KIPP DETROIT IMANI ACADEMY

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

YEAR ENDED JUNE 30, 2026

Maner Costerisan

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
KIPP Detroit Imani Academy

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and aggregate remaining fund information of KIPP Detroit Imani Academy, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise KIPP Detroit Imani 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, the major fund, and aggregate remaining fund information of KIPP Detroit Imani Academy as of June 30, 2026, and the respective changes in financial position, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KIPP Detroit Imani Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KIPP Detroit Imani 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 Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KIPP Detroit Imani Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KIPP Detroit Imani 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.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2026 on our consideration of KIPP Detroit Imani 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KIPP Detroit Imani Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KIPP Detroit Imani Academy's internal control over financial reporting and compliance.

Maner Costerisan PC

Lansing, Michigan
September 23, 2026

KIPP DETROIT IMANI ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of management's discussion and analysis (MD&A) is to help KIPP Detroit Imani Academy's (Academy) readers understand what the financial statements and notes in this financial report say about the Academy's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the Academy's finances.

If you have any questions about this report or need any additional information, please contact the Academy at 19321 W. Chicago, Detroit, MI, 48228. Phone (313) 474-2777.

OVERVIEW OF THE FINANCIAL STATEMENTS

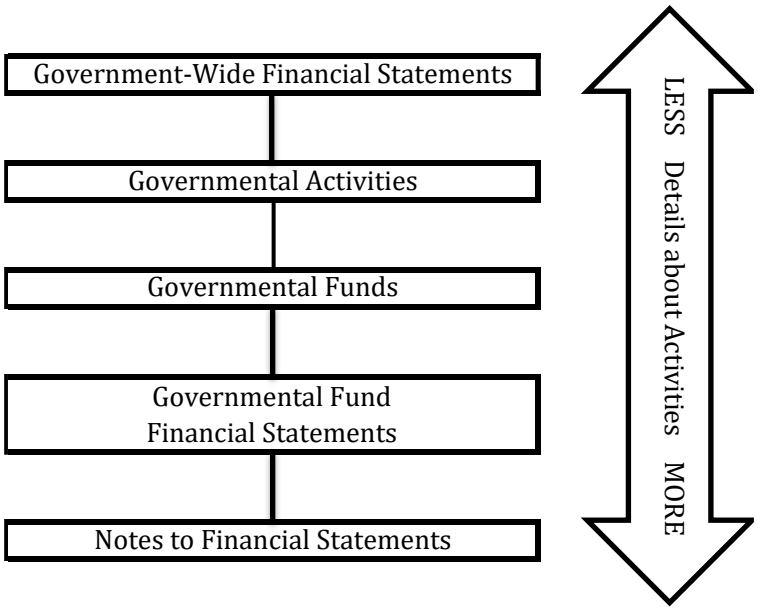
The Academy's financial report contains basic financial statements. Those financial statements present the Academy's finances at both an overall and a detailed level. The first two - the *Government-wide Financial Statements* - cover the Academy's governmental activities. (See the diagram in Figure A-1.)

- *Governmental Activities* comprise of the Academy's most basic functions, such as instruction, support services, and food services. Governmental activities primarily are financed by state aid foundation and federal grants. These statements provide both short-term and long-term information.

The remaining basic financial statements present the Academy's finances in greater detail. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The Academy reports one group of funds:

- *Governmental Fund Financial Statements* report all of the governmental activities. In addition to the Academy's main operating fund - the general fund - those financial statements report a special revenue fund that tracks the use of restricted or committed funding sources.

Figure A-1. Contents of the Academy's Basic Financial Statements



The next section of this financial report contains *notes to financial statements*, which delve deeper into the Academy's finances as reported in the financial statements. The information in the notes is as important to understanding the Academy's finances as the information in the financial statements. The Academy uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

All of the Academy's financial statements, except for the governmental fund financial statements, use the economic resources measurement focus and accrual basis of accounting. (See Figure A-2.) In other words, they comprehensively report all types of financial statement elements (as applicable):

- *Assets* - resources the Academy controls, from short-term assets like cash and cash equivalents to long-term assets like buildings and transportation equipment.

