

A line of diverse school children, including a young boy in the foreground, standing in a hallway. They are wearing white polo shirts and dark pants. The background is a bright, out-of-focus hallway with a door.

Knapp Charter Academy

*Office of Management and Budget
Circular A-133 Reports Including
Supplemental Schedule of
Expenditures of Federal
Awards for the Year Ended
June 30, 2007*

**KNAPP CHARTER ACADEMY
OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133 REPORTS**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Knapp Charter Academy
Grand Rapids, Michigan

We have audited the accompanying financial statements of governmental activities and each major fund of Knapp Charter Academy (the "Academy") as of and for the year ended June 30, 2007, which collectively comprise the Academy's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on the respective 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 respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Academy as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 to 5 and 14 to 15 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Academy's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Academy's respective financial statements that collectively comprise the Academy's basic financial statements. The additional information listed in the foregoing table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Academy's management. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects

in relation to the basic financial statements taken as a whole. The accompanying supplemental schedule of expenditures of federal awards is presented for the purpose 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 the Michigan Department of Education, and is not a required part of the basic financial statements. This supplemental schedule is the responsibility of the management of the Academy. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2007, on our consideration of the Academy's internal control over financial reporting and 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 and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

September 7, 2007

KNAPP CHARTER ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2007

This section of the annual financial report for Knapp Charter Academy (the "Academy") provides an overview of the Academy's financial activities for the fiscal year ended June 30, 2007. It should be read in conjunction with the 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. The statement of net assets and the statement of activities on pages 6 and 7 provide information about the activities of the Academy as a whole (Academy-wide financial statements). Fund financial statements on pages 8 and 9 provide information about the Academy's most significant funds.

Academy-wide Financial Statements—The Academy-wide financial statements include all assets and liabilities and results of operations using the accrual basis of accounting, which is similar to the accounting used by most private sector companies.

The statement of net assets and statement of activities report the governmental activities for the Academy, which encompass all the Academy's services, including instruction, support services and food services. State aid (based on student count) and state and federal grants finance most of these activities. The Academy has entered into a management agreement (the "agreement") with National Heritage Academies, Inc. ("NHA") which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Academy operates. Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Academy from all revenue sources.

The table below provides a summary of the Academy's net assets as of June 30:

	2007	2006
Assets—current	\$ 1,079,902	\$ 1,096,215
Liabilities—current	<u>1,023,473</u>	<u>1,024,186</u>
Net assets—unrestricted	<u>\$ 56,429</u>	<u>\$ 72,029</u>

The unrestricted net assets of governmental activities represent the accumulated results of life to date operations. These assets can be used to finance day to day operations without constraints, such as legislative or legal requirements. The results of the current year operations for the Academy as a whole are reported in the statement of activities, which shows the change in net assets.

The table below provides a summary of the Academy’s change in net assets for the years ended June 30:

	2007	2006
Revenues:		
State aid	\$ 5,065,059	\$ 4,810,407
Operating grants	739,344	608,774
Charges for meals	<u>40,056</u>	<u>43,334</u>
Total revenues	5,844,459	5,462,515
Expenses—		
Contracted service fee:		
Instruction	2,313,298	2,215,161
Support services	3,406,205	3,087,175
Food services	<u>140,556</u>	<u>144,670</u>
Total expenses	<u>5,860,059</u>	<u>5,447,006</u>
Change in net assets	<u>\$ (15,600)</u>	<u>\$ 15,509</u>

As reported in the statement of activities, the cost of governmental activities was \$5,860,059. These activities were primarily funded by the Academy’s state aid (based on student count) and governments and organizations that subsidized certain programs with grants.

The Academy experienced a decrease in net assets of \$15,600 in 2007. Under the terms of the agreement with NHA, NHA provides a spending account to the Board of Directors for discretionary expenditures. The primary reason for the change in net assets is the timing of these discretionary expenditures.

A reconciliation of the change in net assets to the change in fund balance appears on page 9.

Fund Financial Statements—The fund level financial statements are reported on a modified accrual basis. Only those revenues that are “measurable” and “currently available” are reported. Liabilities are recognized when incurred.

The Academy’s instruction and support services activities are reported in the General Fund. The School Service Fund represents food service activities. The Academy’s combined fund balance was \$56,429 at June 30, 2007.

A reconciliation of the change in fund balance to the change in net assets appears on page 9.

General Fund Budgetary Highlights—Over the course of the year, the Academy revises its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the Academy’s original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

Budgeted revenues for the General Fund were increased \$545,411 from the original budget. Revenues were changed to reflect a change in state aid and to reflect secured grant allocations. Budgeted expenditures for the General Fund were increased \$548,334. This change was to reflect the change in anticipated funding. The variances between the final budget and actual amounts were insignificant.

General Economic Factors—The Academy depends on legislative and governmental support to fund its operations. Based on information currently available, no significant changes are expected to occur in the nature of the funding or operations of the Academy in 2008.

Contacting the Academy's Financial Management—The financial report is designed to provide users of the report with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report, contact the Chief Financial Officer of National Heritage Academies, Inc., 3850 Broadmoor SE, Ste 201, Grand Rapids, Michigan 49512.

KNAPP CHARTER ACADEMY

STATEMENT OF NET ASSETS JUNE 30, 2007

ASSETS	Governmental Activities
Cash	\$ 56,437
Due from governmental revenue sources	<u>1,023,465</u>
TOTAL	<u>\$1,079,902</u>
 LIABILITIES AND NET ASSETS	
LIABILITIES:	
Deferred revenue	\$ 26,563
Due to National Heritage Academies, Inc.	<u>996,910</u>
Total liabilities	1,023,473
NET ASSETS—Unrestricted	<u>56,429</u>
TOTAL	<u>\$1,079,902</u>

See notes to financial statements.

KNAPP CHARTER ACADEMY

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2007

	Expenses	Program Revenues		Governmental Activities Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS—				
Governmental activities—				
Contracted service fee:				
Instruction	\$ 2,313,298	\$ -	\$ 649,824	\$ (1,663,474)
Support services	3,406,205			(3,406,205)
Food services	<u>140,556</u>	<u>40,056</u>	<u>89,520</u>	<u>(10,980)</u>
Total governmental activities	<u>\$ 5,860,059</u>	<u>\$ 40,056</u>	<u>\$ 739,344</u>	(5,080,659)
General purpose revenues—				
State aid unrestricted				<u>5,065,059</u>
Change in net assets				(15,600)
Net assets:				
Beginning of year				<u>72,029</u>
End of year				<u>\$ 56,429</u>

See notes to financial statements.

KNAPP CHARTER ACADEMY

BALANCE SHEET— GOVERNMENTAL FUNDS JUNE 30, 2007

	General Fund	School Service Fund	Total Governmental Funds
ASSETS			
Cash	\$ 56,437	\$ -	\$ 56,437
Due from governmental revenue sources	<u>1,010,565</u>	<u>12,900</u>	<u>1,023,465</u>
TOTAL	<u>\$ 1,067,002</u>	<u>\$ 12,900</u>	<u>\$ 1,079,902</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Deferred revenue	\$ 41,628	\$ 1,565	\$ 43,193
Due to National Heritage Academies, Inc.	<u>968,945</u>	<u>11,335</u>	<u>980,280</u>
Total liabilities	1,010,573	12,900	1,023,473
FUND BALANCE—Unreserved and undesignated	<u>56,429</u>		<u>56,429</u>
TOTAL	<u>\$ 1,067,002</u>	<u>\$ 12,900</u>	<u>\$ 1,079,902</u>
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets			
Total governmental fund balance			\$ 56,429
Due from governmental revenue sources not available to pay current period expenditures therefore deferred in the funds			16,630
Due to National Heritage Academies, Inc. not due and payable in the current period and not reported in the funds			<u>(16,630)</u>
Net assets of governmental activities			<u>\$ 56,429</u>

See notes to financial statements.

