Net Position - Governmental Activities		$ 10,445,698

DETROIT SERVICE LEARNING ACADEMY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Debt Service Fund	Non-Major Fund Food Service Special Revenue Fund	Total Governmental Funds
Revenue				
Federal Sources	$ 2,660,432	$ -	$ 1,290,624	$ 3,951,056
State Sources	17,606,330	-	11,762	17,618,092
Local Sources	1,890,827	-	-	1,890,827
Total Revenue	22,157,589	-	1,302,386	23,459,975
Expenditures				
Instruction:				
Basic Instructions	6,159,889	-	-	6,159,889
Added Needs	2,354,522	-	-	2,354,522
Supporting Services:				
Pupil Support Services	909,480	-	-	909,480
Instructional Staff Services	1,310,020	-	-	1,310,020
General Administration Services	3,586,624	-	-	3,586,624
School Administration Services	1,181,053	-	-	1,181,053
Business Services	437,111	-	-	437,111
Operations and Maintenance	3,725,877	-	-	3,725,877
Pupil Transportation Services	767,198	-	-	767,198
Central Services	974,687	-	-	974,687
Food Services	-	-	1,518,220	1,518,220
Other	107,103	-	-	107,103
Community Services	145,516	-	-	145,516
Welfare Activities	25,496	-	-	25,496
Debt Service:				-
Principal	-	518,636	-	518,636
Interest	-	571,504	-	571,504
Total Expenditures	21,684,575	1,090,140	1,518,220	24,292,935
Excess (Deficiency) of Revenue over Expenditures	473,014	(1,090,140)	(215,834)	(832,960)
Other Financing Sources (Uses)				
Operating Transfers - In	-	1,117,640	-	1,117,640
Operating Transfers - Out	(1,117,640)	-	-	(1,117,640)
Total Other Financing Sources(Uses)	(1,117,640)	1,117,640	-	-
Net Change in Fund Balances	(644,626)	27,500	(215,834)	(832,960)
Fund Balances - July 1, 2023	6,279,669	1,061,005	507,383	7,848,057
Fund Balances - June 30, 2024	$ 5,635,043	$ 1,088,505	$ 291,548	$ 7,015,096

DETROIT SERVICE LEARNING ACADEMY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Net Change in Fund Balances - Total Governmental Funds		$ (832,960)
Amounts Reported for Governmental Activities in the Statement of Activities are different because:		
Governmental Funds report Capital Outlay as Expenditure in the Statement of Activities, these Costs are Allocated over their Estimated Useful Lives as Depreciation		
Depreciation Expense	(1,780,010)	
Capitalized Capital Outlay Expense	1,793,081	13,071
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds.		827,690
		(1,625,673)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		518,636
Change in Net Position - Governmental Activities		$ (1,099,237)

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Detroit Service Learning Academy District (the "Academy") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Academy:

Reporting Entity

The accompanying basic financial statements haves 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. The Academy is a public school academy as part of the Michigan Public School System under Public Act No. 362 of 1993. Lake Superior State University is the authorizing body for the Academy and has contracted with the Academy to charter a public school academy through June 30, 2026. The Academy's board of directors is approved by the authorizing body and is authorized to manage the Academy and the property and affairs of the Academy. The Academy paid Lake Superior State University board of trustees three percent of the total state funds received as administrative fees. The total administrative fee for the year ended June 30, 2024 to the Lake Superior State University board of trustees was approximately $532,316.

The Academy has followed the guidelines of Governmental Accounting Standards Board Statement No. 14 and has determined that no entities should be consolidated into its basic financial statements as component units. Therefore, the reporting entity consists of the Academy's financial statements only.

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 non-fiduciary activities of the Academy. For the most part, 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes charges to customers, 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.

Separate financial statements are provided for governmental funds and the fiduciary fund, even though the latter is excluded from the Academy-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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.

Amounts reported as program revenue include charges to customers, operating grants, fund raising 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. However, debt service expenditures are recorded only when payment is due.

Note 1 - Summary of Significant Accounting Policies (Continued)

Unrestricted state aid, intergovernmental grants, and interest 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 the following major governmental funds:

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.