- *Liabilities* - amounts the Academy owes, from short-term liabilities such as salaries and related items to long-term liabilities such as outstanding debt and pension obligations.

- *Deferred Outflows of Resources and Deferred Inflows of Resources* - flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.

- *Revenues and Expenses* - inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing bonds or selling equipment, as well as principal and interest payments on bonds and spending on the construction.

Figure A-2. Types of Information Reported in the Academy's Financial Statements

	Financial Statements	
	Government-wide	Governmental Funds
Types of assets and liabilities	* All assets and liabilities, both financial and nonfinancial, short term and long term	* Only current financial resources, such as cash, receivables, and accounts payable
Types of revenues/additions	* All types of revenues/additions that flow into the Academy during the year that relate to that year, regardless of when cash is received	* Only revenues that are measurable and available to finance expenditures of that year
Types of expenses/deductions/ expenditures	* All types of expenses/deductions that flow out of the Academy during the year that relate to that year, regardless of when cash is paid	* Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows of resources and deferred inflows of resources	* All types of resources that flow into and out of the Academy during the year that relate to a future year	* Current financial resources that flow into and out of the governmental funds during the year that related to a future year

More detail about the measurement focuses and bases of accounting can be found in the first note to financial statements, the summary of significant accounting policies.

ANALYSIS OF THE ACADEMY'S FINANCES

Table A-1
KIPP Detroit Imani Academy's Net Position

	2026	2025	Dollar Change	Total Percentage Change
ASSETS				
Current and other assets	$ 656,716	$ 458,483	$ 198,233	43.2%
LIABILITIES				
Other liabilities	524,073	390,807	133,266	34.1%
NET POSITION				
Restricted for food service	231	468	(237)	-50.6%
Unrestricted	132,412	67,208	65,204	97.0%
TOTAL NET POSITION	$ 132,643	$ 67,676	$ 64,967	96.0%

Table A-1 shows that as of June 30, 2026, the Academy's total net position - assets minus liabilities - was $132,643, an increase of $64,967 or 96.0% compared with 2025. This increase is primarily due to a $65,204 or 97.0% increase in unrestricted net position. The following sections of MD&A analyze the finances of the governmental activities.

GOVERNMENTAL ACTIVITIES

Table A-2 shows that revenues exceeded expenses in the current year, resulting in an increase in net position. Various events contributed to this increase in net position; however, the primary factors affecting the change in net position are as follows:

1. Increases in operating grants and contributions
2. Increases in revenues from state sources
3. A smaller increase in expenses for certain programs and functions

Table A-2
Changes in KIPP Detroit Imani Academy's Net Position

	2026	2025	Dollar Change	Total Percentage Change
REVENUES				
Program revenues				
Operating grants and contributions	$ 363,772	$ 236,060	$ 127,712	54.1%
General revenues				
State sources - unrestricted	1,300,972	812,521	488,451	60.1%
Intermediate sources	6,000	-	6,000	100.0%
Other	-	17,391	(17,391)	-100.0%
TOTAL REVENUES	1,670,744	1,065,972	604,772	56.7%
EXPENSES				
Instruction	440,536	298,864	141,672	47.4%
Support services	1,048,297	739,394	308,903	41.8%
Food service	116,944	81,793	35,151	43.0%
TOTAL EXPENSES	1,605,777	1,120,051	485,726	43.4%
Change in net position	64,967	(54,079)	$ 119,046	-220.1%
Net position - beginning of year	67,676	121,755		-44.4%
Net position - end of year	$ 132,643	$ 67,676		96.0%

Increase in Operating Grants and Contributions

There was a notable increase in operating grants and contributions compared to the prior year, which accounts for 21.8% of overall revenues. Most of the increase is attributed to increases in categorical state funding and federal grants received, including the state 31a at-risk categorical grant and the federal Title I grant funding.