KNAPP CHARTER ACADEMY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES— GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2007

	General Fund	School Service Fund	Total
REVENUES:			
State aid	\$ 5,065,059	\$ -	\$ 5,065,059
Other state sources	180,269	3,335	183,604
Federal sources	1,299,433	84,620	1,384,053
Local sources	283,833	40,056	323,889
Federal sources passed through to subrecipients	<u>(1,045,302)</u>		<u>(1,045,302)</u>
Total revenues	5,783,292	128,011	5,911,303
EXPENDITURES—			
Contracted service fee:			
Instruction	2,313,298		2,313,298
Support services	3,474,614		3,474,614
Food services		<u>138,991</u>	<u>138,991</u>
Total expenditures	<u>5,787,912</u>	<u>138,991</u>	<u>5,926,903</u>
REVENUES UNDER EXPENDITURES	(4,620)	(10,980)	(15,600)
OTHER FINANCING (USES) SOURCES—			
Operating transfers (out) in	<u>(10,980)</u>	<u>10,980</u>	
NET CHANGE IN FUND BALANCE	(15,600)		(15,600)
FUND BALANCE—Beginning of year	<u>72,029</u>		<u>72,029</u>
FUND BALANCE—End of year	<u>\$ 56,429</u>	<u>\$ -</u>	<u>\$ 56,429</u>

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Net change in fund balance—total governmental funds	\$ (15,600)
Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds	16,630
Revenue reported in the governmental funds as available and measurable—reported in the statement of activities in prior years	(83,474)
Contracted service fee recognized consistent with the revenue policy	<u>66,844</u>
Change in net assets of governmental activities	<u>\$ (15,600)</u>

See notes to financial statements.

KNAPP CHARTER ACADEMY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2007

1. NATURE OF OPERATIONS

Knapp Charter Academy (the “Academy”) is a Michigan Public School Academy which provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The Academy operates under a charter approved by Grand Valley State University, which is responsible for oversight of the Academy’s operations. The charter expires on June 21, 2008 and is subject to renewal. Management believes the charter will be renewed in the ordinary course of business. The Academy provides education, at no cost to the parent, to students in kindergarten through the eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation.

The Academy is exempt from taxation as a governmental entity pursuant to Internal Revenue Code Section 115. The Academy qualifies for public charity status by meeting the requirements of Internal Revenue Code Sections 509(1) and 170(b)(A)(ii).

The Academy’s primary source of revenue is provided by the State of Michigan and consists of an amount per student multiplied by weighted average student counts. The state revenue is recognized ratably over the school year and was funded through payments from October 2006 through August 2007.

The Board of Directors of the Academy has entered into a management agreement (the “agreement”) with National Heritage Academies, Inc. (“NHA”) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Academy operates. The agreement will automatically renew on a year-to-year basis, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the Academy or NHA.

Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Academy from all revenue sources. NHA provides a spending account to the Board of Directors for discretionary expenditures on an annual basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Academy-wide and Fund Financial Statements—The Academy-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All 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 are offset by program revenues. 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 or capital requirements of a particular function. Revenues not classified as program revenues are reported instead as general revenue.

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 are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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 Academy considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The contracted service fee to NHA is recorded consistent with the recognition of revenue.

Fund Classification—The financial activities of the Academy are organized on the basis of funds. The operation of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

General Fund—General fund is used to account for the general education requirements of the Academy. Its revenues are derived primarily from the State of Michigan.

School Service Fund—School service fund is used to account for the food service operation. Its revenues are derived primarily from a federal grant and student charges.

Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

Cash—Cash as of June 30, 2007, represents bank deposits which are covered by federal depository insurance. Accordingly, there are no investments which are required to be categorized according to risk.

Deferred Revenue—Deferred revenue as of June 30, 2007, consists of funds received for services which have not been performed or are not available and measurable.

Fund Equity—Fund balances may be reserved or unreserved. The term reserved is used to earmark a portion of fund balance as either legally segregated for a specific future use or to indicate that certain assets do not represent spendable resources available for general educational purposes. The Academy had no reserved fund balances at June 30, 2007.

Budgetary Information—Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general and special revenue funds.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Academy to have its budget in place by July 1. The budgets can be amended by the Board of Directors of the Academy as considered necessary. The budgets were amended to increase budgeted revenues and expenditures for the general fund by \$545,411 and \$548,334, respectively and to increase budgeted revenues and expenditures for the school service fund by \$47,750 and \$44,827, respectively.

3. RISK MANAGEMENT

The Academy is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2007, and claims did not exceed coverage in the past three fiscal years.

4. CONTINGENCIES

The Academy has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

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REQUIRED SUPPLEMENTARY INFORMATION

KNAPP CHARTER ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND YEAR ENDED JUNE 30, 2007

	Original Budget	Final Amended Budget	Actual
REVENUES:			
State aid	\$ 4,747,093	\$ 5,065,100	\$ 5,065,059
Other state sources	360,904	200,200	180,269
Federal sources	102,092	291,000	1,299,433
Local sources	26,400	225,600	283,833
Federal sources passed through to subrecipients			<u>(1,045,302)</u>
Total revenues	<u>5,236,489</u>	<u>5,781,900</u>	<u>5,783,292</u>
EXPENDITURES—			
Contracted service fee:			
Instruction:			
Basic instruction	1,855,961	1,939,100	1,920,517
Added needs	180,102	259,300	201,424
Special education	261,252	189,100	191,357
Support services:			
Pupil services		160,100	149,440
Instructional staff services	202,124	313,100	284,693
Board of education	62,091	51,300	10,719
Executive administration	583,964	610,500	697,329
State and federal relations	90,134	109,400	134,910
Office of the principal	290,406	307,700	281,197
Other school administration	274,028	374,700	414,689
Business support services	137,257	146,700	161,166
Operations and maintenance	1,043,126	1,024,900	1,021,042
Central services	<u>225,821</u>	<u>268,700</u>	<u>319,429</u>
Total expenditures	<u>5,206,266</u>	<u>5,754,600</u>	<u>5,787,912</u>
REVENUES OVER (UNDER) EXPENDITURES	30,223	27,300	(4,620)
OTHER FINANCING USES—			
Operating transfers out	<u>(30,223)</u>	<u>(27,300)</u>	<u>(10,980)</u>
NET CHANGE IN FUND BALANCE			(15,600)
FUND BALANCE—Beginning of year	<u>72,029</u>	<u>72,029</u>	<u>72,029</u>
FUND BALANCE—End of year	<u>\$ 72,029</u>	<u>\$ 72,029</u>	<u>\$ 56,429</u>

