

**UNIVERSITY YES ACADEMY**

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**Financial Report  
with Supplemental Information  
and Single Audit Report  
June 30, 2018**

# UNIVERSITY YES ACADEMY

## CONTENTS

<b>Independent Auditor's Report</b>	1 - 3
<b>Management's Discussion and Analysis</b>	4 - 8
<b>Basic Financial Statements</b>	
District-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	11
Reconciliation of the Governmental Funds Balance to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	14
Notes to Financial Statements	15 - 26
<b>Required Supplemental Information</b>	
Budgetary Comparison Schedule - General Fund	27-28
<b>Federal Awards Supplemental Information</b>	
Single Audit Report	<b>Section A</b>

# Wilkerson & Associate P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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LARRY WILKERSON, C.P.A.  
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## Independent Auditor's Report

To the Board of Directors of  
University Yes Academy

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining information of University Yes Academy, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Members: A.I.C.P.A. and M.I.C.P.A.**

To the Board of Directors  
University Yes Academy

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of University Yes Academy as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 University Yes Academy's basic financial statements. The general fund budget vs actual comparison is presented as supplemental information. 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.

To the Board of Directors  
University Yes Academy

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2018, on our consideration of University Yes 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 University Yes Academy's internal control over financial reporting and compliance.

*Wilkinson & Associate PC*

October 21, 2018

This section of University YES Academy's annual financial report presents our discussion and analysis of the Academy's financial performance during the year ended June 30, 2018. Please read it in conjunction with the Academy's basic financial statements, which immediately follow this section.

### **Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand University YES Academy financially as a whole. The Academy-wide financial statements provide information about the activities of the whole Academy, presenting both an aggregate view of the Academy's finances and a longer-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 Academy-wide financial statements by providing information about the Academy's General Fund.

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

### **Basic Financial Statements**

Academy-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)  
Budgetary Information for General Fund

Other Supplemental Information

**Reporting the Academy as a Whole - Academy-wide Financial Statements**

The statement of net assets and statement of activities report the governmental activities for the Academy, which encompass all of the Academy's services, including instruction, support services, community services and food service. Unrestricted State Aid (foundation allowance revenue) and state and federal grants finance most of these activities.

These statements are prepared to include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Academy's net assets, the difference between assets and liabilities, as reported in the statement of net assets, are one way to measure the Academy's financial position. Over time, increases or decreases in the Academy's net assets are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Academy's operating results. However, since the Academy's goal is to provide services to students and not generate profits, other non-financial factors, such as the education provided and the safety of the Academy should also be considered in order to assess the overall health of the Academy. The following table provides a summary of the Academy's net assets as of June 30, 2018 and 2017.

TABLE I

Governmental Activities

	June 30	
	2018	2017
Current and other assets	\$ 1,858,755	\$ 2,045,300
Capital assets	-	4,788,993
Total assets	1,858,755	6,834,293
Liabilities		
Current liabilities	483,820	5,759,914
Long-term liabilities	-	-
Total liabilities	483,820	5,759,914
Net Position		
Invested in capital assets – Net of related debt	-	(11,447)
Unrestricted	1,374,935	1,085,826
Total net position	\$ 1,374,935	\$ 1,074,379

The Academy's net assets were \$1,374,935 on June 30, 2018. Capital assets, net of related debt, totaling \$0.00 compares the original cost (less depreciation) of the Academy's capital assets. Restricted net assets are reported separately to show legal constraints for debt covenants and enabling legislation that limit the Academy's ability to use those net assets for day-to-day operations, which the Academy has none.

The \$1,374,935 in unrestricted net assets represents the accumulated results of the current year's operations. The unrestricted net asset balance is used to provide working capital and cash flow requirements as well as providing for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Academy as a whole are reported in the statement of activities (Table 2), which shows the changes in Net Position for fiscal year 2018 and 2017 respectively.