Increase in Revenue from State Sources

Revenue from state sources increased in the current year compared to the prior year, which accounts for 77.9% of overall revenues. State sources is a product of student counts multiplied by the foundation allowance. The foundation allowance increased by $442 per pupil in 2026; however, this was slightly offset by the discontinuation of the charter per pupil payment received in prior years. The Academy experienced an increase in enrollment during the year. The increase in enrollment and net increase in foundation allowance caused the increase in revenue from state sources during the year.

Increase in Expenses

Total expenses for the Academy increased by 43.4% overall. The significant increase was due to additional expenses related to the increase in enrollment.

GOVERNMENTAL FUNDS

The Academy reports one major fund individually in the governmental fund financial statements. This fund is the general fund. Most of the discussion regarding governmental activities is equally applicable to the finances of these governmental funds. However, certain factors that are relevant to the Academy's current financial health are more apparent in the fund financial statements than in the government-wide statements. The changes are shown in Table A-3 and are discussed in more detail below.

Table A-3
Revenues, Expenditures, and Changes in Fund Balances

	General Fund	
	2026	2025
REVENUES	$ 1,554,037	$ 987,166
EXPENDITURES	1,488,833	1,038,258
Net change in fund balance	65,204	(51,092)
Fund balance - beginning of year	67,208	118,300
Fund balance - end of year	$ 132,412	$ 67,208

Fund balance represents the financial standing of a governmental fund at the end of the fiscal year from a short-term perspective.

General Fund

The fund balance of the Academy's general fund increased by 97.0%. The increase in fund balance is attributable to (1) an increase in revenues (previously discussed), and (2) a smaller increase in expenditures (previously discussed).

The overall fund balance at the end of June 30, 2026 represented approximately 8.9% of operating expenditures. The Academy aims to have a minimum fund balance of 10% of operating expenditures. 100.0% of the fund balance is considered unassigned at June 30, 2026.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

There are several factors that could significantly affect the financial health of the Academy in the future.

- The Academy will receive a $250 increase in per-pupil state aid for the 2026-27 school year. This additional funding will help strengthen the Academy's financial stability and support the educational experience for students and staff retention.
- The Academy adopted a general fund budget for the 2026-27 school year in which revenues are expected to exceed expenditures by $65,452.
- The Academy's charter contract with Central Michigan University expires June 30, 2027.

BASIC FINANCIAL STATEMENTS

KIPP DETROIT IMANI ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 346,167
Intergovernmental receivable	310,549
TOTAL ASSETS	656,716
LIABILITIES	
Accounts payable	200,303
Unearned revenue	274,208
Accrued expenses	49,562
TOTAL LIABILITIES	524,073
NET POSITION	
Restricted for food service	231
Unrestricted	132,412
TOTAL NET POSITION	$ 132,643

See notes to financial statements.

KIPP DETROIT IMANI ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 440,536	$ -	$ 117,685	$ (322,851)
Support services	1,048,297	-	129,380	(918,917)
Food service	116,944	-	116,707	(237)
Total governmental activities	$ 1,605,777	$ -	$ 363,772	(1,242,005)
General revenues				
State sources - unrestricted				1,300,972
Intermediate sources				6,000
Total general revenues				1,306,972
CHANGE IN NET POSITION				64,967
NET POSITION, beginning of year				67,676
NET POSITION, end of year				$ 132,643

See notes to financial statements.