KNAPP CHARTER ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE SCHOOL SERVICE FUND YEAR ENDED JUNE 30, 2007

	Original Budget	Final Amended Budget	Actual
REVENUES:			
Other state sources	\$ -	\$ -	\$ 3,335
Federal sources	58,905	85,900	84,620
Local sources	<u>25,245</u>	<u>46,000</u>	<u>40,056</u>
Total revenues	84,150	131,900	128,011
EXPENDITURES—			
Contracted service fee—food services	<u>114,373</u>	<u>159,200</u>	<u>138,991</u>
REVENUES UNDER EXPENDITURES	(30,223)	(27,300)	(10,980)
OTHER FINANCING SOURCES—			
Operating transfers in	<u>30,223</u>	<u>27,300</u>	<u>10,980</u>
NET CHANGE IN FUND BALANCE			
FUND BALANCE—Beginning of year	_____	_____	_____
FUND BALANCE—End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ADDITIONAL INFORMATION

KNAPP CHARTER ACADEMY

ADDITIONAL INFORMATION STATEMENT OF REVENUES—GENERAL FUND YEAR ENDED JUNE 30, 2007

State aid	\$ 5,065,059
Other state sources:	
Special education	70,270
At-risk	<u>109,999</u>
Total	180,269
Federal sources—grants	1,299,433
Local sources:	
Special education	224,275
Grants	19,321
Interest income	476
Miscellaneous	<u>39,761</u>
Total	283,833
Federal sources passed through to subrecipients	<u>(1,045,302)</u>
TOTAL	<u>\$ 5,783,292</u>

SUPPLEMENTAL SCHEDULES

KNAPP CHARTER ACADEMY

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Prior Year Expenditures (Memo only)	Accrued Revenue at July 1, 2006	Current Year Receipts (Cash basis)	Current Year Expenditures	Accrued (Deferred) Revenue at June 30, 2007
U.S. Department of Education:							
Passed through Michigan Department of Education:							
Title I Grants to Local Educational Agencies							
Project Number 061530-0506	84.010	\$ 80,449	\$ 54,237	\$ 5,205	\$ 5,205	\$ -	\$ -
Project Number 061530-0607		26,212	-	-	26,212	26,212	-
Project Number 071530-0607		96,773	-	-	51,645	76,532	24,887
		<u>203,434</u>	<u>54,237</u>	<u>5,205</u>	<u>83,062</u>	<u>102,744</u>	<u>24,887</u>
Title II Improving Teacher Quality							
Project Number 060520-0506	84.367	699,871	271,619	116,467	116,467	-	-
Project Number 060520-0607		428,253	-	-	78,499	428,253	349,754
Project Number 070520-0607		723,875	-	-	531,677	439,432	(92,245)
		<u>1,851,999</u>	<u>271,619</u>	<u>116,467</u>	<u>726,643</u>	<u>867,685</u>	<u>257,509</u>
Title IID Technology Education							
Project Number 064290-0506	84.318	63,264	29,847	14,582	14,582	-	-
Project Number 064290-0607		33,417	-	-	28,618	33,417	4,799
Project Number 074290-0607		38,804	-	-	14,836	25,391	10,555
		<u>135,485</u>	<u>29,847</u>	<u>14,582</u>	<u>58,036</u>	<u>58,808</u>	<u>15,354</u>
Title IV Safe and Drug Free Schools							
Project Number 062860-0506	84.186	89,588	45,965	12,417	35,256	22,839	-
Project Number 062860-0607		21,916	-	-	-	21,916	21,916
Project Number 072860-0607		83,943	-	-	51,952	54,429	2,477
		<u>195,447</u>	<u>45,965</u>	<u>12,417</u>	<u>87,208</u>	<u>99,184</u>	<u>24,393</u>
Title V LEA Allocation							
Project Number 060250-0506	84.298	44,973	17,757	16,753	16,753	-	-
Project Number 060250-0607		27,216	-	-	6,836	27,216	20,380
Project Number 070250-0607		22,350	-	-	-	20,727	20,727
		<u>94,539</u>	<u>17,757</u>	<u>16,753</u>	<u>23,589</u>	<u>47,943</u>	<u>41,107</u>
Special Education Cluster—							
IDEA Service Provider Self Review							
Project Number 070440-0607	84.027A	4,000	-	-	1,198	3,859	2,661

(Continued)

KNAPP CHARTER ACADEMY

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Prior Year Expenditures (Memo only)	Accrued Revenue at July 1, 2006	Current Year Receipts (Cash basis)	Current Year Expenditures	Accrued (Deferred) Revenue at June 30, 2007
Passed through Kent Intermediate School District:							
Special Education Cluster:							
IDEA Part B							
Project Number 060450-0506	84.027	\$ 107,335	\$106,784	\$ 37,053	\$ 37,053	\$ -	\$ -
Project Number 070450-0607		126,386	-	-	89,695	123,455	33,760
IDEA Preschool							
Project Number 060460-0506	84.173	2,276	2,276	613	613	-	-
Project Number 070460-0607		<u>2,208</u>	<u>-</u>	<u>-</u>	<u>2,112</u>	<u>2,208</u>	<u>96</u>
		<u>238,205</u>	<u>109,060</u>	<u>37,666</u>	<u>129,473</u>	<u>125,663</u>	<u>33,856</u>
Total U.S. Department of Education		2,723,109	528,485	203,090	1,109,209	1,305,886	399,767
Clusters—							
Child Nutrition Cluster							
U.S. Department of Agriculture							
Direct Program:							
National School Lunch Program							
Project Number 061950 (2005-2006)	10.555	12,008	10,592	-	1,416	1,416	-
Project Number 061960 (2005-2006)		67,397	58,939	-	8,458	8,458	-
Project Number 071950 (2006-2007)		8,732	-	-	8,732	8,732	-
Project Number 071960 (2006-2007)		<u>52,943</u>	<u>-</u>	<u>-</u>	<u>52,944</u>	<u>65,844</u>	<u>12,900</u>
		141,080	69,531	-	71,550	84,450	12,900
Special Milk Program for Children							
Project Number 061940 (2005-2006)	10.556	1,782	1,546	-	236	236	-
Project Number 071940 (2006-2007)		<u>1,499</u>	<u>-</u>	<u>-</u>	<u>1,499</u>	<u>1,499</u>	<u>-</u>
		<u>3,281</u>	<u>1,546</u>	<u>-</u>	<u>1,735</u>	<u>1,735</u>	<u>-</u>
Total U.S. Department of Agriculture		<u>144,361</u>	<u>71,077</u>	<u>-</u>	<u>73,285</u>	<u>86,185</u>	<u>12,900</u>
Total Federal Financial Assistance		<u>\$2,867,470</u>	<u>\$599,562</u>	<u>\$203,090</u>	<u>\$1,182,494</u>	<u>\$1,392,071</u>	<u>\$412,667</u>

(Concluded)