TABLE 2	Governmental Activities	
	June 30, 2018	June 30, 2017
<b>Revenue</b>		
Program revenue:		
Operating grants and contributions	\$757,981	\$559,043
Other Revenue	-	-
General revenue:		
State foundation allowance	4,574,160	5,177,247
Miscellaneous Revenue	70,997	16,578
Total revenue	<u>5,403,138</u>	<u>5,752,868</u>
<b>Functions/Program Expenses</b>		
Instruction	1,783,295	1,775,175
Pupil Support services	3,175,762	2,990,231
Central Services	115,445	
Community services	28,080	12,007
Depreciation (unallocated)	-	230,603
Total functions/program expenses	<u>5,102,582</u>	<u>5,008,016</u>
<b>Increase (Decrease) in Net Position</b>	300,556	744,852
Net Position - July 1, 2017	<u>1,074,379</u>	<u>329,527</u>
Net Position - June 30, 2018	<u>\$1,374,935</u>	<u>\$1,074,379</u>



### **Reporting the Academy's Most Significant Funds—Fund Financial Statements**

All of the Academy's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows in to and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. 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 fewer financial resources that can be spent in the near future to finance the Academy's programs.

### **General Fund Budgetary Highlights**

Over the course of the year, the Academy revises its budget as it attempts to deal with the unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted just before year-end. A schedule showing the Academy's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

All amendments to the 2017-2018 budgets were approved by the University YES Academy Board of Directors.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

On June 30, 2018 and 2017 the Academy had \$0.00 and \$4,788,993 (after accumulated depreciation) invested in capital assets made up of buildings and equipment.

	2018	2017
Buildings, Lease Holder Improvements and Equipment	-	\$5,668,206
Total capital assets	<u>-</u>	<u>5,668,206</u>
Less accumulated depreciation	-	\$879,213
Net capital assets	<u><u>-</u></u>	<u><u>\$4,788,993</u></u>

**Economic Factors and Next Year's Budget**

One of the most important factors affecting the budget is our student count. The state foundation allowance is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2019 fiscal year is 90 percent of October 2018 and 10 percent of the February 2019 student counts. The original 2019 budget was adopted in June 2018 based on the estimate of 550 students to be enrolled in September 2018. Based on early enrollment data at the start of the 2018-2019 school year, we anticipate that the fall student count will meet our estimates. Once the final student count and related per pupil funding is validated, state law requires the Academy to amend the budget if actual Academy resources are not sufficient to fund original appropriations.

Since the Academy's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to academies. The State periodically holds a revenue-estimating conference to estimate revenues. If the State estimates that funds are not sufficient to fund the appropriation, the legislature must revise the appropriation and prorating of state aid will occur. The impact on the Academy of a possible State projected revenue shortfall is not known.

**UNIVERSITY YES ACADEMY  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and investments	\$ 765,421
Due from other governmental units	1,093,334
Total assets	1,858,755
<b>Liabilities</b>	
Accounts payable	169,431
Other accrued expenses	125,464
Due to other governmental units	172,465
Other current liabilities	16,460
Total current liabilities	483,820
Total liabilities	483,820
<b>Net Position</b>	
Unrestricted	1,374,935
Total Net Position June 30, 2018	\$ 1,374,935

See accompanying notes to financial statements

**UNIVERSITY YES ACADEMY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Assets</u>
<b>Governmental Activities</b>				
Instruction	\$ 1,783,295	\$ -	\$ -	\$ (1,783,295)
Pupil support services	3,175,762	-	757,981	(2,417,781)
Central services	115,445	-	-	(115,445)
Community	28,080	-	-	(28,080)
	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental activities	<u>\$ 5,102,582</u>	<u>\$ -</u>	<u>\$ 757,981</u>	<u>(4,344,601)</u>
General revenues				
				4,574,160
				70,997
				<hr/>
				4,645,157
				<hr/>
				300,556
				<hr/>
				1,074,379
				<hr/>
				\$ 1,374,935
				<hr/> <hr/>

See accompanying notes to financial statements

**UNIVERSITY YES ACADEMY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

**ASSETS**

	<b>General Fund</b>
Cash and investments	\$ 765,421
Due from other governmental units	1,093,334
Total assets	1,858,755

**LIABILITIES AND FUND BALANCES**

<b>Liabilities</b>	
Accounts payable	169,431
Other accrued expenses	125,464
Due to other governmental units	172,465
Other current liabilities	16,460
<b>Long term liabilities</b>	
Total liabilities	483,820
<b>Fund Balances</b>	
<b>Unrestricted fund balance:</b>	
Unrestricted fund balance	1,374,935
Total fund balances	1,374,935
Total liabilities and fund balances	\$ 1,858,755

See accompanying notes to financial statements

**UNIVERSITY YES ACADEMY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
TO THE STATEMENT OF NET POSITON  
JUNE 30, 2018**

**Total Fund Balances - Governmental Funds** \$ 1,374,935

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 (Net of related debt)	-	
Accumulated depreciation	-	-