KIPP DETROIT IMANI ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Nonmajor (Special Revenue) Governmental Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 346,167	$ -	$ 346,167
Intergovernmental receivable	310,549	-	310,549
Due from other funds	-	231	231
TOTAL ASSETS	$ 656,716	$ 231	$ 656,947
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 200,303	$ -	$ 200,303
Due to other funds	231	-	231
Accrued expenditures	49,562	-	49,562
Unearned revenue	274,208	-	274,208
TOTAL LIABILITIES	524,304	-	524,304
FUND BALANCES			
Restricted for food service	-	231	231
Unassigned	132,412	-	132,412
TOTAL FUND BALANCES	132,412	231	132,643
TOTAL LIABILITIES AND FUND BALANCES	$ 656,716	$ 231	$ 656,947

Note: Reconciliation of the governmental fund balance sheet to the statement of net position is not required as the fund balance was equal to the net position as of June 30, 2026.

See notes to financial statements.

KIPP DETROIT IMANI ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2026

	General Fund	Special Revenue Fund	Nonmajor (Special Revenue) Governmental Fund	Total Governmental Funds
REVENUES				
Local sources	$ 737	$ -	$ -	$ 737
State sources	1,396,610	-	1,349	1,397,959
Federal sources	150,690	-	115,358	266,048
Intermediate sources	6,000	-	-	6,000
TOTAL REVENUES	1,554,037	-	116,707	1,670,744
EXPENDITURES				
Current				
Instruction				
Basic programs	339,213	-	-	339,213
Added needs	101,323	-	-	101,323
Total instruction	440,536	-	-	440,536
Support services				
Pupil	132,606	-	-	132,606
Instructional staff	145,968	-	-	145,968
General administration	269,984	-	-	269,984
School administration	88,212	-	-	88,212
Business services	51,453	-	-	51,453
Operations and maintenance	283,655	-	-	283,655
Central support services	76,419	-	-	76,419
Total support services	1,048,297	-	-	1,048,297
Food service	-	-	116,944	116,944
TOTAL EXPENDITURES	1,488,833	-	116,944	1,605,777
NET CHANGE IN FUND BALANCES	65,204	-	(237)	64,967
FUND BALANCES				
Beginning of year, as previously presented	67,208	468	-	67,676
Adjustments to beginning fund balance	-	(468)	468	-
Beginning of year, as restated	67,208	-	468	67,676
End of year	$ 132,412	$ -	$ 231	$ 132,643

Note: Reconciliation of the statement of revenues, expenditures, and changes in fund balance of the governmental fund to the statement of activities is not required as the net change in fund balance of the governmental fund was equal to the change in net position for the year ended June 30, 2026.

See notes to financial statements.

KIPP DETROIT IMANI ACADEMY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Academy. The Academy currently does not have fiduciary activities. *Governmental activities* normally are supported by intergovernmental revenues.

Reporting Entity

KIPP Detroit Imani Academy (the "Academy") is a public school academy as part of the Michigan Public School System under Public Act No. 362 of 1993. The Academy was incorporated in March 2021. Central Michigan University is the authorizing governing body for the Academy and has contracted with the Academy to charter the public school through June 2027. Board members are approved by the authorizing governing body and have decision making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. The Academy receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the Academy is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. In addition, the Academy's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds.

As a general rule, the effect of interfund activity (if any) has been eliminated from the government-wide financial statements.

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the Academy's funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Academy reports the following *Major Governmental 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.

The Academy reports the following *Nonmajor Governmental Fund*:

> The *Special Revenue Fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The Academy accounts for its food service activity in a special revenue fund.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible 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 generally 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 and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

State and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to public school academies based on information supplied by the academies. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The Academy also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the Academy.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

The Academy's cash and cash equivalents are considered to be cash on hand and demand deposits.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Deferred Outflows/Inflows of Resources

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

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

Net Position Flow Assumption

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Academy itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Academy's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the Academy that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Academy for specific purposes but do not meet the criteria to be classified as committed. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates authority. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

NOTE 2 - CASH DEPOSITS - CREDIT RISK

Cash is held in the name of the Academy. These deposits are subject to custodial credit risk. This is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy minimizes custodial credit risk on deposits by assessing the credit worthiness of the individual institutions in which it deposits funds. The amount of deposits with each institution is assessed to determine the level of risk it may pose to the Academy in relation to deposits in excess of insured amounts. As of June 30, 2026, a total of $96,167 of the Academy's bank balance of $346,167 was exposed to custodial credit risk because it was uninsured and uncollateralized. These deposits have a carrying value of $346,167.