Debt Service Fund – This fund records the accumulated resources and principal and interest payments that are due on the long term municipal term bonds.

Additionally, the Academy reports the following fund types:

Food Service Fund - The Food Service Fund is a Special Revenue Fund that is used to record all activity related the Academy's food service program including breakfast and lunch. Any operating deficit generated by this fund is the responsibility of the General Fund.

Other Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes.

Assets, Liabilities, and Net Assets or Equity

Cash - Cash includes cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Receivables and Payables - In general, outstanding balances between funds are reported

as "due to/from other funds."

All receivables, primarily intergovernmental 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.

Inter-fund Balances – Inter-fund balances represent routine and temporary cash flow assistance from the General Fund.

Prepaid Costs - Certain payments to vendors reflect costs applicable to future fiscal years and

Note 1 - Summary of Significant Accounting Policies (Continued)

are recorded as prepaid items in both Academy-wide and fund financial statements.

Capital Assets - Capital assets, which include land, construction in progress, leasehold improvements and furniture and fixtures, 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 at least three (3) 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.

Capital assets are depreciated using the straight-line method over the following useful lives:

Leasehold improvements	5-20 years
Computer software	5 years
Furniture and equipment	5-7 years
Buildings	40 years
Building Improvements	15-39 years

Long-term Obligations - In the Academy-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. The Academy's long-term debt consists of land, building and building improvement obligations.

Fund Balance - In the fund financial statements, governmental funds report fund balance in the following categories:

Non-Spendable – amounts that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified or rescinded by a resolution of the Board of Education.

Assigned – amounts intended to be used for specific purposes as determined by the Board of

Note 1 - Summary of Significant Accounting Policies (Continued)

Education. The Board of Education may grant the Superintendent authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

Designations of fund balance represent tentative management plans that are subject to change.

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

Note 2 – Stewardship, Compliance, and Accountability

Budgetary Information - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end.

The budget document 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; however, the governing body adopted a budget at a more detailed level than what is included in these statements. 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 academies 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.

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc. are tracked during the year utilizing an additional accounting program. Budget appropriations are considered to be spent once the goods are delivered or the services ordered.

Note 2 – Stewardship, Compliance, and Accountability (Continued)

Excess of Expenditures over Appropriations in Budgeted Funds - During the year, the Academy incurred expenditures in the General Fund, which were in excess of the amounts budgeted as shown below:

	Budget	Actual	Variance
School Administration Services	$ 1,133,299	1,181,053	47,754
Operations and Maintenance *	3,127,763	3,725,877	598,114
Pupil Transportation Services	750,736	767,198	16,461
Other	93,883	107,103	13,221
* The Operations and Maintenance variance of $598k includes Board adopted set-aside resolutions totaling $464k.			

Note 3 – Deposits

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. The Academy's cash is subject to custodial credit risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy evaluates its depositories and only those with an acceptable risk level are used for the Academy's deposits. The Academy believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, its impractical to insure all deposits.

At year end, the Academy's deposits and investments were reported in the basic financial statements as cash and cash equivalents of $5,617,330.

Note 3 – Deposits (Continued)

The deposits of the Academy were reflected on the accounts of the financial institution at $4,778,418 of which $1,000,000 is covered by federal depository insurance; $3,778,418 was exposed to custodial risk because it was uninsured and uncollateralized.

Custodial Credit Risk of Investments- The Academy's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the Academy will do business using the criteria established in the investment policy.

Interest Rate Risk- The Academy's investment policy restricts investment maturities to five years in the future. The Academy's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market.

The restricted assets $ 1,088,505 at June 30, 2024 were held at US Bank, and had maturities of 60 days.