See notes to supplemental schedules of expenditures of federal awards

KNAPP CHARTER ACADEMY

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Prior Year Expenditures (Memo only)	Accrued Revenue at July 1, 2006	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued (Deferred) Revenue at June 30, 2007
U.S. Department of Education:							
Title II Improving Teacher Quality							
Project Number 060520-0506							
84.367							
Passed through to:							
Burton Glen Charter Academy		\$ 24,990	\$ 9,663	\$ 4,158	\$ 4,158	\$ -	\$ -
Canton Charter Academy		6,064	2,370	1,014	1,014	-	-
Chandler Woods Charter Academy		11,741	4,535	1,957	1,957	-	-
Cross Creek Charter Academy		10,763	4,165	1,794	1,794	-	-
Detroit Enterprise Charter Academy		32,150	12,574	5,345	5,345	-	-
Detroit Premier Charter Academy		35,386	13,011	5,893	5,893	-	-
Detroit Merit Charter Academy		37,018	14,340	6,161	6,161	-	-
Eagle Crest Charter Academy		14,925	5,770	2,480	2,480	-	-
Endeavor Charter Academy		16,388	6,357	2,725	2,725	-	-
Excel Charter Academy		20,862	8,081	3,470	3,470	-	-
Fortis Charter Academy		16,174	6,322	2,690	2,690	-	-
Great Oaks Charter Academy		8,041	3,319	1,340	1,340	-	-
Hamtramck Charter Academy		38,210	14,832	6,359	6,359	-	-
Keystone Charter Academy		11,594	4,485	1,934	1,934	-	-
Laurus Charter Academy		20,177	7,873	3,354	3,354	-	-
Linden Charter Academy		41,161	15,978	6,849	6,849	-	-
Metro Charter Academy		15,960	6,183	2,656	2,656	-	-
North Saginaw Charter Academy		22,358	8,698	3,727	3,727	-	-
Paragon Charter Academy		14,517	5,634	2,411	2,411	-	-
Paramount Charter Academy		17,799	6,907	2,958	2,958	-	-
Prevail Charter Academy		9,767	3,850	1,630	1,630	-	-
Ridge Park Charter Academy		22,578	8,786	3,763	3,763	-	-
South Arbor Charter Academy		7,934	3,061	1,316	1,316	-	-
Timberland Charter Academy		37,887	14,800	6,300	6,300	-	-
Triumph Charter Academy		14,403	5,628	2,400	2,400	-	-
Vanderbilt Charter Academy		15,454	5,953	2,574	2,574	-	-
Vanguard Charter Academy		18,415	7,115	3,063	3,063	-	-
Vista Charter Academy		36,145	14,307	6,009	6,009	-	-
Walker Charter Academy		13,017	5,064	2,166	2,166	-	-
Walton Charter Academy		29,452	11,464	4,903	4,903	-	-
Warrendale Charter Academy		46,829	18,214	7,792	7,792	-	-
Windemere Park Charter Academy		12,911	5,015	2,144	2,144	-	-
		681,070	264,354	113,335	113,335	-	-

(Continued)

KNAPP CHARTER ACADEMY

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Prior Year Expenditures (Memo Only)	Accrued Revenue at July 1, 2006	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued (Deferred) Revenue at June 30, 2007
U.S. Department of Education:							
Title II Improving Teacher Quality							
Project Number 060520-0607							
Passed through to:							
Burton Glen Charter Academy	84.367	\$ 15,327	\$ -	\$ -	\$ 2,810	\$ 15,327	\$ 12,517
Canton Charter Academy		3,694	-	-	677	3,694	3,017
Chandler Woods Charter Academy		7,206	-	-	1,321	7,206	5,885
Cross Creek Charter Academy		6,598	-	-	1,209	6,598	5,389
Detroit Enterprise Charter Academy		19,576	-	-	3,588	19,576	15,988
Detroit Merit Charter Academy		22,678	-	-	4,157	22,678	18,521
Detroit Premier Charter Academy		22,375	-	-	4,101	22,375	18,274
Eagle Crest Charter Academy		9,155	-	-	1,678	9,155	7,477
Endeavor Charter Academy		10,031	-	-	1,839	10,031	8,192
Excel Charter Academy		12,781	-	-	2,343	12,781	10,438
Fortis Charter Academy		9,852	-	-	1,806	9,852	8,046
Great Oaks Charter Academy		4,722	-	-	866	4,722	3,856
Hamtramck Charter Academy		23,378	-	-	4,285	23,378	19,093
Keystone Charter Academy		7,109	-	-	1,303	7,109	5,806
Laurus Charter Academy		12,304	-	-	2,255	12,304	10,049
Linden Charter Academy		25,183	-	-	4,616	25,183	20,567
Metro Charter Academy		9,777	-	-	1,792	9,777	7,985
North Saginaw Charter Academy		13,660	-	-	2,504	13,660	11,156
Paragon Charter Academy		8,883	-	-	1,628	8,883	7,255
Paramount Charter Academy		10,892	-	-	1,996	10,892	8,896
Prevail Charter Academy		5,917	-	-	1,085	5,917	4,832
Ridge Park Charter Academy		13,792	-	-	2,528	13,792	11,264
South Arbor Charter Academy		4,873	-	-	893	4,873	3,980
Timberland Charter Academy		23,086	-	-	4,232	23,086	18,854
Triumph Charter Academy		8,776	-	-	1,609	8,776	7,167
Vanderbilt Charter Academy		9,501	-	-	1,741	9,501	7,760
Vanguard Charter Academy		11,300	-	-	2,071	11,300	9,229
Vista Charter Academy		21,838	-	-	4,003	21,838	17,835
Walker Charter Academy		7,953	-	-	1,458	7,953	6,495
Walton Charter Academy		17,988	-	-	3,297	17,988	14,691
Warrendale Charter Academy		28,615	-	-	5,245	28,615	23,370
Windemere Park Charter Academy		7,896	-	-	1,447	7,896	6,449
		416,716	-	-	76,383	416,716	340,333

(Continued)

KNAPP CHARTER ACADEMY

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Prior Year Expenditures (Memo Only)	Accrued Revenue at July 1, 2006	Current Year Receipts (Cash basis)	Current Year Expenditures	Accrued (Deferred) Revenue at June 30, 2007
U.S. Department of Education:							
Title II Improving Teacher Quality							
Project Number 070520-0607							
Passed through to:							
Burton Glen Charter Academy	84.367	\$ 25,242	\$ -	\$ -	\$ 18,976	\$ 15,240	\$ (3,736)
Canton Charter Academy		5,814	-	-	4,616	3,514	(1,102)
Chandler Woods Charter Academy		11,012	-	-	8,894	6,514	(2,380)
Cross Creek Charter Academy		10,522	-	-	8,172	6,341	(1,831)
Detroit Enterprise Charter Academy		34,378	-	-	24,504	21,066	(3,438)
Detroit Merit Charter Academy		37,370	-	-	28,124	22,566	(5,558)
Detroit Premier Charter Academy		37,105	-	-	26,834	22,434	(4,400)
Eagle Crest Charter Academy		14,584	-	-	11,302	8,735	(2,567)
Endeavor Charter Academy		16,825	-	-	12,451	10,203	(2,248)
Excel Charter Academy		20,678	-	-	15,825	12,403	(3,422)
Fortis Charter Academy		17,179	-	-	12,326	10,556	(1,770)
Great Oaks Charter Academy		9,116	-	-	6,194	5,699	(495)
Hamtramck Charter Academy		35,314	-	-	28,891	20,823	(8,068)
Keystone Charter Academy		11,422	-	-	8,814	6,872	(1,942)
Laurus Charter Academy		22,564	-	-	15,415	14,009	(1,406)
Linden Charter Academy		39,123	-	-	31,159	23,273	(7,886)
Metro Charter Academy		14,646	-	-	12,059	8,633	(3,426)
North Saginaw Charter Academy		25,183	-	-	17,134	15,606	(1,528)
Paragon Charter Academy		14,910	-	-	11,015	9,093	(1,922)
Paramount Charter Academy		17,420	-	-	13,481	10,471	(3,010)
Prevail Charter Academy		12,031	-	-	7,549	7,630	81
Ridge Park Charter Academy		22,282	-	-	17,159	13,389	(3,770)
South Arbor Charter Academy		8,741	-	-	6,035	5,374	(661)
Taylor Exemplar Charter Academy		18,023	-	-	-	12,913	12,913
Timberland Charter Academy		38,571	-	-	28,794	23,374	(5,420)
Triumph Charter Academy		15,180	-	-	10,988	9,287	(1,701)
Vanderbilt Charter Academy		15,533	-	-	11,740	9,344	(2,396)
Vanguard Charter Academy		17,826	-	-	13,946	10,671	(3,275)
Vista Charter Academy		32,988	-	-	27,334	19,497	(7,837)
Walker Charter Academy		14,277	-	-	9,940	8,808	(1,132)
Walton Charter Academy		30,309	-	-	22,415	18,399	(4,016)
Warrendale Charter Academy		44,650	-	-	35,467	26,615	(8,852)
Windemere Park Charter Academy		13,558	-	-	9,804	8,256	(1,548)
		<u>704,376</u>	<u>-</u>	<u>-</u>	<u>517,357</u>	<u>427,608</u>	<u>(89,749)</u>
Total Title II funds passed through to subrecipients		<u>1,802,162</u>	<u>264,354</u>	<u>113,335</u>	<u>707,075</u>	<u>844,324</u>	<u>250,584</u>