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds:

Bonds payable (net of Set Asides)	-
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<b>Total Net Position- Governmental Activities</b>	<b>\$ 1,374,935</b>
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See accompanying notes to financial statements

**UNIVERSITY YES ACADEMY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>General Fund</b>
<b>Revenues</b>	
Local sources	\$ 70,997
State sources	4,574,160
Federal sources	1,216,128
Total revenues	5,861,285
<b>Expenditures</b>	
Current	
Instructional services	1,284,173
Added Needs	499,122
Supporting services:	
Pupil support services	201,721
Instructional support	448,736
General administration services	765,931
School administration services	471,846
Business services	77,161
Operations and maintenance	1,012,534
Pupil transportation	197,833
Central	115,445
Athletics	12,678
Community support	15,402
Other	
Total support services	5,102,582
Total expenditures	5,102,582
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>758,703</b>
<b>Net Change in Fund Balance</b>	<b>758,703</b>
<b>Fund Balances - July 1, 2017</b>	<b>616,232</b>
<b>Fund Balances - June 30, 2018</b>	<b>\$ 1,374,935</b>

See accompanying notes to financial statements

**UNIVERSITY YES ACADEMY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

**Total Net Change in Fund Balances - Governmental Funds** \$ 758,703

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

Receivables

Prior year unavailable receivables included in Revenues in current year (469,594)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period:

Add back loss on disposal of fixed assets 11,447

Long Term Debt is not reported as financing sources on the statement of activities:

Debt Issue

**Change in Net Assets of Governmental Activities** \$ 300,556

See accompanying notes to financial statements



**UNIVERSITY YES ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

The accounting policies of University YES Academy (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:

**A. Reporting Entity**

University YES Academy is a public school academy that provides instructional and support services to elementary school students from kindergarten through the eighth grade. The Academy was formed as a public school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994.

The Academy entered into a new three-year contract with Bay Mills Community College (BMCC) to charter a public school academy effective on July 1, 2018. The Academy’s new contract with BMCC is effective through June 30, 2021. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State Constitution. BMCC is the fiscal agent for the Academy and is responsible for overseeing the Academy’s compliance with the contract and all applicable laws. The Academy pays BMCC three percent of State aid as an administrative fee. The total administrative fee paid for the year ended June 30, 2018 to BMCC was \$137,224.81.

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

**UNIVERSITY YES ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**B. Academy-Wide and Fund Financial Statements**

The academy-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government. Substantially all interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Academy's government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational and capital requirements of a particular function.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

**Academy-wide 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.

**UNIVERSITY YES ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement  
Presentation (Continued)**

The effect of the interfund activity has been substantially eliminated from the academy-wide financial statements.

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-Based 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 government considers revenue 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 required under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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 government.

**UNIVERSITY YES ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement  
Presentation (Continued)**

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with state law.

The Academy also receives revenue from the State to administer certain categorical educational programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the State of the expenditures incurred. For categorical funds meeting this requirement, funds received which are not expected to be expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

The Academy reports the following major governmental fund:

***General Fund***

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

**UNIVERSITY YES ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**D. Assets, Liabilities, and Net Position or Equity**

**Deposits, Cash Equivalents, and Investments**

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

The Academy believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Academy evaluates each financial institution it deposits Academy funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk are used as depositories.

The Academy is authorized by Michigan Compiled Laws, Section 129.91 to invest surplus monies in federally insured United States banks, credit unions, and savings and loan associations that have offices in Michigan. The Academy is also authorized to invest in bonds and notes, certain commercial paper, U.S. Government repurchase agreements, bankers' acceptances and mutual funds and investment pools that are composed of authorized investment vehicles.

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Pooled investment income from the General Fund and various Debt Service Funds is allocated to each fund based upon the balance of the principal invested.

**Capital Assets**

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased

**UNIVERSITY YES ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**Capital Assets (Continued)**

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 any infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20 – 50 years
Buses and other vehicles	5 – 10 years
Furniture and other equipment	5 – 20 years

**MPSERS Liability**

The Academy contracted with the New Paradigm for Education, Inc. – Management Company 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, 2018.

**Deferred Revenue**

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

**UNIVERSITY YES ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of Net Position. In the fund financial statements, governmental fund types recognize bond proceeds, premiums and discounts, as well as issuance costs, during the current period.

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Comparative Data**

Comparative data is not included.