Cash and Cash Equivalents at June 30, 2024 consisted of the following:

Cash (checking and savings accounts)	$ 4,567,600
Restricted assests (investments held by trustee)	1,049,730
	$ 5,617,330

Note 4 -Capital Assets

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

Governmental Activities	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Capital Assets not being depreciated:				
Land	932,620	-	-	932,620
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	932,620	-	-	932,620
Capital Assets being depreciated:		-		
Buildings	16,101,181	-	-	16,101,181
Building Improvements	5,104,789	630,731	-	5,735,520
Furniture & Equipment	825,508	537,986	-	1,363,495
Computer Equipment	5,146,315	242,600	-	5,388,915
R2U- Furniture & Equipment	787,786	-	-	787,786
R2U- School Buses	472,065	381,764	-	853,828
Total capital assets being depreciated	28,437,644	1,793,081	-	30,230,725
Accumulated Depreciation:				
Building	7,047,879	402,530	-	7,450,408
Building Improvements	1,796,216	263,810	-	2,060,026
Furniture & Equipment	498,720	118,777	-	617,498
Computer Equipment	2,952,595	676,377	-	3,628,972
R2U- Furniture & Equipment	308,268	159,917	-	468,185
R2U- School Buses	449,016	158,600	-	607,615
Total Accumulated Depreciation	13,052,694	1,780,011	-	14,832,704
Net capital assets being depreciated	15,384,950	13,070	-	15,398,021
Net capital assets	16,317,570	13,070	-	16,330,641

Note 4 -Capital Assets (Continued)

	NET ASSETS July 1, 2023	Additions	Disposals	NET ASSETS June 30, 2024
Land	932,620	-	-	932,620
Construction In Progress	-	-	-	-
Building	9,053,302	(402,530)	-	8,650,772
Building Improvements	3,308,573	366,920	-	3,675,494
Furniture & Equipment	326,788	419,209	-	745,997
Computer Equipment	2,193,720	(433,777)	-	1,759,943
R2U- Furniture & Equipment	479,519	(159,917)	-	319,602
R2U- School Buses	23,049	223,164	-	246,213
Net Capital Assets	16,317,571	13,069	-	16,330,641

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

Note 5 - Due from Other Governments

State source receivable	$ 3,114,020
Federal source receivable	678,302
Local source receivable	405,969
Total due from other governments	$ 4,198,291

Note 6 -Long-Term Debt

The Academy issues bonds, notes, and other contractual commitments to provide for the acquisition of major capital facilities and the acquisition of certain equipment. General obligations bonds are direct obligations and pledge the full faith and credit of the Academy. The 2021 municipal term bond is due in annual installments of approximately $1,087,000 through 2041 with an interest rate of 4%.

The activity on long-term debt during the year ended June 30, 2024 was as follows:

July 1, 2023	Additions	Principal Payments	June 30, 20234	Due Within A Year
$ 14,246,364	-	518,637	13,727,727	-

The future principal and interest payments on long-term debt as of June 30, 2024 are as follows:

Years Ending June 30	Principal	Interest	Total
2025	538,636	548,027	1,086,664
2026	559,545	526,445	1,085,991
2027	583,636	503,991	1,087,627
2028	604,545	480,636	1,085,182
2029	629,545	456,382	1,085,927
2030	655,455	431,155	1,086,609
2031	684,545	404,855	1,089,400
2032	710,455	377,455	1,087,909
2033-2037	4,014,091	1,435,727	5,449,818
2038-2041	3,668,773	524,655	4,193,427
	$ 12,649,227	$ 5,689,327	$ 18,338,555
	$ 1,078,500	Reserve Requirement	
Total	$ 13,727,727		

Note 7 –Risk Management

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

Note 8 –MSPERS Liability

The Academy contracted with Elite School Management, Inc. to provide all staffing personnel during the year under audit. Consequently, all staffing cost is treated as purchased services in these financial statements.

The Academy has no obligation to fund the Michigan Public School Employees Retirement System for the year ended June 30, 2024.

Note 9– Building Operating Lease

During the 2023-2024 school year, the Academy paid $346,223 in rent related to an operating lease with Harper Global Enterprises. This lease agreement is for the Oak Park Service Learning Academy site. The Academy is responsible for insurance, utilities, repairs & maintenance and property taxes. The lease originated on June 27, 2019 and an addendum dated June 2021 extended the lease for one year from July 1, 2021 through June 30, 2022. A second Addendum was signed in June 2022 to extend the lease for one year from July 1, 2022 through June 30, 2023. A third Addendum dated June 27, 2023 was signed to extend the lease through June 30, 2026.