(Continued)

KNAPP CHARTER ACADEMY

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Prior Year Expenditures (Memo Only)	Accrued Revenue at July 1, 2006	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued (Deferred) Revenue at June 30, 2007
U.S. Department of Education:							
Title IID Technology Education							
Project Number 064290-0506							
Passed through to:							
Burton Glen Charter Academy	84.318	\$ 2,849	\$ 1,294	\$ 656	\$ 656	\$ -	\$ -
Chandler Woods Charter Academy		831	390	191	191	-	-
Cross Creek Charter Academy		356	168	82	82	-	-
Detroit Enterprise Charter Academy		2,286	1,079	526	526	-	-
Detroit Premier Charter Academy		2,487	1,173	573	573	-	-
Detroit Merit Charter Academy		4,194	1,981	967	967	-	-
Eagle Crest Charter Academy		1,055	499	244	244	-	-
Endeavor Charter Academy		1,339	632	309	309	-	-
Excel Charter Academy		1,440	683	333	333	-	-
Fortis Charter Academy		847	399	195	195	-	-
Great Oaks Charter Academy		420	201	98	98	-	-
Hamtramck Charter Academy		3,226	1,527	744	744	-	-
Keystone Charter Academy		750	354	173	173	-	-
Laurus Charter Academy		1,090	514	250	250	-	-
Linden Charter Academy		5,999	2,839	1,383	1,383	-	-
Metro Charter Academy		1,785	842	411	411	-	-
North Saginaw Charter Academy		1,484	704	343	343	-	-
Paragon Charter Academy		1,298	612	299	299	-	-
Paramount Charter Academy		1,481	700	341	341	-	-
Prevail Charter Academy		523	248	121	121	-	-
Ridge Park Charter Academy		3,092	1,461	713	713	-	-
South Arbor Charter Academy		282	133	65	65	-	-
Timberland Charter Academy		4,385	2,073	1,011	1,011	-	-
Triumph Charter Academy		945	447	218	218	-	-
Vanderbilt Charter Academy		1,899	898	438	438	-	-
Vanguard Charter Academy		1,379	652	318	318	-	-
Vista Charter Academy		4,449	2,103	1,025	1,025	-	-
Walker Charter Academy		710	333	163	163	-	-
Walton Charter Academy		3,081	1,458	711	711	-	-
Warrendale Charter Academy		4,909	2,319	1,131	1,131	-	-
Windemere Park Charter Academy		892	423	205	205	-	-
		61,763	29,139	14,237	14,237	-	-

(Continued)

KNAPP CHARTER ACADEMY

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Prior Year Expenditures (Memo only)	Accrued Revenue at July 1, 2006	Current Year Receipts (Cash basis)	Current Year Expenditures	Accrued (Deferred) Revenue at June 30, 2007
U.S. Department of Education:							
Title IID Technology Education							
Project Number 064290-0607							
Passed through to:							
Burton Glen Charter Academy	84.318	\$ 1,556	\$-	\$ -	\$ 1,328	\$ 1,556	\$ 228
Chandler Woods Charter Academy		441	-	-	383	441	58
Cross Creek Charter Academy		188	-	-	163	188	25
Detroit Enterprise Charter Academy		1,207	-	-	1,016	1,207	191
Detroit Merit Charter Academy		2,213	-	-	1,900	2,213	313
Detroit Premier Charter Academy		1,314	-	-	1,110	1,314	204
Eagle Crest Charter Academy		556	-	-	481	556	75
Endeavor Charter Academy		707	-	-	601	707	106
Excel Charter Academy		757	-	-	652	757	105
Fortis Charter Academy		448	-	-	382	448	66
Great Oaks Charter Academy		219	-	-	182	219	37
Hamtramck Charter Academy		1,699	-	-	1,474	1,699	225
Keystone Charter Academy		396	-	-	343	396	53
Laurus Charter Academy		576	-	-	467	576	109
Linden Charter Academy		3,160	-	-	2,734	3,160	426
Metro Charter Academy		943	-	-	821	943	122
North Saginaw Charter Academy		780	-	-	638	780	142
Paragon Charter Academy		686	-	-	585	686	101
Paramount Charter Academy		781	-	-	673	781	108
Prevail Charter Academy		275	-	-	221	275	54
Ridge Park Charter Academy		1,631	-	-	1,403	1,631	228
South Arbor Charter Academy		149	-	-	118	149	31
Timberland Charter Academy		2,312	-	-	1,980	2,312	332
Triumph Charter Academy		498	-	-	427	498	71
Vanderbilt Charter Academy		1,001	-	-	857	1,001	144
Vanguard Charter Academy		727	-	-	630	727	97
Vista Charter Academy		2,346	-	-	2,036	2,346	310
Walker Charter Academy		377	-	-	310	377	67
Walton Charter Academy		1,623	-	-	1,383	1,623	240
Warrendale Charter Academy		2,590	-	-	2,247	2,590	343
Windemere Park Charter Academy		469	-	-	397	469	72
		32,625	-	-	27,942	32,625	4,683

(Continued)