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Receivables due from intergovernmental sources at June 30, 2026 consist of the following:

	Government - wide
State aid	$ 243,420
Federal sources	67,129
	$ 310,549

Because of the Academy's favorable collection experience, no allowance for doubtful accounts has been recorded.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2026 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General fund	$ -	$ 231
Special revenue fund	231	-
Total	$ 231	$ 231

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 5 - OVERSIGHT FEES

The Academy pays an administrative oversight fee of 3% of its state school aid discretionary and Proposal A obligation payments to the Central Michigan University Board of Trustees, as set forth by contract, to reimburse the University Board for the cost of execution of its oversight responsibilities. These oversight responsibilities include the monitoring of the Academy's compliance with the terms and conditions of the contract, and the review of its audited financial statements and periodic reports. During the year ended June 30, 2026, the Academy incurred expenses of approximately $39,000 for oversight fees.

NOTE 6 - MANAGEMENT AGREEMENT

The Academy currently has a management agreement with KIPP Whole Child Center d/b/a KIPP Michigan (KIPP) for operations of the Academy through June 2027. Under the terms of the management agreement, KIPP's compensation for operating the Academy was approximately $175,000 for the fiscal year 2026.

The Academy leases all of its employees from KIPP. Salaries, retirement, social security, health insurance and unemployment taxes are the responsibility of the management company. The amount due to KIPP at June 30, 2026 was approximately $200,000.

NOTE 7 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. To minimize the risk, the Academy carries commercial insurance.

NOTE 8 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Academy expects such amounts, if any, to be immaterial.

NOTE 9 - CHANGES IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2026, the Academy implemented the following GASB standards:

GASB Statement No. 103, *Financial Reporting Model Improvements*. The Standard addressed the following areas:

a. Management's discussion and analysis (MD&A)
b. Unusual or infrequent items
c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements;
e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

NOTE 9 - CHANGES IN ACCOUNTING PRINCIPLES (continued)

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. This Statement also requires additional disclosures for capital assets held for sale.

NOTE 10 - UPCOMING ACCOUNTING PRONOUNCEMENT

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026-2027 fiscal year.

NOTE 11 - ADJUSTMENTS TO BEGINNING FUND BALANCES

During fiscal year 2026, changes to or within the financial reporting entity resulted in restatements of beginning fund balance, as follows:

	Special Revenue Fund	Nonmajor (Special Revenue) Governmental Fund
Fund balance, as previously presented	$ 468	$ -
Change from major to nonmajor fund	(468)	468
Fund balance, as restated	$ -	$ 468

REQUIRED SUPPLEMENTARY INFORMATION

KIPP DETROIT IMANI ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance with Original and Final Budget	Actual	Variance with Final Budget and Actual
REVENUES					
Local sources	$ -	$ 13,913	$ 13,913	$ 737	$ (13,176)
State sources	1,869,710	1,404,238	(465,472)	1,396,610	(7,628)
Federal sources	116,262	140,691	24,429	150,690	9,999
Intermediate sources	-	6,000	6,000	6,000	-
TOTAL REVENUES	1,985,972	1,564,842	(427,130)	1,554,037	(10,805)
EXPENDITURES					
Current					
Instruction					
Basic programs	347,508	351,252	(3,744)	339,213	12,039
Added needs	85,716	108,963	(23,247)	101,323	7,640
Total instruction	433,224	460,215	(26,991)	440,536	19,679
Support services					
Pupil	110,000	138,000	(28,000)	132,606	5,394
Instructional staff	248,629	150,464	98,165	145,968	4,496
General administration	516,097	272,917	243,180	269,984	2,933
School administration	197,195	91,665	105,530	88,212	3,453
Business services	51,420	51,520	(100)	51,453	67
Operations and maintenance	273,863	289,299	(15,436)	283,655	5,644
Central support services	145,000	75,000	70,000	76,419	(1,419)
Total support services	1,542,204	1,068,865	473,339	1,048,297	20,568
TOTAL EXPENDITURES	1,975,428	1,529,080	446,348	1,488,833	40,247
NET CHANGE IN FUND BALANCE	10,544	35,762	25,218	65,204	29,442
FUND BALANCE					
Beginning of year	67,208	67,208	-	67,208	-
End of year	$ 77,752	$ 102,970	$ 25,218	$ 132,412	$ 29,442