Note 10– Capital Leases

The District is currently leasing seven school buses and ten copier machines. See Capital Lease Schedule below:

	Lease Payment Maturity Schedule							
Lessor	**2019-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**Total**
De Lage Landen Financial Services/ imageONE (DSLA & RSLA)- copiers	153,374	70,788	58,990	-	-	-	-	**283,152**
CH&H (RSLA) buses (4)	226,394	77,621	6,468	-	-	-	-	**310,483**
CH&H (DSLA) bus	19,503	21,276	21,276	1,773	-	-	-	**63,828**
CH&H (OPSLA) bus	54,392	19,779	1,648	-	-	-	-	**75,819**
CH&H (GSRP) bus	12,879	17,172	17,172	-	-	-	-	**47,223**
Xerox Copiers (10)	-	84,106	100,927	100,927	100,927	100,927	16,821	**504,634**
CH&H (RSLA & OPSLA) buses (5)	-	-	112,035	122,220	122,220	-	-	**356,475**

Note 11– GASB 96 Subscription-based Information technology Arrangements (SBITA)

The District did not own any SBITA that met the criteria to be capitalized under GASB 96 as a right-to-use asset.

Note 12– Subsequent Events

Subsequent events have been evaluated through September 30, 2024, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Note 13– Board Resolution; Fund Balance Set-Aside

During the 2023-2024 school year, the Academy's Board of Directors adopted a Resolution in August to set-aside $264,119 of the Fund Balance, and a second Resolution in October to set-aside an additional $200,000; both for building repairs and improvements at the Detroit and Redford locations.

REQUIRED SUPPLEMENTARY INFORMATION

DETROIT SERVICE LEARNING ACADEMY
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual	*Over (Under) Final Budget*
Revenue				
Federal Sources	$ 1,436,022	$ 2,947,830	2,660,432	*(287,398)*
State Sources	15,617,239	17,929,041	17,606,330	*(322,711)*
Local Sources	1,126,746	1,902,480	1,890,827	*(11,653)*
Total Revenue	18,180,007	22,779,351	22,157,589	*(621,762)*
Expenditures				
Instruction:				
Basic Instructions	4,579,570	6,206,853	6,159,889	*(46,964)*
Added Needs	1,753,589	2,676,914	2,354,522	*(322,393)*
Supporting Services:				
Pupil Support Services	932,742	966,191	909,480	*(56,711)*
Instructional Staff Services	987,288	1,418,831	1,310,020	*(108,811)*
General Administration Services	3,206,117	3,614,925	3,586,624	*(28,301)*
School Administration Services	1,006,813	1,133,299	1,181,053	*47,754*
Business Services	418,118	461,624	437,111	*(24,513)*
Operations and Maintenance	2,466,294	3,127,763	3,725,877	*598,114*
Pupil Transportation Services	697,382	750,736	767,198	*16,461*
Central Services	751,451	978,669	974,687	*(3,983)*
Other	83,333	93,883	107,103	*13,221*
Community Services	112,865	162,465	145,516	*(16,949)*
Welfare Activities	6,500	26,000	25,496	*(504)*
Food Service	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditure	17,002,061	21,618,153	21,684,575	*66,422*
Excess (Deficiency) of Revenue over Expenditures	1,177,946	1,161,198	473,014	*(688,184)*
Other Financing Sources (Uses)				
Incoming Transfers and Other Transactions	-	-	-	-
Outgoing Transfers and Other Transactions	(1,117,640)	(1,117,640)	(1,117,640)	*(0)*
Total Other Financing Sources (Uses)	(1,117,640)	(1,117,640)	(1,117,640)	*(0)*
Net Change in Fund Balance	60,305	43,557	(644,626)	*(688,184)*
Fund Balance - July 1, 2023	6,145,381	6,279,669	6,279,669	*0*
Fund Balance - June 30, 2024	$ 6,205,686	$ 6,323,226	$ 5,635,043	*$ (688,183)*

OTHER SUPPLEMENTARY INFORMATION

DETROIT SERVICE LEARNING ACADEMY
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024'