KNAPP CHARTER ACADEMY

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Prior Year Expenditures (Memo Only)	Accrued Revenue at July 1, 2006	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued (Deferred) Revenue at June 30, 2007
U.S. Department of Education:							
Title IID Technology Education							
Project Number 074290-0607							
Passed through to:							
Burton Glen Charter Academy	84.318	\$ 1,688	\$ -	\$ -	\$ 606	\$ 1,084	\$ 478
Chandler Woods Charter Academy		389	-	-	115	236	121
Cross Creek Charter Academy		173	-	-	53	106	53
Detroit Enterprise Charter Academy		1,704	-	-	763	1,164	401
Detroit Merit Charter Academy		2,455	-	-	929	1,588	659
Detroit Premier Charter Academy		1,792	-	-	786	1,216	430
Eagle Crest Charter Academy		580	-	-	208	367	159
Endeavor Charter Academy		873	-	-	360	582	222
Excel Charter Academy		800	-	-	292	514	222
Fortis Charter Academy		551	-	-	225	364	139
Great Oaks Charter Academy		364	-	-	178	257	79
Hamtramck Charter Academy		1,598	-	-	515	989	474
Keystone Charter Academy		374	-	-	123	234	111
Laurus Charter Academy		1,129	-	-	584	813	229
Linden Charter Academy		3,136	-	-	1,073	1,971	898
Metro Charter Academy		835	-	-	248	504	256
North Saginaw Charter Academy		1,474	-	-	756	1,056	300
Paragon Charter Academy		800	-	-	315	526	211
Paramount Charter Academy		815	-	-	292	519	227
Prevail Charter Academy		582	-	-	310	425	115
Ridge Park Charter Academy		1,759	-	-	650	1,129	479
South Arbor Charter Academy		374	-	-	210	275	65
Taylor Exemplar Charter Academy		593	-	-	-	457	457
Timberland Charter Academy		2,674	-	-	1,048	1,747	699
Triumph Charter Academy		579	-	-	228	378	150
Vanderbilt Charter Academy		1,151	-	-	449	752	303
Vanguard Charter Academy		686	-	-	223	426	203
Vista Charter Academy		2,203	-	-	708	1,361	653
Walker Charter Academy		624	-	-	302	441	139
Walton Charter Academy		2,017	-	-	835	1,342	507
Warrendale Charter Academy		2,431	-	-	779	1,499	720
Windemere Park Charter Academy		613	-	-	263	414	151
		<u>37,816</u>	<u>-</u>	<u>-</u>	<u>14,426</u>	<u>24,736</u>	<u>10,310</u>
Total Title IID funds passed through to subrecipients		<u>132,204</u>	<u>29,139</u>	<u>14,237</u>	<u>56,605</u>	<u>57,361</u>	<u>14,993</u>

(Continued)

KNAPP CHARTER ACADEMY

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Prior Year Expenditures (Memo Only)	Accrued Revenue at July 1, 2006	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued (Deferred) Revenue at June 30, 2007
U.S. Department of Education:							
Title IV Safe and Drug Free Schools							
Project Number 062860-0506							
84.186							
Passed through to:							
Canton Charter Academy		\$ 1,741	\$ 882	\$ 238	\$ 678	\$ 440	\$ -
Chandler Woods Charter Academy		1,739	882	238	677	439	-
Cross Creek Charter Academy		1,771	897	242	687	445	-
Detroit Enterprise Charter Academy		3,392	1,718	464	1,319	855	-
Detroit Merit Charter Academy		4,356	2,210	596	1,692	1,096	-
Eagle Crest Charter Academy		2,275	1,154	312	885	573	-
Endeavor Charter Academy		2,531	1,282	347	985	638	-
Excel Charter Academy		2,843	1,437	388	1,103	715	-
Fortis Charter Academy		1,769	897	242	687	445	-
Great Oaks Charter Academy		894	456	123	349	226	-
Hamtramck Charter Academy		4,234	2,146	580	1,646	1,066	-
Keystone Charter Academy		1,263	639	173	490	317	-
Laurus Charter Academy		2,144	1,086	293	832	539	-
Linden Charter Academy		6,530	3,307	896	2,540	1,644	-
Metro Charter Academy		2,856	1,446	391	1,111	720	-
North Saginaw Charter Academy		2,896	1,466	396	1,125	729	-
Paragon Charter Academy		2,245	1,136	306	870	564	-
Paramount Charter Academy		2,459	1,246	337	955	618	-
Prevail Charter Academy		1,049	533	144	409	265	-
Ridge Park Charter Academy		3,900	1,977	534	1,516	982	-
South Arbor Charter Academy		1,986	1,008	272	772	500	-
Timberland Charter Academy		6,256	3,172	857	2,433	1,576	-
Triumph Charter Academy		1,481	750	202	575	373	-
Vanderbilt Charter Academy		2,082	1,053	284	807	523	-
Vanguard Charter Academy		2,538	1,286	348	987	639	-
Vista Charter Academy		5,814	2,947	796	2,260	1,464	-
Walker Charter Academy		2,239	1,134	306	870	564	-
Walton Charter Academy		4,227	2,141	578	1,642	1,064	-
Warrendale Charter Academy		5,028	2,546	688	1,953	1,265	-
Windemere Charter Academy		2,442	1,235	334	948	614	-
		86,980	44,069	11,905	33,803	21,898	-

(Continued)

KNAPP CHARTER ACADEMY

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Prior Year Expenditures (Memo Only)	Accrued Revenue at July 1, 2006	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued (Deferred) Revenue at June 30, 2007
U.S. Department of Education:							
Title IV Safe and Drug Free Schools							
Project Number 062860-0607							
Passed through to:							
Canton Charter Academy	84.186	\$ 421	\$ -	\$ -	\$ -	\$ 421	\$ 421
Chandler Woods Charter Academy		418	-	-	-	418	418
Cross Creek Charter Academy		429	-	-	-	429	429
Detroit Enterprise Charter Academy		819	-	-	-	819	819
Detroit Merit Charter Academy		1,050	-	-	-	1,050	1,050
Eagle Crest Charter Academy		548	-	-	-	548	548
Endeavor Charter Academy		612	-	-	-	612	612
Excel Charter Academy		691	-	-	-	691	691
Fortis Charter Academy		426	-	-	-	426	426
Great Oaks Charter Academy		212	-	-	-	212	212
Hamtramck Charter Academy		1,021	-	-	-	1,021	1,021
Keystone Charter Academy		307	-	-	-	307	307
Laurus Charter Academy		519	-	-	-	519	519
Linden Charter Academy		1,578	-	-	-	1,578	1,578
Metro Charter Academy		690	-	-	-	690	690
North Saginaw Charter Academy		702	-	-	-	702	702
Paragon Charter Academy		545	-	-	-	545	545
Paramount Charter Academy		594	-	-	-	594	594
Prevail Charter Academy		251	-	-	-	251	251
Ridge Park Charter Academy		941	-	-	-	941	941
South Arbor Charter Academy		478	-	-	-	478	478
Timberland Charter Academy		1,508	-	-	-	1,508	1,508
Triumph Charter Academy		358	-	-	-	358	358
Vanderbilt Charter Academy		506	-	-	-	506	506
Vanguard Charter Academy		612	-	-	-	612	612
Vista Charter Academy		1,403	-	-	-	1,403	1,403
Walker Charter Academy		541	-	-	-	541	541
Walton Charter Academy		1,021	-	-	-	1,021	1,021
Warrendale Charter Academy		1,217	-	-	-	1,217	1,217
Windemere Park Charter Academy		593	-	-	-	593	593
		21,011	-	-	-	21,011	21,011

(Continued)