Academy-wide financial statements (Statement of Net Position and Statement of activities) prepared using full accrual accounting for all of the Academy's activities have been provided.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

Capital assets of \$0 (net of accumulated depreciation of \$0) are currently recorded in the governmental activities column of the statement of Net Position.

The fund financial statements focus on major funds rather than fund types.

**UNIVERSITY YES ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Estimates**

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

**Budgetary Data**

The Academy is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (the Uniform Budgetary Act). The following is a summary of the requirements of the Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds.
2. The budgets must be balanced.
3. The budgets must be amended when necessary.
4. Public hearings must be held before budget adoptions.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures must be authorized by a budget before being incurred.



**UNIVERSITY YES ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**Budgetary Data (Continued)**

The following segments of the budget were over expended by the amounts stated below:

<u>General Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Business Services	76,831	77,161	330

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

The Academy formally adopted a General Fund budget by function for the fiscal year ended June 30, 2018. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. No encumbrances were outstanding in the General Fund at June 30, 2018. During the current year, the budget was amended in a legally permissible manner.

The combined statement of revenues, expenditures and changes in fund balances – all governmental fund types is presented in conformity with generally accepted accounting principles. The combined statement of revenues, expenditures and changes in fund balances – budget and actual is presented on the same basis of accounting used in preparing the adopted budget.

**UNIVERSITY YES ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 3 - DEPOSITS AND INVESTMENTS**

State statutes and the Academy's investment policy 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, and has not adopted any other formal investment policy.

The Academy's cash and investments are 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, it is 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 \$765,420.

The deposits of the Academy were reflected in the accounts of the financial institution at \$859,142 of which, \$250,000 is covered by federal depository insurance.

**UNIVERSITY YES ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 4 - CAPITAL ASSETS**

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

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Balance June 30, 2018</u>
Assets being depreciated:				
Buildings	\$ 5,559,667	\$ -	\$ (5,559,667)	\$ -
Furniture and fixtures	43,984	-	(43,984)	-
Computer equipment	64,555		(64,555)	-
Leasehold improvements	-		-	-
Subtotal	5,668,206	-	(5,668,206)	-
Accumulated depreciation:				
Buildings	-	-	-	-
Furniture and fixtures	-	-	-	-
Computer equipment	-	-	-	-
Leasehold improvements	-	-	-	-
Subtotal	-	-	-	-
Net capital assets being depreciated	-	-	-	-
Net capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 5 – RISK MANAGEMENT**

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

**UNIVERSITY YES ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 6 - MANAGEMENT AGREEMENT**

The Academy has entered into a management agreement with The New Paradigm for Education, Inc. (the “Management Company”), a non-profit corporation. The Management Company is responsible for all management, operation, administration, and education of the Academy. All Academy personnel are provided by the Management Company. The total management fee expensed by University YES Academy for the year ended June 30, 2018 was \$550,794.92.

**NOTE 7 - OPERATING LEASE**

The Academy entered an operating lease agreement with The Wayne and Joan Webber Foundation, for the property located at 14669 and 14717 Curtis Avenue in Detroit, Michigan. During the lease The Academy was responsible for insurance, repairs and maintenance for its building. The academy incurred rent expense in connection with this lease of \$396,442 for the years ended June 30, 2018.

**NOTE 8 - DUE FROM OTHER GOVERNMENTAL UNITS**

Due from other governmental units as of June 30, 2018 for the Academy’s general fund and school service fund were as follows:

State of Michigan – State Aid	\$	842,506
Wayne RESA – Federal Grants		61,698
State of Michigan – Federal Grants		189,130

**NOTE 9 - SUBSEQUENT EVENTS**

In July 2018, the Academy entered into an agreement with the Michigan Finance Authority for a State Aid Note in the amount of \$500,000. The note is guaranteed by the Academy’s State Aid payments and has an interest rate of 5.30 percent and is payable in eleven monthly principal and interest payments through August 2018.

Subsequent events have been evaluated through October 21, 2018, which is the date the financial statements were available to be issued.