	Food Services	Total
ASSETS		
Cash and Cash Equivalents	$ 536,948	$ 536,948
Due from Governmental Units	68,196	68,196
Total Assets	$ 605,145	$ 605,145
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	$ 14,257	$ 14,257
Deferred Revenue	-	-
Accrued Wages	9,339	9,339
Accrued Expenditures	290,000	290,000
Total Liabilities	313,596	313,596
Fund Balances		
Unreserved - Undesignated - Reported in Special Revenue Funds	291,548	291,548
Total Fund Balances	291,548	291,548
Total Liabilities and Fund Balances	$ 605,145	$ 605,145

DETROIT SERVICE LEARNING ACADEMY
SPECIAL REVENUE FUNDS
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	Food Services	Total
Revenue		
Federal Sources	1,290,624	1,290,624
State Sources	11,762	11,762
Local Sources	-	-
Total Revenue	1,302,386	1,302,386
Expenditures		
Supporting Services:		
Food Services	1,518,220	1,518,220
Total Expenditures	1,518,220	1,518,220
Excess (Deficiency) of Revenue over Expenditures	(215,834)	(215,834)
Other Financing Sources (Uses)		
Operating Transfers - In	-	-
Operating Transfers - Out	-	-
Total Other Financing Sources(Uses)	-	-
Net Change in Fund Balances	(215,834)	(215,834)
Fund Balances - July 1, 2023	507,383	507,383
Fund Balances - June 30, 2024	291,548	291,548

DETROIT SERVICE LEARNING ACADEMY

SUPPLEMENTAL INFORMATION

SINGLE AUDIT REPORT

JUNE 30, 2024

SECTION A

SINGLE AUDIT REPORT

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LARRY WILKERSON, C.P.A
THOMAS E. WILKERSON, C.P.A

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

To Management
and The Board of Directors of
Detroit Service Learning Academy

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the Food service fund of Detroit Service Learning Academy as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Detroit Service Learning Academy's basic financial statements, and have issued our report dated September 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit, we considered Detroit Service Learning Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Detroit Service Learning Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Detroit Service Learning Academy's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Detroit Service Learning 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 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 Detroit Service Learning 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 entity's internal and compliance, Accordingly, this communication is not suitable for any other purpose.

Wilkerson & Associate PC

Dearborn, Michigan
September 30, 2024

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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors of
Detroit Service Learning Academy

Report on Compliance for each Major Federal program

We have audited Detroit Service Learning 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 Detroit Service Learning Academy's major federal programs for the year ended June 30, 2024. Detroit Service Learning Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Detroit Service Learning Academy's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance

with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Detroit Service Learning Academy's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Detroit Service Learning Academy's compliance.

Opinion on Each Major Federal Program

In our opinion, Detroit Service Learning 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, 2024.

Report on Internal Control Over Compliance

The management of Detroit Service Learning Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Detroit Service Learning Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Detroit Service Learning 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of Detroit Service Learning Academy as of and for the year ended June 30, 2024, and have issued our report thereon dated September 30, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management as was derived from and relates directly to 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 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 financial statements as a whole.