KNAPP CHARTER ACADEMY

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Prior Year Expenditures (Memo Only)	Accrued Revenue at July 1, 2006	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued (Deferred) Revenue at June 30, 2007
U.S. Department of Education Title IV Safe and Drug Free Schools Project Number 072860-0607	84.186						
Passed through to:							
Burton Glen Charter Academy		\$ 3,484	\$ -	\$ -	\$ 2,096	\$ 3,105	\$ 1,009
Canton Charter Academy		1,357	-	-	846	821	(25)
Chandler Woods Charter Academy		1,848	-	-	1,139	1,257	118
Cross Creek Charter Academy		1,632	-	-	1,008	1,053	45
Detroit Enterprise Charter Academy		2,472	-	-	1,539	1,437	(102)
Detroit Merit Charter Academy		4,355	-	-	2,691	2,907	216
Detroit Premier Charter Academy		2,760	-	-	1,660	2,463	803
Eagle Crest Charter Academy		2,086	-	-	1,294	1,354	60
Endeavor Charter Academy		2,335	-	-	1,444	1,511	67
Excel Charter Academy		2,488	-	-	1,540	1,572	32
Fortis Charter Academy		1,306	-	-	816	771	(45)
Great Oaks Charter Academy		647	-	-	403	379	(24)
Hamtramck Charter Academy		3,228	-	-	2,012	1,930	(82)
Keystone Charter Academy		1,529	-	-	939	1,076	137
Laurus Charter Academy		1,531	-	-	954	878	(76)
Linden Charter Academy		5,855	-	-	3,619	3,739	120
Metro Charter Academy		2,614	-	-	1,616	1,685	69
North Saginaw Charter Academy		2,234	-	-	1,390	1,337	(53)
Paragon Charter Academy		2,146	-	-	1,329	1,409	80
Paramount Charter Academy		2,332	-	-	1,443	1,527	84
Prevail Charter Academy		744	-	-	464	432	(32)
Ridge Park Charter Academy		3,467	-	-	2,148	2,215	67
South Arbor Charter Academy		1,574	-	-	981	962	(19)
Timberland Charter Academy		4,411	-	-	2,751	2,524	(227)
Triumph Charter Academy		1,207	-	-	751	744	(7)
Vanderbilt Charter Academy		2,358	-	-	1,452	1,632	180
Vanguard Charter Academy		2,319	-	-	1,434	1,495	61
Vista Charter Academy		4,630	-	-	2,881	2,824	(57)
Walker Charter Academy		1,787	-	-	1,112	1,091	(21)
Walton Charter Academy		3,705	-	-	2,295	2,349	54
Warrendale Charter Academy		5,051	-	-	3,121	3,372	251
Windemere Park Charter Academy		1,970	-	-	1,226	1,206	(20)
		<u>81,462</u>	<u>-</u>	<u>-</u>	<u>50,394</u>	<u>53,057</u>	<u>2,663</u>
Total Title IV funds passed through to subrecipients		<u>189,453</u>	<u>44,069</u>	<u>11,905</u>	<u>84,197</u>	<u>95,966</u>	<u>23,674</u>

(Continued)

KNAPP CHARTER ACADEMY

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Prior Year Expenditures (Memo only)	Accrued Revenue at July 1, 2006	Current Year Receipts (Cash basis)	Current Year Expenditures	Accrued (Deferred) Revenue at June 30, 2007
U.S. Department of Education							
Title V LEA Allocation							
Project Number 060250-0506	84.298						
Passed through to:							
Burton Glen Charter Academy		\$ 2,515	\$ 989	\$ 936	\$ 936	-	-
Canton Charter Academy		271	107	101	101	-	-
Chandler Woods Charter Academy		245	98	93	93	-	-
Cross Creek Charter Academy		273	108	102	102	-	-
Detroit Enterprise Charter Academy		1,846	727	687	687	-	-
Detroit Merit Charter Academy		3,287	1,300	1,224	1,224	-	-
Detroit Premier Charter Academy		1,683	649	627	627	-	-
Eagle Crest Charter Academy		259	103	97	97	-	-
Endeavor Charter Academy		267	105	99	99	-	-
Excel Charter Academy		282	112	106	106	-	-
Fortis Charter Academy		135	53	50	50	-	-
Great Oaks Charter Academy		66	27	25	25	-	-
Hamtramck Charter Academy		2,203	883	821	821	-	-
Keystone Charter Academy		193	76	72	72	-	-
Laurus Charter Academy		1,096	433	409	409	-	-
Linden Charter Academy		6,442	2,538	2,403	2,403	-	-
Metro Charter Academy		978	379	364	364	-	-
North Saginaw Charter Academy		225	89	84	84	-	-
Paragon Charter Academy		235	92	87	87	-	-
Paramount Charter Academy		245	96	91	91	-	-
Prevail Charter Academy		268	109	101	101	-	-
Ridge Park Charter Academy		2,613	1,031	973	973	-	-
South Arbor Charter Academy		273	108	102	102	-	-
Timberland Charter Academy		4,770	1,897	1,777	1,777	-	-
Triumph Charter Academy		803	317	300	300	-	-
Vanderbilt Charter Academy		1,689	654	630	630	-	-
Vanguard Charter Academy		258	101	95	95	-	-
Vista Charter Academy		3,496	1,401	1,302	1,302	-	-
Walker Charter Academy		251	100	94	94	-	-
Walton Charter Academy		2,695	1,064	1,004	1,004	-	-
Warrendale Charter Academy		4,579	1,802	1,705	1,705	-	-
Windemere Park Charter Academy		261	103	97	97	-	-
		<u>44,702</u>	<u>17,651</u>	<u>16,658</u>	<u>16,658</u>	-	-

(Continued)

KNAPP CHARTER ACADEMY

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Prior Year Expenditures (Memo only)	Accrued Revenue at July 1, 2006	Current Year Receipts (Cash basis)	Current Year Expenditures	Accrued (Deferred) Revenue at June 30, 2007
U.S. Department of Education							
Title V LEA Allocation							
Project Number 060250-0607							
Passed through to:							
Burton Glen Charter Academy	84.298	\$ 1,527	-	-	\$ 382	\$ 1,527	\$ 1,145
Canton Charter Academy		164	-	-	41	164	123
Chandler Woods Charter Academy		147	-	-	38	147	109
Cross Creek Charter Academy		165	-	-	42	165	123
Detroit Enterprise Charter Academy		1,119	-	-	280	1,119	839
Detroit Merit Charter Academy		1,987	-	-	500	1,987	1,487
Detroit Premier Charter Academy		1,034	-	-	256	1,034	778
Eagle Crest Charter Academy		156	-	-	40	156	116
Endeavor Charter Academy		162	-	-	40	162	122
Excel Charter Academy		170	-	-	43	170	127
Fortis Charter Academy		82	-	-	21	82	61
Great Oaks Charter Academy		39	-	-	10	39	29
Hamtramck Charter Academy		1,320	-	-	335	1,320	985
Keystone Charter Academy		117	-	-	29	117	88
Laurus Charter Academy		663	-	-	167	663	496
Linden Charter Academy		3,904	-	-	979	3,904	2,925
Metro Charter Academy		599	-	-	148	599	451
North Saginaw Charter Academy		136	-	-	34	136	102
Paragon Charter Academy		143	-	-	36	143	107
Paramount Charter Academy		149	-	-	37	149	112
Prevail Charter Academy		159	-	-	41	159	118
Ridge Park Charter Academy		1,582	-	-	397	1,582	1,185
South Arbor Charter Academy		165	-	-	42	165	123
Timberland Charter Academy		2,873	-	-	725	2,873	2,148
Triumph Charter Academy		486	-	-	122	486	364
Vanderbilt Charter Academy		1,035	-	-	257	1,035	778
Vanguard Charter Academy		157	-	-	39	157	118
Vista Charter Academy		2,095	-	-	532	2,096	1,564
Walker Charter Academy		151	-	-	38	151	113
Walton Charter Academy		1,631	-	-	409	1,631	1,222
Warrendale Charter Academy		2,777	-	-	695	2,776	2,081
Windemere Park Charter Academy		158	-	-	35	158	123
		<u>27,052</u>	-	-	6,790	27,052	20,262