**UNIVERSITY YES ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**REQUIRED SUPPLEMENTAL INFORMATION**

See accompanying notes to financial statement

**UNIVERSITY YES ACADEMY  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual (Fund Basis)	Variances Over/(Under)
	Original	Final		Final to Actual
<b>Revenues</b>				
Local revenues	12,000	93,643	70,997	(22,646)
State program revenues	5,188,981	4,574,333	4,574,160	(173)
Federal program revenues	944,588	1,361,142	1,216,128	(145,014)
<b>Total revenues</b>	<b>6,145,569</b>	<b>6,029,118</b>	<b>5,861,285</b>	<b>(167,833)</b>
<b>Expenditures</b>				
Current				
Instructional services	1,663,868	1,457,913	1,284,173	(173,740)
Added Needs	524,742	621,075	499,122	(121,953)
Supporting services				
Pupil support services	473,112	282,908	201,721	(81,187)
Instructional staff services	447,728	545,868	448,736	(97,132)
General administration services	1,019,537	848,085	765,931	(82,154)
School administration services	442,591	506,050	471,846	(34,204)
Business services	54,000	76,831	77,161	330
Operations and maintenance	669,166	1,104,346	1,012,534	(91,812)
Transportation	201,600	233,636	197,833	(35,803)
Central	125,028	193,797	115,445	(78,352)
Other support services	10,000	37,080	12,678	(24,402)
Community services	12,500	23,218	15,402	(7,816)
Welfare services	-	2,000	-	(2,000)
<b>Total expenditures</b>	<b>5,643,872</b>	<b>5,932,807</b>	<b>5,102,582</b>	<b>(830,225)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	501,697	96,311	758,703	662,393
<b>Other (sources) indirect costs</b>		2,500		
	-	-	-	-
<b>Total other sources (uses)</b>	-	2,500	-	-
<b>Net Change in Fund Balances</b>	501,697	98,811	758,703	662,393
<b>Fund Balance - July 1, 2017</b>	<b>616,232</b>	<b>616,232</b>	<b>616,232</b>	-
<b>Fund Balance - June 30, 2018</b>	<b>1,117,929</b>	<b>715,043</b>	<b>1,374,935</b>	<b>662,393</b>

See accompanying notes to financial statements

**UNIVERSITY YES ACADEMY**  
**SUPPLEMENTAL INFORMATION**  
**SINGLE AUDIT REPORT**  
**JUNE 30, 2018**

**SECTION A**

**UNIVERSITY YES ACADEMY  
SUPPLEMENTAL INFORMATION  
SINGLE AUDIT REPORT**

**TABLE OF CONTENTS**

	PAGE(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 <i>Government Auditing Standards</i>	1- 2A
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	3A - 6A
Schedule of Expenditures of Federal Awards	7A
Notes to Schedule of Expenditures of Federal Awards	8A
Schedule of Findings and Questioned Costs	9A -10A



# Wilkerson & Associate P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors of  
University Yes Academy

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of University Yes Academy (the Academy), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise University Yes Academy's basic financial statements, and have issued our report thereon dated October 21, 2018.

### **Internal Control Over Financial Reporting**

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

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

**Members: A.I.C.P.A. and M.I.C.P.A.**

To the Board of Directors  
University Yes Academy

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Wilkinson & Associate PC*

Dearborn, Michigan  
October 21, 2018

# Wilkerson & Associate P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

## **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  
University Yes Academy

### **Report on Compliance for each Major Federal program**

We have audited University Yes 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 University Yes Academy's major federal programs for the year ended June 30, 2018. University Yes 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 University Yes 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

**Members: A.I.C.P.A. and M.I.C.P.A.**

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 University Yes 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 University Yes Academy's compliance.

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

In our opinion, University Yes 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, 2018.

**Report on Internal Control Over Compliance**

Management of University Yes 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 University Yes 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 University Yes 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 the governmental activities, each major fund, and the aggregate remaining fund information of University Yes Academy (the “Academy”) as of and for the year ended June 30, 2018 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 21, 2018, 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