Wilkerson & Associate PC

Dearborn, Michigan
September 30, 2024

DETROIT SERVICE LEARNING ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

PROGRAM /TITLE/PROJECT NUMBER SUBRECIPIENT NAME	CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	(MEMO ONLY) PRIOR YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE AT JULY 1, 2023	ADJUSTMENTS AND TRANSFERS	FEDERAL FUNDS/ PAYMENTS IN-KIND RECEIVED	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE AT JUNE 30, 2024
Clusters:								
Child Nutrition Cluster:								
U.S. Department of Agriculture - Passed through the								
Michigan Department of Education:								
Non-Cash Assistance (Commodities) -								
Commodities Entitlement	10.555	$ 72,004	$ -	$ -	$ -	$ 72,004	$ 72,004	$ -
Cash Assistance:								
School Breakfast Program 2022-23 Project Number 22/23 1970	10.553	321,594	321,594	13,791	-	13,791	-	-
National School Lunch & Snack Program 2022-23 Project Number 22/23 1960 & 22/23 1980	10.555	765,309	765,309	33,916	-	33,916	-	-
National School Lunch Program Supply Chain Asst 2022-23 Project Number 22/23 0910	10.555	47,271	47,271	-	-	-	-	-
Summer Food Service Program 2022-23 Project Number 22/23 0900	10.553	59,027	33,095	-	-	25,932	25,932	-
Fresh Fruit & Vegetable Program 2022-23 Project Number 22/23 0950	10.555	3,650	3,650	-	-	-	-	-
Child & Adult Care Food Program 2022-23 Project Number 22/23 1920	10.559	2,819	2,819	102	-	102	-	-
School Breakfast Program 2023-24 Project Number 23/24 1970	10.553	354,245	-	-	-	342,167	354,245	12,078
National School Lunch & Snack Program 2023-24 Project Number 23/24 1960 & 23/24 1980	10.555	760,927	-	-	-	732,056	760,927	28,871
National School Lunch Program Supply Chain Asst 2023-24 Project Number 23/24 0910	10.555	39,822	-	-	-	39,822	39,822	-
Summer Food Service Program 2023-24 Project Number 23/24 0900	10.559	35,004	-	-	-	10,373	35,004	24,632
Fresh Fruit & Vegetable Program 2023-24 Project Number 23/24 0950	10.582	-	-	-	-	-	-	-
Child & Adult Care Food Program 2023-24 Project Number 23/24 1920	10.558	2,689	-	-	-	2,620	2,689	70
Total Cash Assistance		2,392,358	1,173,738	47,809	-	1,200,779	1,218,620	65,650
Total Child Nutrition Cluster		2,464,362	1,173,738	47,809	-	1,272,783	1,290,624	65,650
Special Education Cluster - U.S. Department of Education -								
Passed through the Wayne County RESA								
IDEA: Project Number 221550- 21-22 Carryover	84.027a	81,357	81,357	81,357	-	81,357	-	-
IDEA: Project Number 231550- 22-23	84.027a	214,479	214,479	87,928	-	87,928	-	-
IDEA: Project Number 241550- 23-24	84.027a	220,485	-	-	-	84,197	220,485	136,288
Total Special Education Cluster		516,321	295,836	169,285	-	253,481	220,485	136,288
Other Federal Awards - U.S. Department of Education -								
Passed through the Michigan Department of Education								
Title I, Part A								
Project Number 231530 & 221530	84.010a	1,207,131	862,120	183,343	(7,978)	281,361	105,996	-
Project Number 241530	84.010a	945,282	-	-	-	573,886	715,052	141,166
Total Title I , Part A Cluster		2,152,413	862,120	183,343	(7,978)	855,247	821,048	141,166
Other Federal Awards - U.S. Department of Education:								
Passed through the Michigan Department of Education:								
Title II, Part A								
Project Number 230521	84.367	156,315	146,942	128,104	-	131,347	3,243	-
Project Number 240521	84.367	94,654	-	-	-	81,953	81,953	-
Total Title II, Part A		250,969	146,942	128,104	-	213,300	85,196	-