(Continued)

KNAPP CHARTER ACADEMY

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Prior Year Expenditures (Memo only)	Accrued Revenue at July 1, 2005	Current Year Receipts (Cash basis)	Current Year Expenditures	(Deferred) Revenue at June 30, 2006
U.S. Department of Education							
Title V LEA Allocation							
Project Number 070250-0607	84.298						
Passed through to:							
Burton Glen Charter Academy		\$ 1,272	-	-	-	\$ 1,187	\$ 1,187
Canton Charter Academy		140	-	-	-	128	128
Chandler Woods Charter Academy		126	-	-	-	116	116
Cross Creek Charter Academy		144	-	-	-	132	132
Detroit Enterprise Charter Academy		1,207	-	-	-	1,130	1,130
Detroit Merit Charter Academy		1,659	-	-	-	1,539	1,539
Detroit Premier Charter Academy		1,225	-	-	-	1,153	1,153
Eagle Crest Charter Academy		132	-	-	-	122	122
Endeavor Charter Academy		122	-	-	-	111	111
Excel Charter Academy		143	-	-	-	132	132
Fortis Charter Academy		114	-	-	-	105	105
Great Oaks Charter Academy		60	-	-	-	57	57
Hamtramck Charter Academy		675	-	-	-	613	613
Keystone Charter Academy		116	-	-	-	108	108
Laurus Charter Academy		865	-	-	-	814	814
Linden Charter Academy		2,740	-	-	-	2,528	2,528
Metro Charter Academy		133	-	-	-	111	111
North Saginaw Charter Academy		1,095	-	-	-	1,053	1,053
Paragon Charter Academy		129	-	-	-	121	121
Paramount Charter Academy		128	-	-	-	119	119
Prevail Charter Academy		89	-	-	-	80	80
Ridge Park Charter Academy		1,246	-	-	-	1,157	1,157
South Arbor Charter Academy		138	-	-	-	128	128
Taylor Exemplar Charter Academy		397	-	-	-	363	363
Timberland Charter Academy		2,477	-	-	-	2,307	2,307
Triumph Charter Academy		78	-	-	-	61	61
Vanderbilt Charter Academy		850	-	-	-	788	788
Vanguard Charter Academy		135	-	-	-	126	126
Vista Charter Academy		1,272	-	-	-	1,166	1,166
Walker Charter Academy		135	-	-	-	127	127
Walton Charter Academy		1,454	-	-	-	1,352	1,352
Warrendale Charter Academy		1,571	-	-	-	1,430	1,430
Windemere Park Charter Academy		144	-	-	-	135	135
		<u>22,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,599</u>	<u>20,599</u>
Total Title V funds passed through to subrecipients		<u>93,965</u>	<u>17,651</u>	<u>16,658</u>	<u>23,448</u>	<u>47,651</u>	<u>40,861</u>
Total Federal funds passed through to subrecipients		<u>\$ 2,217,784</u>	<u>\$ 355,213</u>	<u>\$ 156,135</u>	<u>\$871,325</u>	<u>\$ 1,045,302</u>	<u>\$ 330,112</u>

See notes to supplemental schedule of expenditures of federal awards.

(Concluded)

KNAPP CHARTER ACADEMY

NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2007

A. BASIS OF PRESENTATION

The accompanying Supplemental Schedule of Expenditures of Federal Awards and the Supplemental Schedule of Expenditures of Federal Awards Provided to Subrecipients are presented in accordance with the U.S. Office of Management and Budget (OMB) Circular A-133 and are prepared using the accrual basis of accounting.

Management has utilized the Grants Section Auditors Report (form R7120) and the Cash Management System Grant Auditor Report (form GAR) in preparing the Supplemental Schedule of Expenditures of Federal Awards.

B. RECONCILIATION TO FUND STATEMENTS

The current year expenditures reported on the schedule of expenditures of federal awards is reconciled to the basic financial statements as follows:

General Fund:

Total federal revenue per the statement of revenues, expenditures, and changes in fund balance	\$ 1,299,433
Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds	<u>6,453</u>
Current year expenditures reported on the schedule of expenditures of federal awards	<u><u>\$ 1,305,886</u></u>

School Service Fund:

Total federal revenue per the statement of revenues, expenditures, and changes in fund balance	\$ 84,620
Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds	<u>1,565</u>
Current year expenditures reported on the schedule of expenditures of federal awards	<u><u>\$ 86,185</u></u>

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

Board of Directors
Knapp Charter Academy
Grand Rapids, Michigan

We have audited the financial statements of Knapp Charter Academy (the "Academy") as of and for the year ended June 30, 2007, and have issued our report thereon dated September 7, 2007. 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 the 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 the Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Academy's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 the Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 and use of the Board of Directors, management of the Academy, National Heritage Academies, Inc., Grand Valley State University the Michigan Department of Education, federal awarding agencies, state funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

September 7, 2007

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Knapp Charter Academy
Grand Rapids, Michigan

Compliance

We have audited the compliance of Knapp Charter Academy (the "Academy") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Michigan School Auditing Manual* that are applicable to each of its major federal programs for the year ended June 30, 2007. The Academy's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of the Academy's management. Our responsibility is to express an opinion on the 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the Michigan Department of Education. 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 the 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 the Academy's compliance with those requirements.

In our opinion, the Academy complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control over Compliance

The management of the Academy is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered the 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 our auditing procedures for the purpose of expressing our

opinion on compliance, 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 the Academy's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

This report is intended solely for the information and use of the Board of Directors, management of the Academy, National Heritage Academies, Inc., Grand Valley State University, the Michigan Department of Education, federal awarding agencies, state funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

September 7, 2007

KNAPP CHARTER ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2007

Part I Summary of Auditor's Results:

1. The independent auditors' report on the financial statements expressed an unqualified opinion.
2. Significant deficiencies in internal control over financial reporting were not identified.
3. No instances of noncompliance considered material to the financial statements were disclosed by the audit.
4. Significant deficiencies in internal control over compliance with requirements applicable to major federal award programs were not identified.
5. The independent auditors' report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
6. The audit did not disclose a finding required to be reported by OMB Circular A-133.
7. The Academy's major programs were:

Name of Federal Program	CFDA Number
U.S. Department of Education — Title II, Improving Teacher Quality	84.367

8. A threshold of \$300,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
9. The Academy qualified as a low-risk auditee as that term is defined in OMB Circular A-133.

Part II Financial Statement Findings Section

No matters are reportable.

Part III Federal Award Findings and Questioned Costs Section

No matters are reportable.



To: All Financial Audit Recipients
From: Leslie Cummings, Director of Audits & Financial Reporting
Date: September 26, 2007
Re: Management Letter – prepared by Auditors

Please note that the Academy's auditors, Deloitte & Touche LLP, have not issued a separate management letter in connection with their audit of the Academy's financial statements for the year ended June 30, 2007.

Please feel free to call me at 616-954-3532, if you have any questions.