

Holly Academy

Holly, Michigan

Single Audit Report

June 30, 2011

Table of Contents

	<u>Page</u>
SINGLE AUDIT REPORT	
Independent Auditors' 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 - 2
Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	3 - 4
Schedule of Expenditures of Federal Awards	5 – 6
Notes to the Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8 - 9
Summary Schedule of Prior Audit Findings	10



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**Independent Auditors' 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
Holly Academy
Holly, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holly Academy as of and for the year ended June 30, 2011, which collectively comprise Holly Academy's basic financial statements, and have issued our report thereon dated September 24, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Holly 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 Holly Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Holly 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 and correct 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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Holly 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*.

This report is intended solely for the information of management, members of the board of directors, others within the Academy and federal awarding agencies and is not intended and should not be used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Flint, Michigan

September 24, 2011



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Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Directors
Holly Academy

Compliance

We have audited Holly Academy's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Holly Academy's major federal programs for the year ended June 30, 2011. Holly Academy's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Holly Academy's management. Our responsibility is to express an opinion on Holly Academy's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Holly Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Holly Academy's compliance with those requirements.

In our opinion, Holly Academy complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of Holly Academy is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Holly Academy's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Holly 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditure of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holly Academy as of and for the year ended June 30, 2011, and have issued our report thereon dated September 24, 2011, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, members of the board of directors, others within the Academy, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Flint, Michigan
September 24, 2011

Holly Academy
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Award Grant Entitlement Program Amount	Inventory/ Accrued (Deferred) Revenue at July 1, 2010	Prior Year Expenditures	Current Year Cash Payments/ In Kind Received	Current Year Expenditures	Adjustments	Inventory/ Accrued (Deferred) Revenue at June 30, 2011
U.S. DEPARTMENT OF EDUCATION								
Special Education Cluster								
Passed Through the Oakland County Intermediate School District								
IDEA	84.027							
110450-44		\$ 120,416	\$ -	\$ -	\$ 120,416	\$ 120,416	\$ -	\$ -
Passed Through the Oakland County Intermediate School District								
ARRA-IDEA Flow Through	84.391							
100455-0910		165,792	85,519	165,792	85,519	-	-	-
Passed Through the Oakland County Intermediate School District								
Preschool Incentive	84.173							
110460-44		1,709	-	-	1,709	1,709	-	-
Total Special Education Cluster			85,519	165,792	207,644	122,125	-	-
Title I								
Passed Through the Michigan Department of Education								
Title I	84.010							
111530-1011		49,787	-	-	49,787	49,787	-	-
Total Title I			-	-	49,787	49,787	-	-
Passed Through the Michigan Department of Education								
Charter Schools	84.282A							
100610-0910D		98,100	-	-	98,100	98,100	-	-

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Holly Academy
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Award Grant Entitlement Program Amount	Inventory/ Accrued (Deferred) Revenue at July 1, 2010	Prior Year Expenditures	Current Year Cash Payments/ In Kind Received	Current Year Expenditures	Adjustments	Inventory/ Accrued (Deferred) Revenue at June 30, 2011
Passed Through the Michigan Department of Education Improving Teacher Quality 110520-1011	84.367	\$ 13,766	\$ -	\$ -	\$ 13,766	\$ 13,766	\$ -	\$ -
Title II, Part D Cluster Passed Through the Oakland County Intermediate School District Title II, Part D Grants 114290-1011	84.318	2,457	-	-	2,457	2,457	-	-
Passed Through the Michigan Department of Education ARRA - Title II, Part D Grants 114295-1011	84.386	745	-	-	745	745	-	-
Total Title II, Part D Cluster			-	-	3,202	3,202	-	-
Passed Through the Michigan Department of Education ARRA - State Fiscal Stabilization Fund 112525-1011	84.394	82,635	-	-	82,635	82,635	-	-
Passed Through the Michigan Department of Education Education Jobs Fund 112545-1011	84.410A	159,301	-	-	159,301	159,301	-	-
TOTAL DEPARTMENT OF EDUCATION			<u>85,519</u>	<u>165,792</u>	<u>614,435</u>	<u>528,916</u>	<u>-</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>\$ 85,519</u>	<u>\$ 165,792</u>	<u>\$ 614,435</u>	<u>\$ 528,916</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Holly Academy
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2011

1. The Schedule of Expenditures of Federal Awards was prepared using the accrual basis of accounting.
2. Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports that have been submitted as of June 30, 2011.
3. The federal amounts reported on the Grant Auditor Report (GAR) are in agreement with the Schedule of Expenditures of Federal Awards.
4. The financial statements federal revenue equal the total expenditures for Federal Awards.
5. There were no adjustments that had to be made this year.

Holly Academy
Schedule of Findings and Questioned Costs
For the year ended June 30, 2011

Section I - Summary of Auditors' Results

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies 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 weaknesses identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ Yes X No

(continued)

Holly Academy
Schedule of Findings and Questioned Costs
For the year ended June 30, 2011

Identification of major programs:

CFDA Numbers

84.027/84.173/84.391
84.410

Name of Federal Program

Special Education Cluster
Education Jobs Fund

Dollar threshold used to distinguish
between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee:

_____ Yes X No

Section II - Financial Statement Findings

No matters were noted.

Section III – Federal Award Findings and Questioned Costs

No matters were noted.

Holly Academy
Summary Schedule of Prior Audit Findings
For the year ended June 30, 2011

There were no audit findings for the year ended June 30, 2010.