DETROIT SERVICE LEARNING ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

PROGRAM /TITLE/PROJECT NUMBER SUBRECIPIENT NAME	CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	(MEMO ONLY) PRIOR YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE AT JULY 1, 2023	ADJUSTMENTS AND TRANSFERS	FEDERAL FUNDS/ PAYMENTS IN-KIND RECEIVED	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE AT JUNE 30, 2024
Other Federal Awards - U.S. Department of Education:								
Passed through the Michigan Department of Education:								
Title VI, Part A								
Project Number 230750	84.424a	81,879	64,788	3,288	-	4,083	795	-
Project Number 240750	84.424a	79,836	-	-	-	18,580	32,739	14,159
Total Title VI, Part A		161,715	64,788	3,288	-	22,663	33,534	14,159
Other Federal Awards - U.S. Department of Education:								
Passed through the Michigan Department of Education:								
(ESSER II) Elementary & Secondary School Emergency Relief- Supplemental								
Project Number 213712- 20-21	84.425D	2,573,841	2,548,356	10,750	400	13,088	1,938	-
Total ESSER II		2,573,841	2,548,356	10,750	400	13,088	1,938	-
Other Federal Awards - U.S. Department of Education:								
Passed through the Michigan Department of Education:								
(ESSER III) Elementary & Secondary School Emergency Relief- ARP								
Project Number 213713- 21-22	84.425U	5,784,593	5,343,457	652,716	178,336	857,177	347,164	321,039
Total ESSER III		5,784,593	5,343,457	652,716	178,336	3,260,126	347,164	321,039
Other Federal Awards - U.S. Department of Education:								
Passed through the Michigan Department of Education:								
MV ARP Homeless II; ARPHII-2023-82953-317								
Project Number 211012, 21-22	84.425W	15,101	-	-	-	14,038	14,038	-
Total MV ARP Homeless II		15,101	-	-	-	14,038	14,038	-
Other Federal Awards - U.S. Department of Education:								
Passed through the Michigan Department of Education:								
First 10 grant								
Project Number 23-24	94.434	12,700	-	-	-	-	7,287	7,287
Total First 10		12,700	-	-	-	-	7,287	7,287
Other Federal Awards - American Rescue Plan Act of 2021:								
Passed through the Universal Service Administrative Company (USAC):								
(ECF) Emergency Connectivity Fund								
Project Number 22-23	32.009	150,000	23,758	23,758	(23,758)	-	-	-
Total ECF		150,000	23,758	23,758	(23,758)	-	-	-
TOTAL FEDERAL AWARDS		**$ 14,082,015**	**$ 10,458,996**	**$ 1,219,052**	**$ 147,000**	**$ 5,904,726**	**$ 2,821,314**	**$ 685,589**

DETROIT SERVICE LEARNING ACADEMY DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Detroit Service Learning Academy District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Detroit Service Learning Center, it is not intended to, and does not, present the financial position, changes in net position, or cash flows, if applicable, of Detroit Service Learning Academy District. Pass-through entity identify numbers are presented where available.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - INDIRECT COST RATE

Detroit Service Learning Academy District has elected to use the 5.99 percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – RECONCILIATION FUNDS STATEMENT – FEDERAL SOURCES

General Fund	$ 2,660,432
Food Service Fund	1,290,624
Federal Deferred Revenue 2023	(1,001,959)
Net Adj & Transfers SEFA 2024	(147,000)
Federal Deferred Revenue 2024	19,217
Total Curent Year Expenditures per Schedule of Expenditures of Federal Awards	$ 2,821,314

NOTE 5 - GRANT SECTION AUDITOR REPORT

Management has utilized the Cash Management System (CMS) Grant Auditor Report and the related Disbursement and Payment Ledger reports, in preparing the Schedule of

Expenditures of Federal Awards. The amounts reported on the Grant Auditor Report agree with the schedule of expenditures of federal awards except for the following timing differences which are included in the Due From Governmental Units:

Program Title	CFDA Number	Grant Numbers	Reported on GAR	Reported on SEFA	Variance	Explanation
CACFP	10.558	22/23 1920 & 23/24 1920	2,791	2,722	(70)	FY 24 A/R
NSLP- Lunch & Snack and Supply Chain	10.555	22/23 & 23/34; 1960, 1980, 0910	834,665	805,794	(28,871)	FY 24 A/R
NSLP- Breakfast	10.553	22/23 & 23/24 1970	368,035	355,958	(12,078)	FY 24 A/R
SFSP	10.559	22/23 & 23/24 0900	60,937	36,305	(24,632)	FY 24 A/R

NOTE 6 - SUBRECIPIENTS

No amounts were provided to subrecipients.

DETROIT SERVICE LEARNING ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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 __X__ No

* Reportable condition(s) identified that are not considered to be material weaknesses? ____ Yes __X__ None reported

Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? ____ Yes __X__ No

* Reportable condition(s) identified that are not considered to be material weaknesses? ____ Yes __X__ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Audit Requirements of the Uniform Guidance? ____ Yes __X__ No

Identification of major program:

CFDA Number	Federal Program
10.553 & 10.555, 10.559	Child Nutrition Cluster

DETROIT SERVICE LEARNING ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

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

Section 2 - Financial Statement Audit Findings

None

Section 3 - Federal Program Audit Findings

None