University Yes Academy  
To the Board of Directors  
Page 4

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  
October 21, 2018

University YES Academy  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued or (Deferred) Revenue at 7/1/2017	(Memo Only) Prior Year Expenditures	Current Year Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued or (Deferred) Revenue at 6/30/2018	
DEPARTMENT OF EDUCATION Passed through the Michigan Department of Education Office of Elementary and Secondary Education Program.									
Title I, Part A - Improving Basic Programs									
Grant# 171530	Project # 1617	84.010	608,087	(394,751)	394,751	(369)	125,885	520,267	-
Grant# 181530	Project # 1718	84.010	588,293	-	-	-	428,548	258,098	170,450
	Total		<u>1,196,380</u>	<u>(394,751)</u>	<u>394,751</u>	<u>(369)</u>	<u>554,433</u>	<u>778,365</u>	<u>170,450</u>
Title II, Part A - Teacher/Principal Training									
Grant# 170520	Project # 1617	84.367	171,982	(74,843)	74,843	-	32,721	107,564	-
Grant# 180520	Project # 1718	84.367	111,229	-	-	(1,125)	54,505	34,700	18,680
	Total		<u>283,211</u>	<u>(74,843)</u>	<u>74,843</u>	<u>(1,125)</u>	<u>87,226</u>	<u>142,264</u>	<u>18,680</u>
Total Office of Elementary and Secondary Education Cluster			<u>1,479,591</u>	<u>(469,594)</u>	<u>469,594</u>	<u>(1,494)</u>	<u>641,659</u>	<u>920,629</u>	<u>189,130</u>
DEPARTMENT OF EDUCATION Passed through the Michigan Department of Education Office of Elementary and Secondary Education Program.									
Wayne County RESA IDEA Flow through-Special Education Grants to State									
	IDEA 16-18 Regular Flow through Grant	84.027A	214,136	51,759	168,008	15,353	30,775	97,887	-
	IDEA 17-19 Regular Flow through Grant	84.027A	128,072	-	-	-	120,983	59,285	61,698
Total Office of Elementary and Secondary Education Program.			<u>342,208</u>	<u>51,759</u>	<u>168,008</u>	<u>15,353</u>	<u>151,758</u>	<u>157,172</u>	<u>61,698</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>1,821,799</u>	<u>(417,835)</u>	<u>637,602</u>	<u>13,859</u>	<u>793,417</u>	<u>1,077,801</u>	<u>250,828</u>

**Auditor Note References**  
**Required - School Districts**  
**Optional - Other Organizations**

Federal expenditures per the schedule of expenditures of federal awards (includes all funds)	793,417
Prior Year Deferred Revenue Recognized in Current Year	469,594
Less: Current Year Unavailable Revenue Title I	(60,259)
Less: Current Year Unavailable Revenue Title II	(4,200)
E-Rate Revenue on Financial Statements not included as expd on SEFA	3,717
IDEA Revenue on Financial statements not included as expd on SEFA	15,353
Title I Expenditures not included as revenue	(1,125)
Other differences	(369)
Revenue from federal sources - As reported on financial statements (includes all funds)	<u><u>1,216,128</u></u>



**Auditor Note References**  
**Required - School Districts**  
**Optional - Other Organizations**

Due From Other Governmental Units (federal sources)- As reported on financial statements 250,828

Current Year Unavailable Revenue Title I -  
Current Year Unavailable Revenue Title II -  
Federal Expenditures at 6.30.18 Not included in Receivables -  
Other Differences -

Accrued (Deferred) Revenue Per SEFA, 6/30/2018 250,828

**UNIVERSITY YES ACADEMY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of University YES Academy under programs of the federal government for the year ended June 30, 2018. 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 University YES Academy, it is not intended to, and does not, present the financial position, changes in net position, or cash flows, if applicable, of University YES Academy. 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**

University YES Academy has elected to use the 10 percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

**NOTE 4 – RECONCILIATION FUNDS STATEMENT – FEDERAL SOURCES**

Federal expenditures per the schedule of expenditures of federal awards (includes all funds)	\$ 793,417
Prior Year Deferred Revenue Recognized in Current Year	469,594
Less: Current Year Unavailable Revenue Title I	(60,259)
Less: Current Year Unavailable Revenue Title II	(4,200)
E-Rate Revenue on Financial Statements not included as expd on SEFA	3,717
IDEA Revenue on Financial statements not included as expd on SEFA	15,353
Title I Expenditures not included as revenue	(1,125)
Other differences	(369)
Revenue from federal sources - As reported on financial statements (includes all funds)	<u>\$ 1,216,128</u>

**NOTE 5 – RECONCILIATION OF ACCRUED (DEFERRED) – FEDERAL SOURCES**

Due from Other Governmental Units (Federal Sources) -		
As reported in financial statements		<u>\$ 250,828</u>
Current Year Unavailable Revenue - Title I	Deferred	-
Current Year Unavailable Revenue - Title II	Deferred	-
Other Differences		-
Accrued (Deferred) revenue at June 30, 2018 Per SEFA		<u>\$ 250,828</u>

**NOTE 6 - 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. Unreconciled differences, if any, have been disclosed to the auditor.

**UNIVERSITY YES ACADEMY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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
84.010'	Title I