KIPP DETROIT IMANI ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2026

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The Academy does not utilize encumbrance accounting.

The Academy follows these procedures in establishing the budgetary data reflected in the financial statements:

a. The Head of School submits to the Board of Directors a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

b. Prior to July 1, the budget is legally adopted by Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the budgetary comparison schedule.

c. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

d. The final budget was approved prior to June 30, 2026 year-end.

KIPP DETROIT IMANI ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2026

NOTE 2 - BUDGETARY COMPARISON

Significant Variances Between Original and Final Budget

	Variance	Explanation
REVENUES		
State sources	$ (465,472)	The original budget for 25-26 was based on a blended enrollment of 164 kids with a Fall 2025 enrollment of 173. The actual Fall 2025 enrollment came in at 130 kids, which reduced the blend for the final amended budget to 126 kids. This adjustment, coupled with the adjustments to the other state categoricals resulted in the variance from the original budget to the final amended budget for FY26.
Federal sources	24,429	The Academy saw increases in both Title I and IDEA allocations which resulted in the increase from the original budget to the final amended budget.
EXPENDITURES		
Support services - pupil	(28,000)	Conservative estimates were used for the 25-26 original budget for the contracted Special Education services. There were more students utilizing services than originally anticipated.
Support services - instructional staff	98,165	The original budget included a full time Diverse Learning Coordinator. Due to hiring issues, this employee split time as Diverse Learning Teacher and Diverse Learning Coordinator, which moved a portion of her costs to a separate function. There was also less FTE for a Literacy Director than what was originally anticipated.
Support services - general administration	243,180	As a result of the enrollment decrease, the Academy incurred less staffing costs than what was originally budgeted. There was also a reduction in the ESP management fee from the original budget to final budget as a result of overall state and federal revenue that the management fee is based on.
Support services - school administration	105,530	As a result of the enrollment decrease, the Academy incurred less staffing costs than what was originally budgeted.
Support services - central support services	70,000	As a result of the enrollment decrease, the Academy incurred less staffing costs than what was originally budgeted.

Significant Variances Between Final Budget and Actual

There were no significant variances between the final budget and actual results for the year ended June 30, 2026.

Maner Costerisan

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

To the Board of Directors of
KIPP Detroit Imani 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 KIPP Detroit Imani Academy, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise KIPP Detroit Imani Academy's basic financial statements, and have issued our report thereon dated September 23, 2026.

Report on Internal Control Over Financial Reporting

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

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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether KIPP Detroit Imani 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

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

Maner Costerisan PC

Lansing, Michigan
September 23, 2026

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September 23, 2026

To the Board of Directors
KIPP Detroit Imani Academy

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of KIPP Detroit Imani Academy for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information orally during our discussion on June 10, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by KIPP Detroit Imani Academy are described in Note 1 to the financial statements. As described in Note 9 to the financial statements, the Academy adopted Governmental Accounting Standards Board (GASB) Statements No. 103, *Financial Reporting Model Improvements* and No. 104, *Disclosure of Certain Capital Assets* during the year ended June 30, 2026. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by KIPP Detroit Imani Academy during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the financial statements during fiscal year 2026.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 23, 2026.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

Very truly yours,

Maner Costerisan PC

Lansing, Michigan